INTRODUCTION

Among the many stops he made during his long journey to the American presidency, Ronald Reagan’s visit to Dallas, Texas, in late August 1980 was surely one of the most memorable. There, in the space of a single day, virtually all the bizarre themes of the 1980 campaign converged.

Reagan had come to the Southwest’s commercial capital to shore up his already strong support among “born-again” Christian fundamentalists, who promised to figure as a newly important force in the November election. His visit began with a private meeting with more than two hundred “business and religious leaders” in the ballroom of the Dallas Hyatt Regency. A scene straight out of Elmer Gantry or Robert Altman’s Nashville, the gathering attracted many of the best known and most influential of America’s Far Right super-rich. Among those present were billionaire independent oilman Nelson Bunker Hunt, whose errant attempt to become world silver king for a day had only recently failed, triggering the intervention of a specially organized syndicate of banks; Texas Rangers owner and right-wing publicist “Mac” Eddy Chiles; Jesse Helms, the senator from North Carolina, textiles, and tobacco, whom opponents have dubbed the “Six Million Dollar Man” because of his huge campaign war chests; and Fort Worth industrialist T. Cullen Davis, “born again” following his acquittal in his third trial on charges of murdering his wife.

Reagan was preaching to the converted in more senses than one. Typical in his enthusiasm for the candidate was Cullen Davis, who emerged from the meeting to announce: “I’m for him. I hope he gets elected. Ronald Reagan represents the viewpoints of the majority of the people in this country. Everything I have seen or heard about him has been great!”

Afterward, Reagan held a brief press conference, where he astonished the campaign press corps with an abrupt challenge to the theory of evolution. Asked the inevitable question in a city whose public schools must by law afford Charles Darwin and the Book of Genesis equal time in science classes, Reagan replied that “I have a great many questions about evolution. And I think the recent discoveries over the years have pointed out great flaws in it.” The candidate then headed off for his main appearance...
of the day, a speech at a “National Affairs Briefing” staged in Dallas’s Reunion Arena by the Religious Roundtable, a born-again group based in Washington, D.C., with which many New Right fundamentalist leaders are affiliated.

According to the Dallas Times Herald, prior to Reagan’s arrival the audience had been “whipped to a frenzy” by a series of warmup speakers. In an early address, Paul Weyrich, the director of the Committee for the Survival of a Free Congress, warned the audience not to fall prey to the “goo goo syndrome, the good government syndrome,” which sees the exercise of the franchise as a good in itself. “I don’t want everyone to vote,” declared Weyrich. “Our leverage in the election quite candidly goes up as the voting populace goes down. We have no responsibility, moral or otherwise, to turn out our opposition. It’s important to turn out those who are with us.” Weyrich derided fundamentalist ministers who mobilize their congregations to vote without “telling them who the good guys are and who the bad guys are.”

News of good guys and bad guys mounted through the early evening, as a succession of speakers called for a new march of “Christian soldiers” and the lowering of barriers between church and state in American life. A particularly enthusiastic response greeted the Reverend Bailey Smith, president of the 15-million-member Southern Baptist Convention (whose remark at the Roundtable meeting that “God Almighty does not hear the prayer of a Jew” created an uproar later in the campaign). At a counter-demonstration to the Reagan visit held the previous evening, local gay political leader Don Baker had described evangelist James Robison, one of Reagan’s hosts during his stay, as a “right wing fanatic.” In Reunion Arena, Smith blasted back, charging that “we are in deep trouble in America when they interview a pervert about a preacher. You might as well interview Idris Amin about white supremacy or Hugh Hefner about the value of virginity.” The crowd roared.

This faintly surreal atmosphere was only heightened by Reagan’s arrival at the hall. Introduced by Robison, who brought the crowd to its feet in anticipation, Reagan delayed his speech while the Briefing’s organizers passed the hat for what they claimed was a $100,000 deficit in financing the $350,000 event. When he finally began, Reagan told a cheering crowd (which included Hunt and Davis) that “the First Amendment was written not to protect the people and their laws from religious values, but to protect those values from government tyranny,” warned the audience that “Judeo-Christian values based on the moral teachings of religion are undergoing their most serious challenge in our nation’s history,” and pledged an end to what he described as the federal government’s “unconstitutional regulatory vendetta” against independent religious schools. According to a Herald story, “cries of ‘Amen’ and ‘God bless you, Ronnie,’ echoed from the arena.”

Sitting in the back of the hall, T. Cullen Davis told reporters how pleased he was with the evening. Responding to questions about the impact of such political mobilization of Christian fundamentalist forces, Davis declared that the only “problem comes with people who don’t want church people to exert influence when electing good, moral public officials.”

In the flush of first reports, at least one highly placed source in the Carter campaign predicted to press intimates that Reagan’s Dallas skykilling would severely damage his image with the rest of the country. But he was wrong. Although most major papers mentioned Reagan’s remarks about the theory of evolution, virtually all the media removed them from the context of the earlier meeting with the businessmen, preachers, and Hunt, Davis, and Helms. Even more important, as the campaign went on the media repressed the memory of the event. In sharp contrast to the two Georges—McGovern and Romney—Reagan did not find himself faced at every stop with a battery of reporters asking him if he really rejected the theory of evolution, or with a flurry of newspaper editorials connecting his religious primitivism with his stance on nuclear weapons, or with repeated TV clips of his speech and press conference.

In this moment of vulnerability, the press was kind to Ronald Reagan. Why?

Was it just another instance of the generally favorable media coverage Reagan received throughout the postconvention campaign? After all, the press that picked apart the arithmetic of George McGovern’s negative income tax proposals largely failed to challenge the principles of supply-side economics, or even add up the numbers when Reagan pledged simultaneously to cut taxes, balance the budget, preserve essential social spending, and increase military outlays.

Or was it linked more specifically to the circumstances of the Dallas episode? Perhaps a combination of stifling heat, campaign tunnel vision, and shock at Reagan’s dismissal of his old friend Bonzo the Chimp’s hopes for phyletic advance?

Perhaps, but we doubt it. Rather, we incline to the view that the press did not cover the Dallas episode adequately for the same reasons it could not cope with the rest of the campaign—because Ronald Reagan’s ascent to the presidency announces a sea change in the structure of American politics that defies conventional understanding.

Here was an event that assembled many of the characteristic features of the 1980 race—the mingling of protectionist elites and big-time bankers, the reemergence of the South and Christian fundamentalism as decisive forces in national politics, the hallucinatory rewriting of the Constitution amid single-issue politics and the decay of organized party structures, and the vast mobilization of God and cash in the successful candidacy of a figure once marginal to the “vital center” of American political life. But if Dallas compressed all the mysteries of the 1980 campaign into a single day, it also underscored the difficulties of analyzing what has happened to American politics in recent years. And little wonder.

With 1984 but a single presidential term away, the language and frames of reference that have defined American public life for more than a generation are suddenly irrelevant. Taking their meaning from the politi-
cal formula of New Deal liberalism, they are useless to describe the collapse of the New Deal system itself—a system whose economic, social, and political foundations are everywhere crumbling, battered beyond repair by double-digit stagflation, protectionist pressures, technological obsolescence, and (save for the periods of punishingly high interest rates) a chronically negative balance of payments.

As in any period of social disintegration, in the interregnum between the death of the old order and the rise of the new, a variety of morbid symptoms have appeared. Among the affluent: a fixation on the therapeutic functions of power and the rewards of competition, manic real estate speculation, mass narcissism, and the ideology of self-improvement. Among the poor and the vulnerable at all levels of society: pentecostalism, fortune telling, satanism, astrology, disaster movies, and the retro craze. Among the press: the inability to explain the sources and meaning of current political conflict.

But not everyone has been incapacitated by the crisis. Parallel to the cultural experimentation of the rank and file has come a drastic restructuring of internal relations among American elites. With obsolete alliances breaking apart, they are scrambling after high ground, on the lookout for new institutions, candidates, and political coalitions to service their needs and withstand the pressures of the 1980s.

For students of American politics, such elite mobilization and regrouping is always more than passing interest, because it crucially affects the patterns of partisan cleavage and competition evident in a presidential campaign. The enduring structures of power in America must bend to the democratic dispensation, but they rarely break. Instead, they systematically inform the democratic process, providing it with shape and content, setting the agenda of national politics; closing off some courses of state action while endowing others with the cachet of necessity. Indeed, any presidential race can be usefully thought of as consisting of two campaigns. One is public, and unfolds through the primaries and party conventions, speeches, and debates, and final polls and voting results. The other is more obscure, and features the complex process by which pivotal interest groups like oil companies, international banks, weapons producers, labor unions, and even foreign countries coalesce behind particular candidates to advance their own ends. Both campaigns culminate in elections. One election is open; the other is hidden. The task for political analysis is to find the connection between the two, and thus grasp the process by which basic forms of economic conflict and interdependence are translated into electoral movement. Sometimes this connection is self-evident. More often it is not. But never is it unimportant, and in the 1980 case, other factors suggest that its importance is towering.

Many great questions are posed by the Reagan victory, but as a problem of political analysis, the stunning outcome of the 1980 election can be conveniently broken down into a series of smaller puzzles. One major group of these concerns the virtual collapse of the Democratic party leadership.
sources of stability. The core of American politics during the Golden Age after World War II may be understood as founded on the alliance of high-technology firms (of which giant integrated petroleum companies were the most numerous and important) and international finance that first emerged in the 1930s.

In these terms, what marks the present period of American politics is the breakup of the core coalition. Nothing is more striking during the present period than the irrevocable disintegration of “politics as usual.” This disintegration is a deep and continuing process. It defined the 1980 campaign, making possible the emergence of Ronald Reagan while denying his electoral coalition an enduring victory. What happened in 1980 was not a classical power shift—where one clearly articulated political and economic coalition gained at the expense of another—but a shift in the very structures of interest and power that first constitute such coalitions. In this sense, we will argue, the hidden election had no winner. Its central political actor was neither a candidate nor an interest group but the process of dissolution itself.

In analyzing the 1980 election, two aspects of this process appear crucial. The first derives from the changing structure of the world economy. Its analysis requires reference to the accelerated pace of international economic integration and competition, the relative decline of American industrial power, the tensions among industrialized nations and between the developed and developing worlds, and the vast militarization of thought and action that all these changes in the shape of the international economic system have wrought. The second derives from the spectacular decline of mass politics at home. Its analysis requires reference to the transformation of American political party structures, the atrophy of trade union power, the diminution of extra-party and extra-union forms of mobilization and popular resistance, and the onslaught of business organization and dominance all these have engendered.

Before the dynamics of the 1980 campaign can be appreciated and recognized for what they were, this backdrop must be sketched. The structures of the world economy and domestic mass politics determine the shape of the electoral arena. They furnish the terrain over which the campaign and the complex process of political coalition-building make their laborious course. In the second section of this essay we sketch these broad constraints; in the third, we relate them to the campaign itself.

THE CHANGING WORLD ECONOMY AND THE DECLINE OF MASS POLITICS

Not only America, but the world too, is realigning. The structures of the world economy have been swept up by a deep and accelerating current of rapid economic integration, sharp increases in the mobility of capital, heightened competition among the major industrial powers, and the disintegration of traditional labor markets. This process is complex, but its consequences for the United States may be easily stated. The relative position of the United States in the global economic order has declined drastically. American hegemony has ended. And though the United States still maintains a formidable presence abroad, it does so at ever mounting costs to important sectors of the domestic economy. Those costs are now approaching their breaking point, threatening further collapse of the liberal international economic regime established at the close of World War II.

The United States emerged in 1945 as the world’s supreme economic and military power. Though the devastation that total war had wrought on its leading rivals accounted for part of the American advantage at the time, the real secret of America’s phenomenal postwar power was the rise to international dominance of a host of key industries: international oil, computers, electronics, aircraft, automobiles, many agricultural commodities, and both investment and commercial finance. As a result, controlling portions of the American business community endorsed a classic “imperialism of free trade,” the swift expansion of American multinational industry and finance throughout a world largely powerless to resist them.

Free trade, the integration of once restrictive economic blocs, and global American military authority became the Holy Trinity of the postwar system. America’s overwhelming economic power assured its gain from a liberally structured international regime featuring the free flow of goods and capital, as did American dominance of the international monetary institutions and arrangements (including the World Bank, the International Monetary Fund, and the Bretton Woods system of currency exchange) which eased the growth and flow of trade.

The achievements of the liberal system were considerable. There can be little question, for example, that the postwar wave of multinational expansion contributed to the remarkable American prosperity during the 1945–1971 period, or that it successfully integrated other regions—first Europe and Japan, later parts of the Third World—into the process of international economic development. The freedom of movement vouchsafed capital and goods permitted the expansion and relocation of production facilities, lowered input costs, and accelerated the transfer of technological development. It also internationalized the systems of management control and labor organization characteristic of bureaucratic capitalism. The flow of capital generated complex networks of international interdependence, as the inflation-corrected value of direct American foreign investment doubled in the 1950s and doubled again in the 1960s. It fostered trade flows, heightened communication across national boundaries, led to the development of regional planning on a world scale, and massively increased cultural exchange.

But along with these much-advertised “benefits” of the liberal regime came a number of costs. Some of these, notably the perils of unbalanced
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industrial growth and, more equivocally, the heightened vulnerability of developing regions dependent upon the behavior of advanced industrial states, have been widely discussed. The costs most directly relevant to explaining American politics, however, have on the whole received little attention.

For these to become visible, it is necessary to discriminate among political actors on the basis of their locations in particular industrial sectors (and often in particular firms). The need for such discrimination is perhaps nowhere more evident than in analyzing the sharp disputes within the American business community over United States participation in the global economy. Corporations that produce and sell extensively abroad (as opposed to incidentally procuring foreign raw materials for domestic production) benefit from the liberal regime and continue to promote free trade and direct foreign investment, as do the big commercial and investment banks that finance them. By contrast, declining sectors that cannot make it multinational, such as shoes, steel, textiles, independent oil (and increasingly rubber, automobiles, and parts of the chemical industry), most small enterprises, and local banks and regional finance seek with increasing desperation to insulate themselves from the pressures of the world economy through tariffs, quotas, investment limitations, and other restrictions on the free flow of goods and capital.

To these declining or nationally centered enterprises, the liberal regime offers nothing but persistent and mounting challenge from expanding foreign industrial centers. This challenge is expressed most obviously in competition for shares of the global export market and the accumulation of national trade surpluses, and is evident in the progressive deterioration of the United States trade position during the postwar years. United Nations data from 1949, for example, indicate positive U.S. trade balances for all major (single-digit) Standard International Trade Classification number commodities, but these across-the-board positive trade balances soon changed under pressure from the rebuilding economies of Western Europe and Japan (and eventually the emergent economies of the Third World). Felt first among older, low-technology industries such as shoe manufacturing and textiles, which showed negative trade balances as early as the middle and late 1950s, the foreign pressure spread gradually to industries employing higher-level technologies, such as iron and steel production, which had a rough parity of exports and imports in 1960 but negative balances a few years later, and road motor vehicles, which turned negative in 1965. By 1970, American trade weakness was evident in heavily negative balances in the basic and miscellaneous manufacturing categories, and in 1971 the first absolute trade deficit in recent United States history appeared.

In addition to such direct import pressure, domestic industry also suffered from the huge capital outflows going to fuel direct foreign investment, whose value had risen to $75.5 billion by 1970. Paralleling the overseas industrial expansion was a gradual internationalization of Ameri-

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can banking operations, which rapidly accelerated during the 1960s. Overseas assets of American banks surged from $3.5 billion in 1960 to $52.6 billion by decade's end, and such giants of the international banking community as Bank of America, Chase, J. P. Morgan and Company, and Citibank derived an ever-increasing share of their total profits from foreign operations.

Domestic industry was thus denied those sources of capital it most needed to revamp industrial plants and restore international competitiveness. Lured by more promising opportunities abroad, large-scale investors deserted the United States in record numbers. Although the decline cannot be wholly attributed to capital export, by the late 1960s the average annual rate of increase in real nonresidential fixed capital formation in the United States had dropped to 2.6 percent, off from an early 1960s boom years average of 9.6 percent, and roughly half of the 1949–1966 average of 5 percent. Decline in basic capital formation was reflected in a relative decline in the United States share of world production, which fell steadily during the Golden Years from a late 1940s figure of 60 percent of world manufactures and 40 percent of the world's goods and services to half that share by the late 1970s.

Rising imports and capital outflows were both encouraged and made more complicated by the Bretton Woods system of monetary exchange adopted at the close of World War II. Bretton Woods specified fixed exchange rates between national currencies and designated the U.S. dollar as the principal medium of international exchange while guaranteeing its convertibility into gold. It was the linchpin of stability upon which the liberal system turned. The dollar's role as a reserve currency for the international system, itself dependent upon the supremacy of American industrial power, greatly facilitated the expansion of American industry and investment abroad by limiting the costs of the chronic capital account deficits the United States ran during the period. Foreign governments were willing to buy up the excess dollars flowing all over the world for use as currency reserves, thus insulating the dollar from downward international pressures on its value. The fixed exchange system was ably exploited by the United States, which could buy up additional international power in the form of factories and weapons simply by printing more money, thus exercising what French critics came to call the "exorbitant privilege" of world economic leadership. But while it encouraged direct American foreign investment, the Bretton Woods system worked against the interests of domestic producers. Because of the dollar's role as reserve currency, devaluing it against other currencies would incur costs so enormous that devaluation was effectively foreclosed as a policy option. As imports surged, however, this inflexibility insured that prices of American goods remained artificially high against the prices of foreign competitors, who often deliberately held down their own exchange rates. This discouraged American exports, which remained costly in international markets, and further encouraged imports and additional foreign investment by Ameri-
can firms, which could be purchased with a dollar still strong against other currencies. Domestic producers lost out on both ends.

At no point in the postwar era was the emerging multinational free trade regime without powerful, well-organized opposition. But during the early 1950s, the overwhelming ascendancy of the United States in the world economy limited protests to a few specific parts of the industrial structure—textiles, for example, independent (that is, national) oil companies, a few agricultural commodities, and parts of the chemical industry. As the rest of the world revived, however, the costs mounted on American domestic producers. With more and more sectors meeting stiff competition, a deep chasm began to open within the American business community. Free traders from high-technology, internationally competitive firms and protectionists from domestically centered declining industrial enterprises were pitted against each other in bitter struggle. The Republican party of the Eisenhower years, in which essentially protectionist figures like National Steel’s George Humphrey had lived in peaceful (albeit tense) coexistence with multinationalists like Nelson Rockefeller, began to splinter.

The eventual outcome of party infighting was prefigured at its 1960 convention. Nelson Rockefeller, the multinational word made flesh, lost the presidential nomination to Richard Nixon, who was not then and would never become the first choice of most multinationalists, although some had supported his bid for power. Barry Goldwater’s victory at the party convention in 1964 marked the consolidation of power by the protectionist wing, represented by such prominent Goldwater supporters as Humphrey, Roger Milliken of Deering Milliken, the giant textile firm, independent oilmen like John Pew and Henry Salvatori, and a host of small and medium-sized enterprises. A call for import restraint was written into the Republican platform, while party elites attacked the Rockefellers, the “eastern liberal establishment,” foreign aid, and the United Nations.

Having lost control of the Republican party, multinational free traders found a new home among the Democrats of the 1960s. John Kennedy redeemed early promises of a bipartisan administration by appointing multinational businessmen like Robert McNamara and Douglas Dillon to cabinet posts. He co-sponsored a tax reduction bill with the Committee for Economic Development, and affirmed a strong free trade position with the Trade Expansion Act of 1962 and the ensuing Kennedy Round of massive (35 percent on the average) tariff reductions. Lyndon Johnson followed Kennedy’s lead on the decisive free trade issue, ignoring the increasingly protectionist demands of his labor constituency.

While Vietnam and the abortive McGovern movement briefly complicated American politics, by the mid-1960s the present shape of American party politics was already clear. Republican presidential campaigns featured fratricidal battles between conservatives and a diminishing number of liberal “Rockefeller” Republicans. Multinational elites tightened their hold on the Democratic party, while the influence of organized labor markedly declined. Meanwhile, the costs of free trade imperialism soared.

In the mid-1960s the international economy emerged as a pivotal actor in domestic politics. The massive military intervention in Vietnam drained the home economy. Corporate pretax profit rates peaked in 1965 and then went into sharp decline. Inflation made an irresistible entrance on the national stage. Lyndon Johnson, the consensus candidate of Democratic multinationalism, who had promised guns and butter, social welfare and imperial ambition, was forced to drop his reelection bid during the foreign exchange crisis of 1967–1968. The end of the 1960s and the beginning of the new decade saw the first important challenges to the dollar in international monetary markets, the historic 1971 trade deficit, sharpened rivalry between the United States and other economic powers, discord within the International Monetary Fund, protracted defeat in Vietnam, mounting dissent at home, and bitter disputes within NATO over the United States’ military future in Europe.

Of particular note were the mounting tensions among the three great centers of industrial might: the United States, Western Europe, and Japan. Discord among domestic elites paralleled and reflected conflict among these “trilateral” states—their inability to agree upon fixed terms of monetary exchange, military strategy and cost sharing, or the ordering of leadership roles within the changing international economic regimes. Western Europe and Japan increasingly declined to play minor roles in the world economy, or subordinate their export-oriented growth strategies to the maintenance of an international order that they believed systematically benefited the United States at the expense of other powers. Although West Germany was eventually squeezed into a modest 10 percent revaluation of the mark, both it and Japan turned aside American entreaties for more substantial currency revaluations, which would have raised the cost of exports to the United States and thus eased the strain on harassed domestic producers. In their bid for new international power and the foreign exchange currencies it required, both countries also ran up substantial trade surpluses that directly threatened American export dominance. In 1952, among members of the IMF, the United States share of exports had been 20.8 percent, while Japan’s share was 1.7 percent. Twenty years later, the United States share had dropped to 13.2 percent, while Japan’s had more than quadrupled to 7.6 percent. In 1971, when the U.S. trade balance finally turned sharply negative, Japan and West Germany commanded an aggregate trade surplus of $12 billion.

President Richard Nixon responded to the 1971 deficit with his controversial New Economic Policy (NEP). In August of that year, Nixon unilaterally devalued the dollar and suspended its convertibility into gold. He heated up the trade wars by imposing a 10 percent surcharge on virtually all imports. He made blunt requests to Japan, South Korea, Hong Kong, and Taiwan that they slow the tide of textiles surging into the United States and pressured Japan and Western Europe to relax ac-
cumulated trade barriers, thus permitting greater American access to their domestic markets.

For domestic producers, the "Nixon shocks" of the NEP were welcome relief and prudent policy. But for multinationalists who had continued to profit from the liberal system, it represented the crudest sort of nativist regress. Such prominent free traders as C. Fred Bergsten, Philip Trezise, and J. Robert Schaezelt deserted the administration for posts at the liberal Brookings Institution and the Council on Foreign Relations (CFR), and Nixon was denounced by virtually all of the "responsible" press. Writing in the CFR journal *Foreign Affairs* a few months after the inauguration of the NEP, Bergsten made clear the depth of multinational reaction:

In the summer of 1971, President Nixon and Secretary Connally revolutionized U.S. foreign economic policy. In so doing, they promoted a protectionist trend which raises questions about the future of the U.S. economy at least as fundamental as those raised by the abrupt adoption of wage-price controls. In so doing, they have also encouraged a disastrous trend which raises questions about the future of U.S. foreign policy. . . . Both the U.S. economy and U.S. foreign policy for the relevant future hang in the balance.

[Nixon] violated the spirit of the reigning international law in both monetary and trade fields. . . . The new economic policy went much too far. It set impossible objectives, both quantitatively and qualitatively. . . . It is wrong for the American economy. . . . It courts disaster for U.S. global interests.

On the heels of Nixon's NEP and the collapse (in several stages) of fixed exchange rates came the soaring oil price hikes engineered by OPEC. Meriting far more attention than we can afford them here, these inaugurated a momentous new chapter in the history of the Third World, by suddenly enriching some countries and immiserating others. They also, however, redefined relations among advanced industrial states. Arab investors now played increasingly important roles in world financial markets and, like other nouveau riche before them, became increasingly influential forces within various countries. No less significantly, rivalry among the leaders of the developed world greatly sharpened—rivalry for favorable positions in the rapidly developing Arab markets; rivalry for assured long-term sources of energy; rivalry for export surpluses to pay the oil prices.

Not surprisingly, even before the devastating worldwide recession of 1973-1974 hit, intensifying all these pressures, those parts of each advanced country's business community that expected to profit from an open world economy had begun organizing in self-defense.

Building on the network of transnational foundations, policy organizations, research institutes, and administrative bodies that had been slowly building up since the beginning of the Cold War, major international business groups took the initiative. Several existing organizations, such as
off to Moscow. Memories of Hungary, East Berlin, and the (then very recent) brutal Soviet invasion of Czechoslovakia faded. The age of détente began.  

Domestic enthusiasm for such an accommodation was never universal, however. The abrupt reversal of foreign policy that détente symbolized was fiercely contested by a broad range of American interests with a stake in the arms race, protection from the pressures of international trade, and preservation of American commitments to such critical client states as those in the Middle East. These included the defense industry and its infrastructure of supply firms and consultants, the Pentagon and its extensive university clientele, declining industrial sectors that would be best served if the United States traded with nobody, government-supported defense contractors, and the myriad supporters of Israel. Highly mobilized from the start, the vast anti-Soviet lobby undermined détente diplomacy by blocking congressional approval of most favored nation (MFN) trade status for the USSR and enlivened the early 1970s with right-wing attacks on the “liberal” policies of Henry Kissinger.

Formidable as it was, domestic opposition to détente would not have reversed the policy had some of its economic assumptions not been proved false. But within only a few years, the Soviet market for bank loans approached saturation, and it became apparent that the financial peculiarities of the Soviet economy favored barter deals and reciprocal production agreements which (especially without MFN status) were most easily exploited by the nearby Western European powers. Especially after the 1973-1974 recession irrefutably demonstrated that the major industrial economies were leveling off, American investors looked increasingly to the less developed countries (LDCs) of the Third World and Southern Europe as offering the greatest potential for growth and the expansion of markets.

Economic growth in these countries had been impressive during the late 1960s and early 1970s. While the American share of world industrial production fell between 1963 and 1977 from 40 to 36 percent, for example, the LDC share during the same period had doubled from 5 to just under 10 percent. Nearly all this growth came after 1970, implying a fantastic expansion of national economies, with extensive capitalization requirements.

The message to hard-pressed American industrialists and international bankers was clear. Particularly after the drastic OPEC oil price rises of 1973, bank lending to the Third World soared. OPEC petrodollars were recycled through commercial banks back to the Third World as public debt. Private bank lending to non-OPEC LDCs increased threefold, from $34 billion in 1974 to an estimated $120 billion in 1979.

Coupled with the progressive normalization of relations with China (which competes with the Soviet Union to be the big socialist market of the future, and where Europeans have little of the comparative advantage they displayed in trading with the USSR), this shift in investment focus crucially altered foreign policy debate at home. The existence of alternative investment and credit outlets lowered the cost of disrupting American-Soviet relations. Increased economic exposure in Southern Europe and the Third World (along with growing pressures in some countries for political autonomy, and the notorious perils of rapid development) produced simultaneous demands for a “liberalization” of foreign policy, and an enhanced capacity for military intervention abroad. At the same time, continued stagflation in the advanced industrial states exacerbated international economic rivalry among the great powers, highlighting the potential leverage military power provides in international relations, particularly in such critical areas as the Middle East. Virtually every trend in American business interaction with the world economy now swelled the demand for greater military preparedness, leading to extensive elite reorganization.

A major shift began inside the American multinational community, as well as among weapons producers and the more obvious champions of increased military spending. For many years, a number of organizations such as the American Security Council and the National Strategy Information Center (NSIC) had religiously promoted anticommunism, arms spending, and military preparedness. Their unchanging message had been sponsored by different parts of the American business community at different points in time. NSIC, for example, had been formed in the early 1960s, during the high noon of the Cold War, with some assistance from the American Bar Association and the support of many major American business figures (including former general Lucius Clay of Continental Can, Sanford Cousins of AT&T, Frank Folsom of RCA, Jack Howard of the Scripps–Howard Newspapers, Don Mitchell of General Telephone & Electronics, and Frank Stanton of CBS). Incorporated by William J. Casey (of whom more later), the group soon launched a massive campaign of advertising, seminars, conferences, and lectures (including one to the American Society of Corporate Secretaries provocatively entitled “New Dimensions in Competition: Clausewitz, Pavlov and Genghis Khan”).

But like other such military- and defense-oriented groups, the strength and level of activity of the NSIC varied widely with the changing demands of its corporate supporters. This is graphically reflected in the “gross contributions, gifts, grants and similar amount received category” on their required IRS reporting forms. At the height of détente in 1971, for example, NSIC claimed roughly $620,000 in that category. But as détente collapsed and the demand for militarization heightened in the mid-1970s, NSICs budget, unlike those of nondefense-related nonprofit groups of the period, surged ahead of inflation. In both 1976 and 1977, for example, the organization collected well over $1.1 million in contributions and gift support. Sensing its deepening support, in the mid-1970s NSIC moved to consolidate and extend its political power. In a May 1976 letter to Yale Law School professor and superhawk Eugene Rostow, NSIC president Frank R. Barnett announced plans to open:
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a full-scale Washington office to:

(a) interact with policy echelons in the White House and Pentagon (where we still have many friends);
(b) "tutor" Congressional Staffs, and brief members;
(c) work with Trade Associations—with an interest in "defense"—which have Washington offices;
(d) generate more public information through friends in the Washington press corps who write about military and foreign affairs.23

Other defense-related groups, like the American Security Council, show a similar pattern of widening support and ambition during the period.24 By the late 1970s there were many (usually, though far from invariably, multinationally oriented) organizations promoting increased military spending and pessimistic appraisals of the Soviet Union's defense plans. Important among these were the revamped Georgetown Center for Strategic and International Studies, the (U.S.) Atlantic Council, the Paris-based Atlantic Institute, the London-based International Institute for Strategic Studies and, perhaps most important for U.S. domestic politics, the Committee on the Present Danger (CPD). The last was launched immediately after Carter's victory in November 1976 by a large number of prominent business and (former) military figures, and received a huge startup grant from Hewlett-Packard's David Packard.25

But while all important segments of Big Business now championed more defense spending, no consensus had emerged on how large the increment should be or where the funds would be best spent. Nor was there anything approaching a unified view of the proper relationship between the United States and the Soviet Union. Programs like those of the Committee on the Present Danger, which implied annual defense budget increases of 6 percent or more for many years to come, major new strategic weapons systems, and a full-scale renewal of the Cold War, appealed to the suppliers of the weapons, domestic businesses concerned about international competition, the Pentagon, and those multinationals that felt especially vulnerable, (such as many large oil companies). But although these constituted a powerful and effective lobby, they represented only one bloc of American business.

Sentiment inside the financial community, by contrast, was more equivocal. Although commercial bankers and investment houses with stakes in particular regions derive important benefits from some increases in military spending, their enthusiasm for the arms buildup was tempered by fears of the potential inflationary effect of increased military outlays. They feared that higher defense spending spelled further increases in the size of the federal deficit and thus, in the usual Wall Street syllogism, higher inflation. Investment bankers, whose bond business could be severely hurt by double-digit inflation, were especially prominent in their warnings about excessive military expenditures. (During the 1980 presi-

dential campaign, even some of CPD co-chairman Henry Fowler's partners at Goldman Sachs urged defense spending restraint.)26 Fears about inflation, along with their outstanding loans to Eastern bloc countries, also limited commercial bank enthusiasm for the military buildup. Although their extensive Middle Eastern interests impel them strongly in the opposite direction, the position of American international banks today has some striking similarities to the City of London bankers of the mid-1930s, whose reluctance to rearm in face of the Nazi military buildup is constantly cited by American hawks. In driving up inflation, rising defense expenditures also accelerate international flight from the dollar, thus threatening the huge dollar deposits of the major international banks. Though he endorsed Jimmy Carter's embargo on grain and other exports to the Soviet Union and defended the military buildup in the Middle East, Chase's David Rockefeller argued that "it would be a mistake to go back to the Cold War."27

Such a belief was not limited to the financial community. Regardless of the difficulties of domestic implementation of détente, any number of multinationals found the logic of integrating the USSR into the world capitalist economy as compelling as ever. (After Secretary of State Cyrus Vance resigned from the administration in protest over Carter's Iranian rescue venture and the tilt toward militarism at the National Security Council, he was almost immediately welcomed back onto The New York Times and IBM corporate boards, which he had left four years before.) And of course the farm belt was still anxious to sell the Russians grain.

Like all the other central conflicts over foreign economic policy, business community disputes over defense spending, the future of American-Soviet relations, and the shape of the United States military presence abroad continued throughout the 1980 campaign, setting the terms of popular debate on the issue of war and peace.

The extensive elite regrouping triggered by changes in the world economy and American industry's strategic position within the international economic (dis)order has taken place largely in the absence of democratic challenge from below. In part this derives from long-term structural changes in the operation of American government and political parties, in part to the continued decline of organized labor and the rollback of community organizations, the civil rights and antiwar movements, and other sources and subjects of democratic mobilization and popular protest of the 1970s. Together these tendencies announce the near-collapse of American mass politics.

As Walter Dean Burnham observes in his essay in this volume, the American electoral arena and its pattern of citizen participation can be sharply distinguished from those that obtain in virtually all other formally democratic advanced industrial states. The present American party system features staggeringly low levels of participation and organizationally weak political parties of the "nonideological" variety. American voter turnout is
not only extremely low by comparison to comparably advanced industrial systems, but decisively class skewed, exhibiting sharp variations across levels of income and wealth. Relatively few Americans vote, and the poor vote much less than the rich. Those who need democracy most have it least.

Though the shrinking voter turnout and the withering away of partisan structures constitute the two most commonly discussed aspects of the decline of mass party politics in America, they are far from its most central features. Behind these formal democratic indicators stands a more fundamental process: the decay of independent (that is, nonbusiness dominated, controlled, or oriented) social organizations in general. The most important, though not the only, example of this diminishing pluralism is the decay of organized labor as a force in American politics. Because the strength of organized labor is critical to any independent mass politics, the trade union movement’s spectacular decline cries out for sustained attention.

Any number of statistics testify to the gravity of labor’s present situation. At the close of World War II, roughly 30 percent of the total American workforce was organized into trade unions. Today that figure stands at less than 20 percent. The relative decline of union membership is paralleled by a shift in the emphasis of most existing unions from organizing to bureaucratic maintenance. This shift is reflected roughly in the balance between representation cases (involving union claims to represent workers) and unfair labor practice cases (involving outright violations of the law regulating the protection of concerted activity) coming before the National Labor Relations Board (NLRB). In 1945, 75 percent of the NLRB caseload was composed of representation cases; by 1978, that figure had dropped to a mere 25 percent. In addition, the organizing drives unions do mount are increasingly unsuccessful. As late as the mid-1960s unions were winning roughly 60 percent of their “RC” elections (in which the union seeks to be certified as collective bargaining representative), but by the late 1970s they were winning only slightly more than 40 percent. Along with the decline in organizational success has been a general weakening of the unions’ hold on their membership. Deauthorization polls (challenging union security clauses) and decertification elections (challenging the union’s status as bargaining representative) are on the rise. In 1950 there were approximately 100 decertification elections involving 9,500 workers. In 1978 there were more than 800 decertification elections involving close to 40,000 workers. Although decertification procedures are often initiated in the murderously jurisdictional disputes that plague the American labor movement, the big winner in most of the current such elections is “no union,” as was the case in more than 75 percent of the 1978 decertification elections.

These various percentage declines in union bargaining power and organizational strength are striking enough, but they translate into absolute declines in membership in many of the unions centered in basic manufacturing and transportation. The impact on individual unions has often been staggering. During the 1969–1979 period, for example, the International Association of Machinists and Aerospace Workers lost more than 150,000 workers (nearly a quarter of their membership), the Amalgamated Clothing and Textile Workers lost 149,000 workers (a third of membership), and the Railway, Airline and Steamship Clerks lost some 80,000 workers (40 percent of membership). While such absolute declines in the manufacturing and transportation sectors were offset by gains in government and service sector organizations, even by the generous estimates of the Bureau of Labor Statistics, which includes employee associations such as the National Educational Association and the American Nurses Association in union membership, the growth in absolute union membership during the 1968–1978 period was only 2 million workers, as compared to an increase of some 20 million persons in the total work force.

Unions have also suffered from the rise in aggressive anti-union business organization in the 1970s. To take only one striking example, the Business Roundtable, which first emerged in response to the increasing demands and wage success of the construction building trades during the late 1960s, has almost single-handedly shattered this once impregnable bastion of union power. The dollar volume and industry percentage of nonunionized construction has grown all through the 1970s. Many once exclusively union contractors are now open shop (nonunion), or operate both union and nonunion companies in so-called double-breasted operations. The Associated Builders and Contractors (the major open shop construction trade association) estimates that open shop contractors now account for 60 percent of new annual construction, as compared with the roughly 30 percent of the market they commanded in the early 1970s, when the Roundtable was formed. Elsewhere the Roundtable, in conjunction with the National Association of Manufacturers’ Council for a Union Free Environment, the long-standing National Right to Work Committee (and its National Right to Work Legal Defense Foundation), the small-business-dominated National Federation of Independent Business, the revamped United States Chamber of Commerce, and a host of assorted trade associations have been active in the courts and Congress with continuous anti-union legal action and lobbying.

No less unfavorable for unions has been the trend of public opinion. Various polls conducted while Congress considered the recent Labor Law Reform bill showed labor lagging far behind business in both public confidence and faith in its representative character. A majority of those polled also felt that the leaders of the larger unions wielded excessive power. In a recent Louis Harris survey published by the U.S. Senate, respondents were asked to indicate their “confidence” in the leadership of a number of leading American institutions. The results showed a general decline in public confidence in institutional leadership, but indicated as well that confidence in labor leadership is notably less than that in the military, major corporations, the Congress, and the federal executive.

More subtle than all these measures of declining labor strength is the
progressive deterioration of its position within the Democratic party. Although the unions' power within the Roosevelt New Deal coalition was probably less than most contemporary observers recognized, shared as it was with large numbers of investment and commercial banks, representatives of a variety of high-technology industries, and too many oilmen to count conveniently, from 1935 onward they did exercise significant power within Democratic circles. In addition to co-sponsoring much of the social legislation of the period, unions exercised considerable leverage over Democratic leadership elites. They were, for example, able to compel Harry Truman's 1947 veto of the Taft-Hartley bill.

But by the late 1950s labor's position within Democratic ranks had already begun to deteriorate. A year before the pivotal presidential election of 1960, a Congress top-heavy with Democrats in the wake of the recession-induced landslide of 1958 passed the sharply antilabor Landrum-Griffin Act. In 1965 the most heavily Democratic Congress since Roosevelt's second term declined to amend the 14(b) "right to work" provision of Taft-Hartley, and other Democratic Congresses of the period, despite routine election year promises to labor, contrived to avoid the issue altogether. Thus labor was unable to staunch the flow of shops from the Northeast and Midwest to right to work states in the South. Nor, as noted above, was it able to move an increasingly multinationally oriented succession of Democratic administrations toward import restrictions to stop the loss of jobs in declining industrial sectors like textiles, steel, and shoes, which suffered from the revamped global economy. Throughout the 1960s, the percentage of American workers organized into trade unions continued its disastrous slide, and union members, if not their leaders, looked increasingly to third party candidates to express their dissatisfaction. Despite growing political budgets during the period, the AFL-CIO had ever more serious difficulties in coordinating the voting behavior of its members with the priorities of the national leadership.

Labor's decline within the Democratic party was again vividly illustrated in the late 1970s, when the return of a Democratic administration in 1977 prompted labor leaders to attempt once more to improve their organizing position through legislation. The AFL-CIO proposed a series of amendments to existing labor law whose general thrust was to speed up representation elections, increase penalties for the skyrocketing number of unfair labor practices committed by employers, afford unions access to "captive audience" employer union-busting tactics, and grant the NLRB additional power in "refusal to bargain" cases, while increasing the size of the NLRB and streamlining the review process for administrative law judge findings.

The Labor Law Reform bill was important to unions because of a slowly building crisis within the NLRB administration that directly affected their organization capacity. While too complex to command our full attention here, some aspects of this crisis may be noted. Despite massive productivity gains in the processing of its ever-expanding case-load (up from 13,000 cases in 1955 to more than 50,000 cases in 1978), the NLRB is unable, for example, to maintain previous standards of timeliness in the conduct of representation elections to determine whether a given union will be certified as bargaining representative for a given unit of workers. The gradual lengthening of the period between filing for an election and its actual conduct during the 1960s and 1970s has had disastrous consequences for the unions' ability to maintain the momentum of organizing drives. In 1962 almost 60 percent of representation elections were completed within the calendar month following the month of filing. By 1977 that figure had dropped to 40 percent, and an increasing number of elections took several months to complete. Postelection delays in certifying the results have also drastically increased, a problem largely attributable to a shift in the format of most representation elections from "consent" elections (where the parties waive rights to appeal to the national Board office for resolution of election-related questions) to "stipulated" elections (where those appeal rights are not waived).

During the 1962-1977 period, consent elections accounted for a dwindling share of all NLRB elections, dropping from 46.1 to 8.6 percent, while the share of stipulated elections rose from just under 27 percent to just over 73 percent. The increased number of stipulated elections translates into further postelection delays in "closing" election results and initiating the bargaining process. These delays have the effect of undermining union support and credibility within the bargaining unit. As the delays are further multiplied through the appeal process and widespread employer refusals to bargain, the bargaining strength of the union, measured by its ability to pull employees out on strike, progressively declines. Recent data indicate that even after closing a successful election, unions stand a 20 percent chance of never even securing a contract, while the increase in decertification elections and other challenges to union power within organized shops translates into an additional 13 percent chance that the contracts that are secured will be of only limited duration.

Delays in processing representation elections are further compounded by the NLRB's inability to limit the ever more popular employer strategy of committing massive unfair labor practices against union drives or established unions. Because Board remedies are neither punitive, nor self-enforcing (meaning that to enforce compliance the Board must seek court enforcement), it is commonly cheaper for employers to continue to violate the law in the interest of destroying or preventing unionization. The widely noted instance of the J. P. Stevens textile firm's recidivist violation of the national labor law is only the most glaring example of what has become a common industry tactic. Finally, the use of union-busting consulting firms, used for publicity during organizing drives or for the screening of "prolabor" employees before hiring, has become a major new growth industry in labor-management relations. So confident are these new firms in their ability to stop organizing drives dead in their tracks that many flourish on a contingency fee system. They are paid only if the union
is stopped or thrown out. Here again the unions have been unable to gain relief, either through Board procedures or through the reporting and disclosure requirements of the Landrum-Griffin Act.

Despite extensive AFL-CIO mobilization, and the announced support of Jimmy Carter, the Labor Law Reform Bill went down to stunning defeat at the hands of an unprecedentedly broad coalition of anti-union big and small business groups. A catastrophe for organized labor, the loss again underscored labor's inability to extract concessions or support from the putatively friendly ranks of the Democratic party.37 Yet another aspect of the decay of the trade union movement has been the progressive absorption of many of its top leaders into a variety of elite business and defense-oriented organizations. For them, the mantle of "responsible labor statesman" hangs irresistibly close at hand, along with the money, public accolades, and outside career options that follow. The Council on Foreign Relations finds, willing candidates to provide the 1 percent representation of trade unionists among its membership. Rather more improbably, so does the Trilateral Commission.38 Trilateralists among recent union leaders have included Leonard Woodcock of the United Auto Workers, who provided Jimmy Carter with a critical, and almost unique, early union endorsement in his campaign for the 1976 presidential nomination and who upon his retirement from the UAW was appointed head of the United States Liaison Office and then ambassador to Peking; I. W. Abel, who steered the United Steelworkers of America through a period of strong rank and file protest, culminating in the victory of his designated successor, Lloyd McBride, over a powerful challenge from insurgent Ed Sadlowski; Glenn Watts, president of the Communications Workers of America, who publicly blasted George Meany for criticizing Jimmy Carter after the reform bill defeat; Sol "Chick" Chaiken of the International Ladies' Garment Workers Union, another strong supporter of Carter (whose early 1980 endorsement of Carter's reelection bid came over substantial internal resistance in his union); and current AFL-CIO president Lane Kirkland. Kirkland and Woodcock have also served time on the Council on Foreign Relations, as has Jerry Wurf, whose American Federation of State, County and Municipal Employees failed notably to mount an effort in support of the reform bill commensurate with its relative size and strength.

Among the 141 founding board members of the Committee on the Present Danger, labor was represented by Chaiken, ILGWU's legislative director Evelyn Dubrow, ACTWU's executive vice-president William DuChessi, Kirkland, Ironworkers president John H. Lyons, American Federation of Teachers president Albert Shanker,39 Operating Engineers president J. C. Turner, Plumbers and Pipefitters president Martin Ward, and long-time Cold War labor bureaucrat Jay Lovestone, whose role in systematically disorganizing postwar European trade unions has been extensively documented,40 and who still describes himself as "international affairs" consultant to the AFL-CIO and ILGWU.

The most remarkable example of the integration of industry and union leadership is current AFL-CIO president Lane Kirkland. In addition to service on the CFR, CPD, and Trilateral Commission, Kirkland is a member of the board of the Atlantic Council, the Carnegie Endowment for International Peace, and the Rockefeller Foundation. (Kirkland's assistant in the AFL-CIO secretary-treasurer slot, Thomas Donahue, is a trustee of the Carnegie Corporation of New York, as well as a former official of Radio Free Europe.) Also worth noting is the reliance of progressive unions on the think tanks and policy institutions of predominantly Democratic multinational elites. Thus the Progressive Alliance, the UAW-backed loose federation of unions formed in response to the "class warfare" of the Carter years, relied on Social Science Research Council and Brookings Institution personnel for the articulation of its own program.

The steep decline in labor's ability to influence the direction of national politics had major consequences for the climate of American public life. Because many of these are explored in detail elsewhere in this volume, we discuss them only briefly here.

Perhaps reacting to the turbulent mass politics of the late 1960s, but probably stimulated more by the need to stay abreast of the changing world economy and its attendant social dislocations, a host of foundations (such as the Olin Foundation and the pharmaceutical-based and strongly defense-oriented Smith Richardson Foundation), research institutes (such as the American Enterprise Institute, the National Conservative Research and Education Foundation, and the Coors-sponsored Heritage Foundation), "public interest" legal foundations (such as the Pacific Legal Foundation, Mountain States Legal Foundation, Washington Legal Foundation, and National Right to Work Legal Defense Foundation), and publishers and publications (including the Green Hill Publications, Conservative Digest, and New Right Report) committed enormous resources to the promotion of public policies that met the needs of what they now viewed as the Brave New World of the 1970s and 1980s.41 Their political program was varied and their organizational coherence should not be overestimated, but together these many groups mounted a political offensive whose central prongs included demands for a reduction of social welfare expenditures, an attack on antitrust and other economic regulation, an attack on environmental and other "social" regulation, a regressive revision of the tax code, the promotion of religious family life at the expense of women's rights and the secularization of culture, an end to affirmative action for blacks and other minorities, and a rollback of state and national legislation protecting the position of trade unions.

While the new network of subsidized journals, sponsored research institutes, and underwritten publications titillated observers with the prospect that, somehow, "ideas matter again," parts (though not all) of the business community began calling for yet another purge (by our count, the fourth in twentieth-century American history) of the universities. This was a purge they were perfectly positioned to implement, for as David
Dickson and David Noble relate in their essay in this volume, hard-pressed universities had in recent years increasingly turned to business to make up losses imposed by falling enrollments, inflation, and a slowdown in government support. The rollback of student, “youth,” and other university-based popular movements was coupled with a more concrete dismantling and balkanization of many of the civil rights and community organizations that had risen to prominence in the late 1960s and early 1970s. As Ira Katznelson details in his essay, the social welfare constituency in the major cities was the first victim of urban fiscal crisis. Being particularly dependent on state structures and support for the articulation of their political demands, social welfare groups were all the more vulnerable to the contraction of the “claimant state.”

Throughout all this, labor sat on the sidelines. It could not afford to compete with the outpouring of conservative Political Action Committees (PACs), and proved largely unable or unwilling to emulate the huge direct mail operations that New Right publicist Richard Viguerie had transformed into a fine art.

Nor surprisingly, the coincidence of sweeping changes in the world economy and drastically enfeebled structures of democratic participation disoriented and threatened many ordinary Americans. With the virtual disappearance of organized alternatives to “business as usual,” they embarked on an increasingly desperate search for individualized, nonpolitical means of cognizing personal experience. Along with the skyrocketing numbers of handgun purchases and karate club enrollments, the notable side effects of their many odysseys included a widespread religious revival and the more subtle valorization of the virtues of “civil privatism.”

But while the role of the voting half of the population was easily reduced, as so often in recent American politics, to providing data for pollsters intent upon the steady restructuring and adjustment of candidate images, the influence of an infinitely smaller fraction of the population proportionately increased. On the other side of the world of appearance in the 1980 campaign, the elite struggles that constitute the hidden election continued and sharpened.

Already certain parts of the puzzle of the 1980 election are beginning to fit together. To the first of the questions posed earlier, an unambiguous answer is emerging: Jimmy Carter’s presidency collapsed during and after mid-1978 because the deteriorating world economy undercut all basis for the accommodation of the coalition Carter had originally succeeded in putting together.

As several excellent accounts have related in painstaking detail, multi-nationally oriented, free trade conscious business groups comprised the hegemonic element in Jimmy Carter’s 1976 campaign. Only one major union, the United Auto Workers, supported him in the primaries, but Carter’s list of big business supporters was enormous. Eventually it included a dazzling array of the greatest names in American (multinational) business, including Douglas Dillon, Henry Ford II (who, as the Rising Sun rises higher, probably regrets that decision), Felix Rohatyn, Henry Luce III, Roger Altman and several other Lehman Bros. partners, and far too many members of the Trilateral Commission to mention here, including Coca-Cola’s J. Paul Austin (who spent several months introducing Carter to other big businessmen), Cyrus Vance, and Zbigniew Brzezinski. From virtually its first week in office, however, it was apparent that the foundations of this administration were far shakier than the mid-1960s Democratic coalition it superficially resembled. The administration’s first choice to head the CIA, corporate attorney Theodore Sorensen (a partner in the Manhattan firm of Paul Weiss Rifkind Wharton & Garrison, a former special assistant to President John Kennedy, and an activist in the 1976 Carter campaign), withdrew in the face of an all-out attack by the increasingly important anti-détente lobbies. Strongly criticized by the nationalist and protectionist Right, led at that time by Ronald Reagan and Jesse Helms, the top priority of Carter’s multinational constituency, the Panama Canal treaty, faced immediate opposition. Originally negotiated by Sol Linowitz (a member of the Trilateral Commission and a nationally prominent Democratic lawyer who held a major interest in Xerox and served as a director of Time, Pan Am, and other corporations) and Ellsworth Bunker (who has held many important business and government posts, and was still serving on the board of Atlantic Mutual Insurance and the Asia Foundation), the treaty had to be rescued by a phalanx of multinationals led by Du Pont’s Irving Shapiro.

Along with these milestones, there were in addition any number of other battles over the minimum wage, common-situs picketing, health insurance, tax policy, energy policy, defense expenditures, and arms control. But while each of these both registered and added to the pressure building on the administration, none disrupted Carter’s basic coalition. The Panama Canal Treaty, after all, finally passed. The administration yielded ground only grudgingly to growing protectionist pressures, and while the defeat of labor law reform embittered relations between the White House and labor, the status quo the measure’s failure preserved was not sufficiently threatening in the short run to drive most of labor out of the party, or even to another candidate.

*Throughout this essay, we attempt to indicate the most important institutional affiliations of major actors in the 1980 campaign. We consider knowledge of such affiliations as vital to the analysis of contemporary American politics as an awareness of latitude and longitude is to basic navigation. We realize well, however, that this is a view not universally shared, and that regardless of debates within the social sciences, some readers may initially find the inclusion of these data a distraction. The information is therefore presented in parentheses. For those who find them cumbersome, these parenthetical excursions may be hummed.
In the second half of 1978, however, the screws began to tighten. For all the economic problems bedeviling the United States during Carter’s term, the real rate of economic growth continued to remain high (averaging 4 percent a year during the 1977–1978 period), while unemployment slowly declined. As long as these happy circumstances persisted, both increasingly nervous elites and the mass public could postpone major action on their problems, in the hope that something would turn up to make them go away. In 1978, however, this breathing space began to disappear. Though the economy continued to grow, the rate of real growth began dropping. And as it kept sinking throughout 1978, 1979, and 1980, Americans at all income levels began to feel the squeeze—and elites began mobilizing for what were initially described as “hard choices.”

Heralding the arrival of the new order was a slowly building dollar crisis. Concerned about the competitiveness of American manufacturing, the volume of OPEC payments, and other issues described by Gerald Epstein in his essay in this volume, Carter, the Treasury, and the Federal Reserve Board had for some time allowed the dollar to drift gradually down. With fears of chronic double-digit inflation mounting, however, foreign exchange markets continued selling off the dollar. Hoping to arrest the drop in the dollar’s value, Carter introduced voluntary wage-price controls in October. At nearly the same moment the Fed lifted interest rates, and both the administration and the bankers affirmed their commitment to sustain the value of the dollar.

The new measures, however, accomplished little. While the restraints they imposed on the domestic economy bankrupted a few more small businesses and put additional workers out of jobs, they scarcely affected the underlying inflation rate. As the dollar continued to drop on international markets, the OPEC energy cartel drastically hiked its prices once again, and yet another round of institutional adjustments began.

Just then came the first of several hammer blows that provided the coup de grâce to both Carter’s coalition and the deeper structures of American politics since the New Deal. In Iran, the best-laid plans of two decades of American diplomats, businessmen, espionage agents, and government officials (and, it was later revealed, handsomely rewarded journalists from major American news media) came disastrously apart. The Shah of Iran, who had been promoted by the United States as a regional leader, was forced to flee the country in the face of a revolutionary religious upsurge. The causes and ramifications of the Iranian debacle will take years to sort out, and the process will no doubt be difficult and contentious. For the 1980 election, however, one consequence of the Iranian revolution overshadows all others: it was a disaster for many of America’s largest industrial and service firms. American banks, oil companies, construction firms, weapons suppliers, and any number of other exporters and service enterprises had been deeply involved with the Shah’s regime. Many had been active in Iran for years. In addition, the Shah’s ambitious, American-encouraged development plans promised many more years of lucrative business. Now, all at once, these projects were consigned to a commercial limbo, and a huge backlog of debts and contracts were placed in question.

The effect of the Shah’s collapse on the American big business community was as sweeping as it was predictable. Staggered by their real and prospective losses, American businessmen (and women) suffered something like a collective nervous breakdown. Spurred by the increasingly apparent inability of the United States to influence the unpredictable Khomenei regime, American business woke up to the threat posed by instability in the Third World generally. Many of the biggest firms involved in Iran—notably the big commercial banks and the oil and construction companies—were driven almost to distraction by the awful thought that something similar could happen in Saudi Arabia. As Bruce Cumings describes in detail in his essay in this volume, the chorus of voices demanding rearmament swelled to an insistent roar.

Almost immediately compounding these pressures was another shock from the global economy: the worldwide energy shortage of 1979. Early that year, Jimmy Carter reversed a campaign pledge and announced support for the phased decontrol of oil prices up to the much higher prevailing world market price. At the time, Carter also proposed a modest tax on the huge profits phased decontrol would assure oil firms. While the first of these measures was soon implemented, the “windfall profits” tax part of Carter’s proposal was strongly resisted by oil interests and soon mired in intransigent congressional debate. As that debate proceeded, the long-building energy crisis exploded in the early summer of 1979. In many parts of the country gasoline briefly became difficult to obtain. Prices soared while anxious motorists were forced to wait in line at overcrowded pumps. Angry and frightened, many Americans suspected that the oil companies had deliberately engineered the shortage to raise prices. While the media worked overtime to quash that rumor (Time magazine featured an essay which declared that criticism of oil companies was divisive and should therefore simply cease, while The New York Times assembled a panel of social scientists who diagnosed public skepticism of the crisis as “neurotic avoidance”) and a parade of oil-company explanations of the shortages marched by (weather, OPEC, the Ayatollah, platform fires in the Gulf of Mexico, Department of Energy rules, and complex gas allocation formulas), various parts of the business community debated what should be done.

No consensus emerged. With a board drawn from mostly second-tier officials of a few national oil companies, major energy consumers (aluminum companies), some defense-related concerns, and some strong supporters of American aid to Israel, Americans for Energy Independence and similar groups strongly supported government-sponsored efforts to find and develop alternative energy sources, such as coal, synthetic fuels, or, for some in their camp, nuclear power. Major figures in the American financial community, greatly concerned about the long-term effect on the dollar of continuing oil-induced deficits and the inability of the big commercial banks to recycle the growing sums of petrodollars, meanwhile began press-
ing for some combination of conservation, higher prices (which restrain oil imports by forcing a readjustment of demand), and programs to produce limited amounts of new energy, or at least more oil, for hard-pressed Third World countries whose oil payment difficulties were increasingly threatening world financial markets and the stability of the private international banks that loaned to them.  

Though some big oil companies were certainly open to the prospect of government support for their developing new lines of business, most major firms thought the best solution to the energy crisis was for the government to allow yet more oil price increases to the cartel-determined world price level (the “free market” solution). Strongly opposed to oil explorations they could not control, the major oil companies also successfully pressured the World Bank to scale back and redesign a program aimed at making loans to non-OPEC Third World potential oil producers.

In these circumstances, Carter was forced to make a decision which, whatever its content, could not avoid harming one or another powerful, well-financed interest in American politics. Not surprisingly, the normal presidential process of staff review and speech preparation broke down completely. The search for more time and the desperate need to build some sort of reliable corporate support inspired Carter to cancel a previously scheduled national energy address and retreat instead to Camp David. There, while the media emphasized his elaborately staged consultations with religious leaders, machine politicians, community activists, and a few labor leaders, a glittering array of high business figures, including prominent members of the oil industry, converged.

The first results of the Camp David deliberations were something of an anticlimax. Though the nationally televised speech Carter gave was generally judged a moderate success, its concrete proposals—a promise that American oil imports had peaked, a request for standby authority to ration gasoline, the establishment of Energy Mobilization and Energy Security Boards to advance the synthetic fuels program and a host of related projects—scarcely added up to high drama. A few weeks later, however, signs multiplied that rather more had been afoot in the Maryland woods. Alluding to decisions reached while he was ensconced at Camp David, Carter dramatically restructured his cabinet. Along with the long-planned resignation of Attorney General Griffin Bell (who quickly materialized on the board of Martin Marietta, a major defense contractor), Carter also accepted the resignations of Energy Secretary James Schlesinger and Transportation Secretary Brock Adams, while he dismissed Health, Education, and Welfare Secretary Joseph Califano and Treasury Secretary Michael Blumenthal. The news hit Washington and the rest of the world like a bombshell. Immediately an outpouring of speculation, gossip, and comment began. Why had Carter done it? What did it mean? How would it affect his political future?

In our view, while much of the discussion may have been misdirected, the summer restructuring of the cabinet and Carter’s new appointments merit the closest attention from political analysts. For when they are recognized as the beginning of a series of critical choices Carter made between the middle of 1979 and the spring of 1980, answers emerge to many of the other questions posed about the Carter and Kennedy campaigns at the outset of this essay.

Camp David made obvious what had become increasingly apparent—that the world, and therefore American politics, had become too incoherent to be governed by applications (however creative) of principles derived from the New Deal. Evolved in a time when energy was cheap and the United States was rising both as a military and an economic power, New Deal politics was now obsolete. The conditions under which high-technology industry, international finance, labor unions, and the poor and welfare classes could all happily inhabit the same political party had disappeared. If he wanted to remain in office, Carter now had to experiment with a new political formula.

Carter responded to this imperative in obvious, if ultimately fatal, ways. Elected in 1976 after campaigning in favor of social welfare, ordinary virtues of trust, faith, and integrity, and (very quietly expressed) commitments to free trade, internationalism, and cautious détente, Carter now strengthened his commitments to some of these policies and their constituencies while largely abandoning others. His commitment to free trade and internationalism, for example, never wavered. All through 1979, when almost everything else sometimes seemed to be disintegrating, Special Trade Representative Robert Strauss (a Dallas attorney long active in Democratic politics, owner of small broadcasting and banking firms, and a director, as he entered the administration, of Xerox, Columbia Pictures, and Braniff) continued to push for congressional acceptance of the major trade liberalization package of the Multilateral Trade Negotiation Agreements. He eventually succeeded.

Nor did the cabinet reshuffling mark a change in what one major study of Carter’s federal appointments has described as “a select recruitment base which may well be unrivaled in American history.” Having filled the administration with free trading elite figures drawn from the Trilateral Commission, the Brookings Institution, and other institutions championing an open world economy, Carter, when he axed Blumenthal, immediately reconfirmed his ties to that part of the American business community. An amusing game of musical chairs began. G. William Miller (the former head of Tecktron), who was then serving as chairman of the Federal Reserve, replaced Blumenthal. Carter then offered Miller’s old job to David Rockefeller, Brown Brothers Harriman partner Robert Roosa, and the Bank of America’s A. W. Clausen. When all three declined, the position was awarded to Paul Volcker (a former Chase employee, who was then serving as president of the Federal Reserve Bank of New York, a director of the Council on Foreign Relations, and a member of the Trilateral Commission). After Volcker resigned his outside commitment, Blumenthal replaced him on the CFR board (and was quickly appointed chairman and
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chief executive officer of Burroughs, as well as a director of Pillsbury, Equitable Life Assurance, and Chemical Bank. Shortly thereafter, Hedley Donovan (the long-time editor of Time magazine, a member of the Trilateral Commission, a director of the Council on Foreign Relations, and a trustee of the Ford Foundation and the Carnegie Endowment for International Peace) was appointed a special adviser to Carter. Almost simultaneously, Washington superlawyer Lloyd Cutler (also a member of the Trilateral Commission, a trustee of the Brookings Institution, and a director of the Council on Foreign Relations, American Cyanamid, and the Southeast Banking Corporation) replaced Atlanta attorney Robert Lipshutz as Carter's own general counsel. Alonzo McDonald (a trustee of the CED and formerly of McKinsey & Company, a major international consulting firm) moved over from his post as deputy special trade negotiator to reorganize the White House staff.

Carter's reliance on the multinationally oriented wing of the American business community to fill high government positions continued right through the election campaign. When Commerce Secretary Juanita Kreps left the administration (for personal reasons) later in the year, Carter at once replaced her with Philip Klutznick (formerly a Chicago builder who had since become a limited partner in Salomon Brothers, the big investment bank, and a trustee of the Committee for Economic Development, while serving on the board of Americans for Energy Independence). Other key jobs went to several individuals with similar ties, including Victor Palmieri (a trustee of the Rockefeller Foundation) and Shirley Hufstedler (an Aspen Institute trustee and member of the board of the Continental Williamsburg Foundation, the Rockefeller family philanthropy).

Other major positions Carter took as he defined his new course were more carefully hedged. On the whole, Carter's energy policy tilted slightly in the direction of major energy consumers (who wanted to keep prices down) and international finance (at least on the issue of World Bank loans to non-OPEC LDCs for oil exploration). It also made concessions to groups (which included some energy companies) favoring synthetic fuels. All these features limited its appeal to most major oil companies (and the nuclear industry, an issue we can only mention here). In addition, virtually all the oil concerns opposed Carter's windfall profits tax proposal, which by opening up a major source of new revenue, mitigated the rapidly developing budget squeeze.

With scarcely a year to go before the election, however, it did not require a crystal ball to see that in a close election Texas would probably emerge as a pivotal state, and that as matters stood then, Carter could well (as he eventually did) lose it. Accordingly, Carter's selection of Deputy Secretary of Defense Charles W. Duncan, Jr., as Schlesinger's successor at the Department of Energy merits more attention than it received at the time. Though virtually all news reports highlighted Duncan's old connection to Coca-Cola (a corporation whose close ties to the Carter administration, like those of the Trilateral Commission, were now a stale joke), Duncan's ties to

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oil and Texas were numerous and overlapping. After leaving the Coca-Cola presidency in 1974, Duncan had moved to Texas. Still sitting on the board of Coke, he became the head of Rotan Mosle, a Texas-based investment house that had close ties with several institutions dominated by the Moodys, one of the richest families in Texas. He also served as a director of the Great Southern Corporation, the Southern Railway, and a subsidiary of Gulf and Western. Probably even more important than Duncan's own affiliations, however, were those of his brother, John H. Duncan. A longtime member of the Gulf and Western board, the other Duncan had slowly become a major figure in the Texas energy establishment. In the late 1970s, he served on the board of Houston Natural Gas, the Houston Chamber of Commerce, Paktank, a subsidiary of the Dutch multinational Pakhoed Holding, and several banks, including at least one, Texas Bank Shares, which heavily represented the affiliates of many big oil concerns, including Exxon, El Paso Natural Gas, and Getty Oil.

Several other new recruits into Carter's cabinet suggested a similar political shrewdness. At a time of widespread challenge to his policies coming from both the black and feminist communities, he moved Secretary of Housing and Urban Development Patricia Harris, a black woman (who had previously held directorships at the Chase Manhattan Bank, IBM, and Scott Paper) into the HEW slot vacated by Califano. And facing a possible primary fight that would test his control of the party, Carter took the unprecedented step of appointing two big-city mayors to the cabinet. Portland Mayor Neil Goldschmidt became secretary of transportation, and former New Orleans mayor Moon Landrieu (a trustee of the German Marshall Fund who was part of a New Orleans real estate concern that had been in partnership with the Shah of Iran) took over for Harris at HUD.

But while Carter's cabinet shuffle probably strengthened his position with important constituencies, he could not possibly improve his position with them all. It became increasingly apparent over the next few months that Carter was slowly being trapped by the rapidly increasing tension between the requirements of his domestic mass (party) base and American foreign (especially foreign economic) policy. With inflation rising along with business demands for vast increases in defense spending, a squeeze built up on the government budget. After another foreign exchange crisis in October of 1979, the Fed kicked interest rates higher and higher. From this point on, Jimmy Carter was afforded almost no relief.

With an election only months away, the Fed action was exactly what Carter did not need. While the Fed succeeded in propping up the dollar with high interest rates, which attracted funds from abroad and also slowed inflation by throttling back the economy, it sharply raised unemployment levels. In addition, with the economy sluggish, demands on the Treasury rose as unemployment compensation and other federal programs automatically expanded. With the economy flat, however, so were tax collections. Along with the prospective drain on the government budget from additional military spending in the wake of the Soviet invasion of
Afghanistan, these mounting fiscal pressures were too much. Something had to give.

In the business community, the most frequently expressed proposals for controlling inflation stressed the importance of reducing the size of the federal deficit, which implied either a rise in taxes or cuts in spending. With the economy already in trouble, raising taxes was impossible. Accordingly, in the late winter of 1979-1980, all sectors of the business community mobilized in support of more budget cuts. Week after week, a round robin of businessmen and business organizations besieged all levels of government with requests that the recently proposed federal budget be cut back. Their demands were echoed by influential columnists and virtually all the major media, drowning out the protests of groups representing workers, blacks, and the poor who clamored for additional aid during the recession.

In early March, the business efforts reached a climax. The American Assembly, whose trustees represent a cross section of multinational America (and whose most recent additions to the board included Caspar Weinberger, formerly an official in the Nixon administration, and then vice-president and general counsel of giant privately held Bechtel, a member of the Trilateral Commission, and a director of Quaker Oats and Pepsi-Cola), brought together representatives of business and government with a select handful of labor leaders to support Carter’s increasingly firm commitment to budgetary restraint.

A few days later, amid widely voiced fears that the market for long-term bonds would disappear if galloping inflation were not immediately slowed to a walk, four investment bankers—Robert Roosa of Brown Brothers Harriman (a long-time Democrat, chairman of the Brookings Institution, vice-chairman of the Rockefeller Foundation, trustee of TIAA/CREF, which arranges pensions for America’s college teachers, and a director of the Council on Foreign Relations, American Express, Texaco, the National Bureau of Economic Research, and Owens-Corning Fiberglas); Felix Rohatyn (another important Democrat from the investment banking house of Lazard Freres who, along with his role as Lord Protector of New York City, serves as a director of ITT, South African industrialist Harry Oppenheimer’s Minerals & Resources, Ltd., Pfizer, MCA, Eastern Airlines, Howmet Turbine Components, Owens-Illinois, and the giant French holding company Pechiney Ugine Kuhlman); Peter Peterson of Lehman Brothers Kuhn Loeb (a director of the Council on Foreign Relations, American Express, General Foods, 3M, RCA, Illinois Bell, the First National Bank of Chicago, and several other corporations); and Henry Kaufman of Salomon Brothers (a leading economic forecaster)—along with Harvard economist Otto Eckstein (who doubles as the president of Data Resources, a McGraw-Hill subsidiary), gathered with a group of Congressmen organized by Senator Henry Jackson for a “sobering” discussion that began over dinner and stretched late into the night.52 A few days later, in an atmosphere approaching hysteria, Carter announced sweeping budget cutbacks, and the Federal Reserve announced a series of Draconian credit controls and other measures aimed at direct regulation of the money supply. Carter, Fed chairman Volcker, and the big banks also seized on the crisis to pressure a congressional conference committee into a drastic rewriting of already approved banking legislation. As Alan Stone observes in his essay in this volume, the result was the most sweeping financial regulatory revision since the New Deal.

The budget decisions were among the most fateful and important campaign choices Carter made. Together they confirmed the policy course on which Carter had been heading and cut much of the ground out from under him. For now he was caught in a dilemma. On one hand, his own reaction to Iran, Afghanistan, and other factors previously discussed was fanning the flames of the arms buildup, with its demands for federal spending. On the other, the domestic constituency of the Democratic party—notably labor and the urban poor—was clamoring for more help. But at the same time, international pressures on the dollar, and therefore the government budget, were unyielding.

Thus by early 1980, Jimmy Carter was the first choice of hardly anyone for president of the United States. While defense hardliners could take heart from the increasingly important role assumed by the CIA’s “B Team” of superhawk analysts who challenged existing agency estimates of Russian strength and intentions; warm to the replacement of Paul Warnke (a director of the Council on Foreign Relations, member of the Trilateral Commission, and Washington law partner of superlawyer Clark Clifford), who had been strongly criticized by the Right, by former general George Seignious (at that time head of the Citadel, a military college, and a director of the Southern Bancorporation) as the president’s chief disarmament negotiator; welcome Zbigniew Brzezinski’s efforts to dramatize himself as King of the Khyber Rifles; and hail the Carter administration’s moves to restore the position of the CIA, there was simply not enough money in the Carter budget to satisfy them. At the same time, the pressures to accommodate the military also closed off the funds that sustained the party’s increasingly disenchanted mass base. It was an awkward corner Carter had been backed into, and one from which he never escaped.

The same analysis that explains why Jimmy Carter persisted in his apparently suicidal election-year efforts to deflate his own constituency also accounts for the peculiar course of the campaign to reject him as the party’s nominee.

It is perfectly apparent, for example, that as Carter grew increasingly vulnerable, prominent Democrats like New York Governor Hugh Carey (who promptly opened discussions about a run with Seagram’s chairman Edgar M. Bronfman, Warner Communications chairman Steven J. Ross, Norton Simon chairman David Mahoney, American International Group chairman Maurice Greenberg, and a battery of corporate lawyers) would begin dreaming about toppling him.53 For most of these challengers, however, a head-on attack against a sitting president hardly constituted their
best strategy. For them to win, someone else would have to snarl up the nomination by defeating the president in some primaries. Not surprisingly, pressure built on Senator Edward Kennedy, the most likely entrant, to declare his candidacy. But when Kennedy finally did enter the race, of all the many prominent politicians who had been loudly urging him to run, only Chicago mayor Jane Byrne rushed to support him.

Probably even more important as a factor in the abrupt decline of Kennedy’s campaign, however, was the derivative character of his early political appeals. The original political formula he tried out on wary elites was essentially the same as that patented by his older brothers in the 1960s. As instanced by John F. Kennedy’s administration (in which a cabinet completely dominated by multinational free traders supervised domestic social reform and increased welfare spending), and Robert Kennedy’s brief and tragic insurgent candidacy in 1968 (which drew major support from multinational financiers Douglas Dillon and Andre Meyer, among others), that formula called for the simultaneous championing of an open world economy and domestic liberalism. A rather obvious albeit spirited variation on the New Deal, it was a package that enthralled many both in and outside the business community.

But the Kennedys had risen to political prominence during the boom years of the early 1960s. The broad support their domestic liberalism and economic internationalism achieved depended critically on an expanding economy. In the tightening economy of the late 1970s, support for such programs was much thinner. A few leading figures in international finance were tied to the Kennedy family, like World Bank president Robert McNamara, quietly supported Kennedy. So did a handful of mostly second-tier investment bankers, like Robert Toth as of L. F. Rothschild. And early on the Kennedy campaign was joined by Mobil public affairs vice-president and long-time Democrat Herbert Schmertz. (Mobil had strongly criticized Carter’s energy proposals. Having proportionately fewer crude oil reserves than most major international oil companies, it stood to gain less from Carter’s removal of controls on existing oil supplies than it would have from a tax program weighted more heavily in favor of new oil exploration). But on the whole, when Kennedy trotted out the old bromides about encouraging world trade and innovation (as in his speech to the Investment Association of New York) or the “free market,” he was difficult to tell apart from Carter. And, in the budget-cutting year of 1980, when he did differentiate himself from Carter by criticizing the proposed budget cuts, he only succeeded in setting off alarm bells in the business community.

Harassed by savage media attacks, Kennedy’s candidacy sank lower and lower. After the loss of the Iowa primary, it seemed about to expire. But it did not fade away. Though he ultimately lost the nomination, Kennedy rebounded vigorously. Picking himself up off the floor, he went on to defeat Carter in a string of important primaries in New York, Penn-

sylvania, and California, among other states. In the final days before the Democratic nomination, he appeared on the verge of defeating the president. What explains this remarkable turnaround?

An assessment of the nature of the Kennedy campaign more discriminating than either its own self-image or its publicly advertised stereotypes is indispensable to any serious analysis of this question. One must begin by acknowledging that the Kennedy candidacy was neither of two things. First, Kennedy was not Lech Walesa, the union leader who was catapulted almost overnight to the head of the Polish movement for independent trade unions. While he tried to tap popular hostility to Carter’s budget-cutting proposals, Kennedy and the key members of his organization had been working together for years. Their views on public policy were well formed, and their network of contacts was largely in place. Second, and even more important, Kennedy’s candidacy was only slightly more a vehicle of the organized labor movement than it was a platform for mass protest. Though many unions decided eventually to support him, and most certainly favored the more expansive budgets he championed, as well as his national health insurance proposals, Kennedy’s core coalition remained tied to his old (and now rapidly shrinking base) among internationally oriented, high-technology business.

His famous speech at Georgetown University in January 1980, which is usually credited as marking the upturn of his fortunes, had been carefully crafted after emergency discussions with a stellar group of high business figures, including Felix Rohatyn, Otto Eckstein, Arthur Okun (an economist with strong ties to the Brookings Institution, who was a director of Intercapital Funds and for almost a decade an economic consultant to Donaldson, Lufkin & Jenrette, a major investment banking firm), and Walter Heller (a leading economic policy analyst and member of the Trilateral Commission, who also serves as a director of Northwestern National Life Insurance, the National City Bank of Minneapolis, International Multi-

foods, and the Commercial Credit Corporation, a subsidiary of giant Minneapolis-based Control Data Computer, a firm with many long-standing ties to high levels of the Democratic party and a leader in developing trade with the Soviet Union).

The speech’s proposals were clearly aimed at reestablishing the link welding together the angry mass base of the Democratic party and those portions of the multinational business community who remained interested in and able to afford a coalition with organized labor. Kennedy’s pledges, both stated and implied, to cut the budget less savagely than Carter seemed increasingly likely to do were calculated to appeal to the former constituency. By contrast, corporations which, like Control Data, remained interested in trade with the Soviets, and financiers worried about the effect of military spending on the stability of the dollar, were offered the promise of less bellicose foreign policies. The most celebrated of Kennedy’s proposals, his call for wage-price controls, was also a device calculated to attract financiers. With the bond market threatening to come
completely apart, and fears of another dollar crisis widely voiced, wage-price controls offered a quick fix to the chief anxiety of the business community—double-digit inflation—as Rohatyn pointed out in a speech of his own to the Conference Board only a few weeks later.

For a while, this nostalgic attempt to put the evil genie of the 1970s back into the bottle of the 1960s attracted interest and support. Alan Greenspan, originally a rather right-wing economic forecaster for the Nixon administration, but who had since moved to the center of American corporate life (becoming a director of Morgan Guaranty Trust, General Foods, Mobil, and Alcoa, as well as perhaps the most centrist member of the restructured Hoover Institution board), had already, in December 1979, set up meetings for Kennedy with major investment bankers, including Peter Peterson, Sanford Weill of Shearson Loeb Rhodes, and John Whitehead of Goldman Sachs. Now Max Palevsky, former chairman of Xerox’s executive committee and a major fundraiser for McGovern in 1972 and Carter in 1976 (currently a director of Intel), and other liberal Democrats took another look at the senator.

In the end, however, Kennedy garnered only modest support. Though Palevsky and some other businessmen appear to have afforded the campaign some aid, most American elites paused only to notice, and occasionally to praise, Kennedy’s “courage.” Then they hurried on—in Greenspan’s case to the Republicans, in others’ to Carter, and in a few unimportant cases to California Governor Jerry Brown. Most, it is clear, were persuaded that the time had passed for the coalition Kennedy now championed. With their overwhelming desires to cut the budget and their deepening commitments to military spending (although, as noted earlier, the range of increases proposed varied widely), continued social spending impressed most businessmen as a luxury that had to be abandoned. To them, accordingly, the preferred way out of the budgetary impasse was the de facto elimination of the Democratic party’s mass constituency.

As a consequence, in the later stages of his campaign Kennedy experimented with an array of proposals that moved further and further away from his original multinational affiliation. Desperate for leverage against Carter (who, for all his increasingly intractable problems, could count on the support of many businessmen in his fight for the nomination, even if they would not support him in the general election), Kennedy embraced curbs on imported steel in time for the primaries in Pennsylvania, New Jersey, and other heavy industry states. Nowhere did he succeed in articulating a coherent program for international economic policy, however, as reflected in the simultaneous proposals offered during this period for the “reindustrialization” of America, which in contrast to the endorsement of import curbs, resembled proposals Rohatyn was beginning to advance.

Had the choices in the Democratic party been limited to Carter and Kennedy, the Democratic convention would probably have been a much more cut and dried affair than it was. But they were not. As the convention approached, pressure to dump Carter grew from another less obviously active part of the party and country—the Right.

In sharp contrast to all the ink spilled about the programmatic lobbying of groups like the Committee on the Present Danger, or their activities in the Reagan camp, virtually nothing has been written about the activities and weapons and “defense” elites within the Democratic campaign. Their attempts to influence the outcome there, however, were important, and provide grim portents of what American party politics could well become within a few years.

As a powerful group increasingly alienated from Carter, the affluent supporters of arms spending in excess of Carter’s already rising levels were of course an inviting target for anyone trying to build a coalition to throw the president out of office. In seeking to attract them, however, Kennedy confronted the same problem Carter did. If he committed himself to more arms spending, he would have to write off the domestic inflation rate (and thus the role of the dollar internationally) or the social welfare constituency of the Democratic party. As a long-time leader of the multinational wing of the Democratic party, and an observant student of the senatorial politicking of Messrs. Roosa, Rohatyn & Co. in cutting the budget, Kennedy was well aware that the financial constraint was, in 1980, as much a “given” of the universe of American politics as the principle of gravity.

Accordingly, when after Kennedy’s shattering defeat in the Iowa primary superhawk Senator Henry Jackson and five members of the Committee on the Present Danger—Henry Fowler (a former secretary of the Treasury under Lyndon Johnson, and currently a partner at Goldman, Sachs, chairman of the Atlantic Council, trustee of the Alfred P. Sloan Foundation and Japan Society, and director of many corporations, including Conning Glass, Trans World Airlines, the Norfolk and Western Railroad, and the Dillon-family-controlled U.S. and Foreign Securities Corporation), Paul Nitze (one of the original late 1940s cold warriors, currently a director of Schroeder’s, Inc., the American subsidiary of the famous British investment bank, the Atlantic Council, the American Security and Trust Company, and Potomac Associates), Eugene Rostow (another former government official now at Yale Law School, who serves on the boards of both the U.S.-based Atlantic Council and the Paris-based Atlantic Institute, a major center of agitation about the Soviet threat), Richard Pipes (the associate director of the Russian Research Center at Harvard, noted for his hawkish analyses of Soviet behavior), and Max Kampelman (a Washington attorney long active in Democratic party politics)—paid a special visit to Kennedy’s office to press him to come out for more defense spending, Kennedy declined. Instead he moved quickly toward his Georgetown formula of less defense and more social welfare spending. Nor was there much interaction between the Kennedy campaign and the defense lobby thereafter, although Pipes, Rostow, and other hawks endorsed a minor Kennedy proposal on the organization of the national security policymaking apparatus. The need to free up some resources for the Democratic
party’s mass constituency continued to hold the groups apart. In the final days before the convention, however, their joint short-run interests in evicting Jimmy Carter from the White House led to sudden cooperation. Hurt badly by the continuing crisis in Iran (which, immediately after the seizure of the hostages, Carter notoriously exploited in his reelection bid), the controversial resignations of Andrew Young and Cyrus Vance, revelations about brother Billy’s dealing with Libya, and the fallout from his deflationary policy choices of earlier in the year, Carter continued sinking in the polls. With his vulnerability increasing daily, a movement developed for an “open” convention—that is, one in which primary delegates would be released from their preconvention commitments. Many of those calling for an open convention were declared Kennedy supporters, or tied closely to obvious Kennedy constituencies, such as Washington D.C. mayor Marion Barry. Almost immediately, however, it became obvious that the movement claimed powerful support from quarters that had no special ties to Kennedy. When forty members of Congress organized a Committee for an Open Convention, Arnold Picker (a businessman with close ties to Washington Senator Henry Jackson) and two members of the Washington congressional delegation stepped in to raise $200,000 for the movement. Almost simultaneously, Henry Jackson announced his support of an open convention, and several Jackson for President Committees formed, including one launched by S. Harrison Dogole, whom the Washington Post described blandly as a “Philadelphia Democrat,” but who had as well been one of the founding board members of the Committee on the Present Danger (where he identified himself as chairman of Global Security Systems, Inc.). In the final days before the convention, Washington attorney Edward Bennett Williams, a relatively recent addition to the executive committee of the Committee on the Present Danger, attempted to organize all the anti-Carter forces.

These efforts, however, fell just short. Although Kennedy made a memorable speech to an enthusiastic convention audience (the economic proposals of which Carter almost immediately rejected, and was quickly seconded in his condemnation by Robert Roosa), the old coalition seemed able to announce itself only in defeat. As Eugene Rostow and other figures of the party’s right wing prepared to move into the Reagan camp, Carter slipped through. Without much enthusiasm, the Democrats prepared for the general election campaign.

By contrast to the Democratic primaries, where the precipitous decline first of Carter and then of his leading rivals required explanation, in the Republican primaries it is the continuing rise of Ronald Reagan, the original front runner, that poses the biggest puzzle. Inheritor of most of the coalition that marched loyally to disaster in 1964 under Barry Goldwater, Reagan stood as recently as 1976 almost wholly outside the mainstream of American public life. As much sharply negative press coverage suggested early in the 1980 campaign, Reagan’s predominant public image was that of a shallow, ultraconservative ex-movie actor outrageously mortgaged to the Far Right.

Yet over the course of the campaign Reagan moved gradually to the center of American politics. At length he won support from many individuals whom his original core supporters excoriated, notably David Rockefeller and Henry Kissinger, traditional betes noires of the Far Right. As the opening of this essay suggested, an adequate account of this well-nigh miraculous transformation must illuminate as well the collapse of what appeared to be a formidable campaign for John Connally, offer an explanation for the rise and subsequent collapse of the Bush campaign, and account for the rise and subsequent decline of John B. Anderson’s independent candidacy.

It is convenient to begin with Reagan himself. As observed earlier, the core of the Goldwater movement consisted of labor-intensive, strongly protectionist manufacturers who disliked both labor unions and foreign competition, independent oil companies (many of whom had long campaigned for tariffs on oil imported by the multinationals), some raw materials producers (who had many reasons to be attracted to Goldwater’s strong nationalism), and huge numbers of small and medium-sized businesses for whom an open world economy often meant either little or nothing except threats to economic viability.

The growing flood of foreign, especially Japanese, imports in the late 1960s and early 1970s of course swelled the ranks of these groups. So, clearly, did rising demand for rearmament and opposition to détente although, as noted previously, much of the demand came from multinationals often harshly opposed to protectionism. Representatives of all these groups (especially those promoting increased military spending, who were represented by James Schlesinger, among others) played prominent roles in Reagan’s unsuccessful bid to oust Gerald Ford in the 1976 primaries. But little in that campaign, or the subsequent controversies over the Panama Canal and labor law reform in which Reagan took part, was calculated to endear Reagan to the multinationalist interests that dominated the Democratic party and the so-called Eastern Liberal Establishment of the GOP. Only the rising claims for new defense spending suggested that a way might be found to bridge the chasm.

As the campaign opened, the Reagan of 1979 looked very much like the Reagan of 1976, or, more ominously, the Goldwater of 1964. At the center of the campaign was a group of wealthy western businessmen, many of whom had been supporting Reagan for more than a decade: millionaire automobile dealer Holmes Tuttle; former supermarket entrepreneur Theodore Cummings; William Wilson, a rancher and investor; Jack Wrather, the Hollywood producer of Lassie, The Lone Ranger, and other All-American favorites, an independent oilman, and director of several corporations, including Capitol Records, Continental Airlines and, appropriately for the sponsor of a candidate offering reassurance to a troubled nation, Muzak, Inc.; nursing-home chain operator Charles Wick; Joseph Coors, the arch-
reactionary head of Coors Brewery, a major donor to many conservative policy institutions of the New Right, and a trustee of the Hoover Institution; Nevada Senator Paul Laxalt, previously a close political ally of billionaire Howard Hughes (and as of 1978, although in the Senate, president of Ormsby House Hotel and Casino in Carson City, Nevada). William French Smith, Reagan’s personal attorney (and a director of Pullman, Pacific Lighting, Pacific Mutual Life, Crocker National Bank, and Pacific Telephone and Telegraph); Alfred Bloomingdale, formerly chairman of the board of the Diners Club and now along with Mrs. William French Smith, a director of Beneficial Standard, and very active in real estate; and a handful of others. Among this group, only a few, notably Justin Dart (the head of Dart Industries, a member of the Business Roundtable and leader of the so-called Dart Group which promotes right-wing candidates in California) and Earle Jorgenson (a director of Northrup, Kerr-McGee Oil, and the American Iron & Steel Institute and a trustee of Cal Tech), whose Jorgenson Steel Company claimed Wilson and French Smith as directors, enjoyed links to the upper tiers of the American business community.

Joining this generally close-knit group were a handful of other businessmen, including one superstar, William Simon. Formerly Nixon’s secretary of the Treasury, where he made a reputation as an aggressive ideologue, Simon’s increasing acceptance on more and more high corporate boards during the middle and late 1970s symbolized the vast changes sweeping through the American industrial structure. By 1979, along with his directorship at Dart Industries, Simon served on the board of Citibank, Xerox, INA, and the Hoover Institution. He also served as president of the Olin Foundation, one of the most aggressive of the foundations financing the resurgence of corporate ideology in America. (A few months after Reagan announced for the presidency, Simon took a new job. He became an investment counselor for Suliman S. Olayan, a leading Saudi businessman who, *The New York Times* recorded a day before the election, has since been elected a director of Mobil Oil.)

Reinforcing this rather thin layer of support were a number of advisers from a variety of Old and New Right think tanks, including Martin Anderson, an economist (and director of the Federal Home Loan Bank of San Francisco) associated with the Hoover Institution (which had slightly widened its network from its circle of regionally based and traditional right-wing supporters), and several figures associated with the Heritage Foundation. The most important of Reagan’s foreign policy advisers was Richard Allen. Allen had previously served in the Nixon administration, in which he eventually left after several bitter fights with Henry Kissinger. He subsequently became a business consultant, and was president of Potomac International Corporation. A strong nationalist with close ties to groups sympathetic to Israel, Allen was also a member of the Committee on the Present Danger’s executive committee.

Along with the assistance he received from right-wing research and policy groups, Reagan profited from his long-standing ties to the various conservative political action groups and regionally centered Republican state officials. In the Republican primaries, in which perhaps 25 percent of the 25 percent of the population that admits to being Republican turns out to vote, this intense local support network gave Reagan real advantages. Very soon, however, a candidate appeared who looked for all the world like someone who could wrest most of the Right from Reagan: John B. Connally. Big business executives who hung back from Reagan flocked to Connally, who projected an image that here, at last, was a man who might make even Amtrak run on time, and whose initial fundraising efforts were so successful that he decided to forego federal matching funds.

As formidable as Connally appeared, however, he was defeated within a few months and pushed out of the race. His rapid collapse poses one of the major mysteries of the campaign. Analyzed carefully, however, most of the mystery evaporates. At the outset, it is well to be clear about one important point. Despite the extensive media identification of Connally as the candidate of big business, neither his past nor his organizational affiliations as he prepared for the race suggested that he was anything of the sort.

Connally’s career in Texas politics took off during the 1950s, after he became independent oilman Sid Richardson’s attorney. Richardson, like his long-time friend and political ally Clint Murchison, another independent oilman, was fabulously wealthy and played a major role in American politics (having been deeply involved at various times with both Franklin D. Roosevelt and Dwight Eisenhower) and social life (Richardson patronized Billy Graham for years). But the two men were usually at odds with many powerful Eastern interests. Their famous takeover of the New York Central Railroad (on the board of which Connally sat for several years), for example, came after a bitter fight with its previous controlling interests. During his terms as secretary of the navy under Kennedy and as governor of Texas, Connally continued his close relations with the Richardson interests. One source suggests that Governor Connally collected at least $225,000 from the Richardson estate. After he left the governor’s post, Connally became a partner in Vinson, Elkins & Sears, one of the most famous law firms in Texas—but still a Texas-based firm. Later he several times advised or represented Nelson Bunker Hunt, whose antagonism toward the GOP liberal establishment is famous. (Indeed, the Hunt’s notorious silver play began in the wake of a Connally-arranged meeting between Bunker Hunt and potential Arab investors.) With the possible exception of Texas Instruments, none of the corporation boards on which he served as director before becoming Secretary of the Treasury (including Halliburton, a huge construction company, the First City National Bank of Houston, or the U.S. Trust Company) represented the commanding heights of American business.

In addition, Connally’s role at the Treasury during the Nixon shocks made him very controversial. Indeed, many angry multinationalists commonly identify him as the prime villain behind the disruptive NEP. When he returned to private life (after heading up Democrats for Nixon), the
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limited status Connally enjoyed in the American business community was apparent. As he prepared to run for the presidency, the directorates Connally resigned from were important but scarcely distinguished, featuring Greyhound (a concern greatly interested in deregulation), Dr. Pepper (whose board, like those of its rival soft drink companies, featured several individuals with prominent political ties, in this case mostly to the right wing of the GOP), Continental Airlines, Justin Industries, the First City Bancorporation of Texas, and Falconbridge Nickel Mines, Ltd., a Canadian-based firm. And while Connally’s trusteeship at the A. W. Mellon Foundation was of interest in pointing to possible ties to the Mellon family, it did not have the national significance of a Rockefeller or Ford Foundation affiliation.

Nor was Connally’s support quite as firm as it was made out to be. Immediately after the Iran debacle, industrialists (including many multinationals) anxious to spur American rearmament flocked to Connally. So did many protectionist businessmen, attracted by Connally’s famous advice on how to handle the American trade deficit with Japan (which the Iran debacle worsened greatly, because if threatened, it posed a major source of Japan’s oil supplies drove down the value of the yen, leading to lower prices and thus a surge of Japanese exports abroad):

I would tell them unless you let in... American agricultural commodities, you better tell your Japanese people to be prepared to sit on the docks of Yokohama in their Toyotas and watch their own television sets, because they aren’t coming to the United States.71

They were also intrigued by his references to a North American common market, which would have held back the development of trade with Europe and Japan, and a Reconstruction Finance Corporation to bail out failing businesses, as well as his promise of a massive government-assisted export drive.

Taken together, these proposals briefly provided Connally with an impressive array of backers: Southern Pacific’s Ben Biagioni, Robert Stuart of Quaker Oats, Marriott’s J. Willard Marriott, James W. Durant of Paine Webber, Robert Malott of FMC, Borg Warner’s James F. Beré, AT&T’s John deButts, Texas Instruments’ J. Erik Jonsson, L. L. Colbert, the former president of Chrysler, Henry Ford (who had been an early supporter of Bush, but moved to Connally as Japanese car import pressures mounted steadily during the campaign), Fred Hartley of Union Oil, Roy Ash of Addressograph Multigraph, Monsanto’s John Hanley, Leonard Firestone, James Ferguson of General Foods, E. H. Boullion of Boeing Commercial Airplane, Robert H. Baldwin of Morgan Stanley (the American investment bank that probably does the most business with Middle East clients), Fluor Corporation’s J. Robert Fluor, Citibank’s Walter Wriston, Textron’s Joseph Collinson, and officials of Exxon, Prudential, and many other firms.

But while this coalition appeared to be a mile wide, it was more crucially only a inch deep. Connally was attempting simultaneously to

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make high-visibility appeals to multinationals that wanted free trade and an open global economy and to protectionist concerns that sought shelter from international competition. That some right-wing Republicans were suspicious of his candidacy was evident. Jesse Helms, whose textile and tobacco constituencies, had Connally landed them, would have helped him tremendously in the southern primaries against Reagan, held back from a ringing endorsement of either leading Republican candidate. At the same time, Connally allowed himself to be mousetrapped by Henry Kissinger, David Rockefeller, and the rest of the multinational constituency on the delicate question of Israel.

Ever since the formation of the OPEC energy cartel, which converted the Arab states overnight into the leading financial investors, biggest developing market, and greatest sellers of oil in the world, pressure had been building for a tilt in American foreign policy away from Israel in their favor. One of the more urgent desires of many big multinationals, the adjustment of American policy toward the Israeli state, was also one of the most controversial of foreign policy proposals.

Not only by temperament, but by interest as well, Connally was a man who was willing to rush in where others feared to tread. Connally’s son, John B. III, served on the board of the Main Bank of Texas, in which, according to the Atlanta Constitution, Connally himself had invested.73 Though the bank was not particularly large, its major (70 percent) owner was important: Sheik Khaled Bin Mahfouz, whose family controlled the largest native-owned bank in Saudi Arabia. Connally had other Arab ties as well.

In the fall of 1979, Connally began mapping out a major speech on the Middle East. While he and his advisors analyzed the problem, he struck up a relationship with the ultimate multinationals: Henry Kissinger and David Rockefeller. As Rockefeller contributed to his campaign, Kissinger began making unpublicized appearances at cocktail parties on his behalf. In late September, Kissinger attended a fundraising party for Connally sponsored by Mr. Seggerman of Boston Fidelity Management. Seggerman later told the Boston Globe that Kissinger gave a “tacit endorsement of Connally.”74 The remark almost irresistibly brings to mind Carter Glass’s famous one-liner delivered when he was asked if he would support Al Smith’s candidacy for president. “I am a Democrat still,” said Glass, “very still.” Kissinger and Rockefeller supported Connally tacitly, very tacitly.

Published sources of great reliability report that Kissinger approved a draft of the famous Connally speech on the Middle East, which proposed a settlement of the Arab-Israeli conflict along the lines proposed in an old Brookings Institution study, and of which most public supporters of Israel strongly disapproved.75 But neither Kissinger nor Rockefeller (who had some kind words for Connally a few weeks later, delivered while he affirmed his support of Trilateral Commission member George Bush’s candidacy) came up to defend the speech during the firestorm of criticism it provoked. Instead, while New York attorney (and Committee on the Pres-
ent Danger executive committee member) Rita Hauser, financier I. W. Burnham of Drexel Burnham Lambert, and other high Connally officials abandoned his campaign, Rockefeller joined Alton G. Marshall (the head of Rockefeller Center, who had been working on the Bush campaign for months) in official support of George Bush. When Connally next appeared in New York, “there was a flurry of interest when it turned out that no members of the Rockefeller family would attend the New York dinner.”

Hurt badly by the refusal of three of the biggest multinationals—ABC, CBS, and NBC—to sell him the TV time his campaign had counted on, Connally’s effort staggered on for a few weeks, then collapsed. With his effective withdrawal, the campaign increasingly polarized between Bush and Reagan. For a while a classic confrontation appeared likely to develop between the Republican Right and the liberal Establishment, reminiscent of the Goldwater-Rockefeller battles of the early 1960s. Especially after Bush won the primary in Iowa, a major grain-exporting state, his support among financiers and multinational free traders became obtrusively visible. Along with Rockefeller and Alton Marshall came Steven Fenster (managing director of Lehman Brothers Kuhn Loeb), William Edgerly (chairman of Boston’s State Street Bank and Trust Company), Thomas Philips of Raytheon, Albert Gordon of Kidder Peabody, A. G. Monks of the Boston Company, Bristol Myers’s Bruce Gelb, Leon Jaworski of Watergate fame, and many Republican members of the Trilateral Commission.

In sharp contrast, many of the most active Connally boosters stumped to Reagan, at last bringing him support from major business figures. In the Pennsylvania primary, for example, David M. Roderick, the chairman of U.S. Steel, one of the most ardently protectionist corporations in America, helped, along with a bloc of other steel industry figures, raise money for Reagan against Bush. Many advocates of increased armament manufacture, initially attracted to Connally’s strong pledges to increase defense spending, also went over to Reagan. No longer hesitant, Jesse Helms began campaigning vigorously for him too.

Before the campaign had a chance to polarize completely, however, the Reagan camp embarked on a series of dramatic moves. Almost unnoticed by the media, Reagan initiated a striking shift in his policies and core constituency. For a few weeks after his defeat in the Iowa primaries, Reagan’s campaign was in turmoil. But when he won the New Hampshire primary, his campaign appeared to have regained the “momentum” so beloved by political analysts. Only a few hours after his triumph there, however, Reagan astonished seasoned campaign observers by firing John Sears, his campaign manager, and reshuffling his staff.

With Sears out, Edwin Meese (an attorney who had helped prosecute protesting University of California students in the 1960s, a trustee of the Institute for Contemporary Studies, and a one-time vice-president of Rohr Industries, an aircraft parts manufacturer) assumed a major role in the campaign. Also promoted (after he had recently been invited into the campaign by Sears) to a major role was William J. Casey. At the time, the switches triggered extensive debate. In the early weeks of the campaign their net effect appeared to draw the lines more sharply between Bush and Reagan. For within weeks Bush’s (and John B. Anderson’s) association with the Trilateral Commission and the Rockefellers was being used against him by the Reagan people. Their open criticism of the multinational wing of the GOP created something of a sensation. Though major media (which in many cases, like that of The New York Times and Time magazine) downplayed the story, the commission attracted a flurry of attention. Rather cautiously deployed by the Reagan campaign staff, the charges received a full airing only in the South. There they clearly made some impact on the electorate. Reagan’s Florida co-chairman, Carlos Salmon, insisted to reporters that “the thing that is really beginning to haunt Bush is the Trilateral Commission.”

But while the Reagan camp was energizing the Volk with its allusions to the shadow world of international finance, another more important process was advancing by slow stages. A close look at Ronald Reagan’s career shows a recurring pattern. In the late 1940s, Reagan achieved prominence as a Democratic union official. In slow stages, he traded up from this position by cooperating with major figures in the movie industry on the blacklisting of his fellow actors and several other issues. Coming under the patronage of several of them, notably MCA’s Lew Wasserman (a prominent Democrat), Reagan then advanced to his famous slot on Death Valley Days (under General Electric sponsorship). Having long since left the world of the average worker far behind, Reagan proceeded to hook up with the arch-enemy of the big multinationals—the Goldwater Republicans—who finally boosted him into public life.

Now Ronald Reagan had the opportunity of a lifetime. As he had left the Screen Actors Guild and GE behind, so now could he exit the important but limited circle of businessmen who had launched his political career. He had a chance to form positive ties with some of the most powerful men in the world, and also to prevent what had happened to Goldwater from happening to him. From this perspective, one of Casey’s several institutional affiliations (in addition to the link with the National Strategy Information Center noted earlier, Casey served as a director of Capital Cities Communications and the Atlantic Council, and had many longstanding ties to the American intelligence community) assumed weighty significance. After leaving public service in the mid-1970s, Casey joined Frank Zarb (former head of the Federal Energy Administration) and Charles W. Robinson in founding the Energy Transition Corporation, a firm that brokered deals between firms seeking energy-related contracts and the federal government.

In 1979, as the campaign heated up, both Casey and Robinson were still with the ETC. Robinson had meanwhile become one of the handful of Americans who sat on the executive committee of the Trilateral Com-
mission, along with David Rockefeller and Henry Kissinger. Making a unique contribution to the Republican-sponsored revival of family values, Robinson had also recently joined the board of the Allen Group, a sizable corporation run by Henry Kissinger’s brother Walter.

While Reagan’s original core of right-wing supporters watched with mounting apprehension, a slow series of overtures and discreet signals flashed between Reagan and the internationalists. In early spring, George Shultz (president and director of Bechtel, a director of Morgan Guaranty and Sears, a trustee of the Alfred P. Sloan Foundation, and most important, a recently named director of one of the Far Right’s favorite targets, the Council on Foreign Relations) joined Trilateralist Caspar Weinberger (Bechtel’s general counsel) and endorsed Reagan.

Reagan responded almost immediately. Quickly integrating Shultz and Weinberger into the campaign, Reagan on April 17 announced the formation of a special policy council, headed by William Simon, which included Shultz, Weinberger, Casey, and several other prominent figures from parts of the business community that had not previously enjoyed strong ties to his campaign. Included were Alan Greenspan, Charles Walker (who had originally backed Connally, but who was also the chairman of the American Council on Capital Formation, the treasurer of the committee on the Present Danger, and the most important and the most powerful lobbyist for several large corporations, and an enthusiastic promoter of the National Tax Limitation Committee’s proposed constitutional amendment to limit government spending), William P. Rogers (former secretary of state under Nixon, a subsequent representative of the Shah of Iran, law partner of William J. Casey, and currently a director of Sohio [owned by giant British Petroleum], Merrill Lynch, and the Gannett newspaper chain), “free market” economist Murray Weidenbaum, neoconservative “Godfather” Irving Kristol (who, along with his role as an intellectual in residence at the American Enterprise Institute, was a director of several major corporations, including Warner Lambert), and Donald Rumsfeld (a RAND trustee and director of Bendix, the Atlantic Council, and other organizations). Along with them was a more predictable figure, New York Congressman and New Right hero Jack Kemp, and one whose appearance was truly momentous: John McKetta. Modestly listed by the Reagan campaign as a professor of chemical engineering at the University of Texas, McKetta was in fact a major figure in the oil industry—big oil, not the independents. A director of many Texas-based oil-related concerns, including two subsidiaries of Gulf, McKetta served also as chairman of the editorial committee of Petroleum Refiner. Along with Shultz and Weinberger, his presence in the Reagan camp ensured that whatever happened in the general election, Reagan would not become another Goldwater.83

With speculation rising and Business Week proclaiming that “the battle for the heart and mind of Ronald Reagan has begun,”84 the campaign now began showing clear signs of internal struggle. A few days after the formation of the policy committee, Reagan announced a list of foreign policy and defense advisers that pointedly excluded Kissinger, and that was tilted heavily in the direction of the far, far Right. It included such notables as Joseph Chabot (president of the Institute for International Security), General Louis Walt (a former commander of the Marine Corps), and retired Admiral Thomas Moorer (a walking incarnation of the military-industrial complex, who served as advisor to the Admiral Nimitz Foundation, a consultant to the Georgetown Center for Strategic and International Studies, a director of Fairchild, Texaco, Alabama Drydock and Shipbuilding, and United Services Life Insurance, and president of the Association of Naval Aviation).85

As the Bush campaign folded, the tug of war between Reagan’s various supporters and the confusion in multinational ranks became more visible.

In the late spring, defeated Republican presidential hopeful John B. Anderson, who had parlayed extraordinarily favorable press coverage and resolutely internationalist policy positions (he was a member of both the Trilateral Commission and the Japan-U.S. Friendship Commission) into a respectable showing in several Republican primaries, seized upon the confused situation to launch an independent third-party campaign for the presidency. For a few months, the uncertainty attending the early stages of Reagan’s metamorphosis won Anderson wide support from internationalists of both parties who wanted an alternative to Carter but remained suspicious of Reagan. Chase Manhattan director and Rockefeller family adviser J. Richardson Dilworth, Time magazine chairman Andrew Heiskell, Oppenheimer Fund(s) president Leon Levy, Lehman Brothers Kuhn Loeb advisory director Benjamin Buttenwieser, Salomon Brothers partner Daniel Sargent, and Dyson Kittner Moran chairman Charles Dyson (who had played an important role in the 1976 Carter campaign) raised funds for him. Trilateralist investment banker George Ball endorsed him in public. Felix Rohatyn and Henry Kaufman quietly advised him. High officials of the foreign policy establishment, including long-time Council on Foreign Relations official Alton Frye, joined the campaign organization, and money poured in from a number of important multinationalist businessmen, including J. Irwin Miller of Cummins Engine, Robert O. Anderson of ARCO, Irving B. Harris of Standard Shares, Michael Blumenthal, Laurence Rockefeller, and several other members of the Rockefeller family.

In the Eastern press, a lively debate raged over whether Reagan was truly a moderate, or in fact a captive of his right-wing business supporters. Hints were repeatedly dropped that if he would only name his nominee for secretary of state he might well be acceptable, while a campaign led by Congressman Barber Conable, a member of the Trilateral Commission, gathered steam to force the choice of Bush as Reagan’s running mate.87

While this discussion boiled along, an increasingly alarmed Republican Right mobilized to defend its position. Jesse Helms, New Right publicist Richard Viguerie, and other conservatives campaigned for the selection of a conservative running mate, and John Connally and others helped beat down a brief boomlet that developed for former President Gerald Ford.88
platform victories. Paying far too much attention to the hijinks in front of the television cameras, many media commentators immediately proclaimed the convention a victory for the right wing. Especially blunt was Mary McGrory’s assessment of the situation. Having watched Helms strutting about the floor attacking Henry Kissinger, she wrote from Detroit that “in this city of jobless people, no individual case is more arresting than that of Henry Kissinger, an unemployed Metternich. Apparently when he got to the window of the Ronald Reagan personnel office, he was told what many a laid-off auto worker has heard—‘Don’t call us, we’ll call you.’”92 Seldom has press judgment proved to be so spectacularly in error.

Only a few hours later, millions of Americans watched in stunned disbelief as the world’s most famous multinational foreign policy analyst, the chairman of the international advisory committee of the Chase Manhattan Bank, consultant to Goldman Sachs, director of the Council on Foreign Relations and Atlantic Council, member of the Bilderberg steering committee, senior fellow of the Aspen Institute, consultant to the National Broadcasting Company, and Trilateral Commission executive committee member materialized again at the center of the Republican party. Working with Bryce Harlow, Alan Greenspan, and other key multinationalists, Kissinger persuaded Gerry Ford to consider the number-two slot on the Reagan ticket.

A fantastic series of negotiations now began (for which, however, some precedents existed from Nelson Rockefeller’s own tenure as Ford’s vice-president).93 Kissinger, Ford, and company pressed for sweeping concessions as the price for Ford’s acceptance of the number-two job, including the delegation to the former president of day-to-day responsibilities for the running of the National Security Council, the Council of Economic Advisors, and the Office of Management and Budget. Opposed by some Reagan advisers as amounting to a subversion of the Constitution, the terms were nevertheless discussed seriously by Reagan, Casey, Meecb, and other top aides. Perhaps the most vivid reminder in recent American history of what electorally focused accounts of American politics invariably miss, the negotiations eventually broke down.

Almost immediately Reagan turned aside protests from Jesse Helms, Howard Phillips, Paul Weyrich, Paul Laxalt, and other leaders of the Right and accepted Edwin Meecb and Gerry Ford’s advice to tap Gerge Bush for the second spot on the ticket. In the general election, Reagan continued his dramatic tilt toward the multinational wing of the party, drawing many former Carter and Anderson supporters into his campaign. Repeatedly employing the “special task force” format for institutionalizing support, Reagan continued to broaden his links in the business community. In August, Shell Oil president John F. Bookout, John McKetta, Robert Quenon of Peabody Coal, and Socal board chairman Harold J. Haynes (a director of Citibank and Boeing) joined other major figures in the energy industry to constitute an energy advisory group for Reagan.94 On September 19, more
stellar advisers appeared, whose affiliations confirmed the direction of the Republican campaign. Exxon vice-president Jack Bennett, Morgan Guarantee's Rimmer de Vries, and Arthur Burns joined an international monetary policy task force. Signaling the defeat of unreconstructed supply-side economics, University of Michigan professor Paul McCracken (a member of the Trilateral Commission and a director of numerous corporations, including Texas Instruments and Dow Chemical) became chairman of the inflation policy task force. In addition, a new economic policy coordinating committee appeared, which included McCracken, Burns, Shultz, Weidenbaum, Charls Walker, Weinberger, and Walter Wriston (the head of Citibank) among its members. A few days later, while Reagan campaigned for the vote of fundamentalist Christians sympathetic to "creationism," an innovation and entrepreneurship task force was announced, with a membership that included the president of the Cetus Corporation (which has heavily invested in microbiology and genetic engineering), the vice-chairman of Intel, and W. J. Sanders III, president of Advanced Micro Research (and a director of Donaldson Lufkin & Jenrette, as well as co-founder of the Semiconductor Industry Association).

Reagan also treaded cautiously around several volatile issues. Though he issued a plan for protection of the steel industry that Carter was forced to trump or face the certain loss of Pennsylvania, Reagan held back from a strong commitment to restrict Japanese imports, persuading Citibank economist Leif Olsen (we suspect too hastily) that he would preserve free trade. He also made noises about aiding New York City, and further modified his original economic program.

In the final days of the campaign, with most polls predicting a very close popular election, Kissinger, Elliot Richardson, and other internationalists announced themselves strongly for Reagan. While the John Birch Society told its members to "forget the Presidency," Reagan availed himself of the Kissinger and Rockefeller foreign policy network to track Carter's moves to gain the release of the hostages in Iran.

Aside from Warner Communications, Natomas, Seagram, Du Pont, and Phillip Morris, the heads of most major American manufacturing corporations had come out for Reagan by election time, though to the very end incidents like the flap over George Bush's trip to Taiwan fanned doubts. By contrast, among investment bankers, whose bond business was still threatened by double-digit inflation and who (if they did not have particular offsetting interests, such as in the Middle East) were fearful of Reagan's projected military buildup, Carter remained strong. Among the financiers endorsing him were Rohatyn and George Ball (who, like most elite American businessmen, both abandoned the Anderson candidacy as the campaign drew to a close), Salomon Brothers managing partner John Gutfreund, Paine Webber president John Marion, Bear Stearns's Paul Halingby, Donaldson Lufkin & Jenrette's Richard Jenrette, Harry Jacobs of Bache Halsey Stuart & Shields, and Walter D. Scott of Investors Diversified Services (a major financial company).
and sharpened military spending (contradictory as they were), Carter strove to preserve something of the heritage of the New Deal, if not the Great Society. But like the low-cost energy and American domination of the world economy that had so long sustained it, the social space of the New Deal had finally vanished. Soon Carter too would disappear, and Reagan’s victory would decisively announce that the New Deal system of power no longer defined the shape of American politics.

A world is lost. What will take its place?

For obvious reasons, it is difficult to tell. Any future Democratic presidential aspirant will face even more urgently contradictory demands than Carter. As world economic competition sharpens, so will the demands for increased military spending. But because a stagflating economy dictates that increased military outlays will inevitably come at the expense of the social welfare budget, satisfaction of the military demand will generate serious strains elsewhere in the system. By 1984, it is a fair guess that many Northeastern cities will resemble scenes from The Clockwork Orange—barren stretches of decaying buildings broken by oases of fortified high rises (or well-policied “gentrified” brownstone villages), from which the dwindling middle and upper classes peer anxiously at the chaos outside. The regional wars between the Northeast and the booming Sunbelt are sure to worsen. Capital flight will increase. Tensions between business and labor and the poor will surely rise.

To regain electoral viability, we suspect that in the long run the Democratic party must evolve in the direction of some sort of social democracy, American style, featuring the integration of organized labor (and the generally disorganized working population) into a modified system of bureaucratic maintenance and control of domestic production, some investment and wage-price controls, and direct state intervention in “reindustrialization” program of the sort advanced by Rohatyn, Kennedy, and eventually Carter himself during the campaign. Whether such party development challenges or relies upon steadily declining voter turnout, the demobilization of ever larger portions of the American electorate and the progressive deterioration of independent mechanisms of popular control is, perhaps, a question. Here the clientism and bureaucratic deformations already endemic in the organized labor movement would assume great importance. But whatever controls are worked out on the national level, their effectiveness will be limited by the increasingly international character of industrial production.

Ronald Reagan’s own coalition, it is safe to say, will not hold together either. With more and more corporations coming under the pressure of an integrated global economy, the tensions in the campaign between the late arriving multinationalists and the Republican right wing are sure to worsen. Nor will any foreseeable cuts in domestic spending compensate for arms expenditures on the scale proposed by groups like the Committee on the Present Danger. The riddle of how to increase military spending while reducing inflation will remain unsolved, and the mere presence of a Repub-

lican in the White House can hardly be expected to silence the conflicting demands of Reagan’s business constituency. His administration is certain to be wracked as well by continuous debates over the proper posture of the United States toward the Soviet Union and the conduct of foreign policy generally—whether some new form of arms limitation agreement should be negotiated; whether the State Department should yield to the National Security Council or the Pentagon; what the pace, extent, and direction of new weapons acquisition and other military expenditures should be. The Middle East poses yet another source of conflict. With Saudi Arabia and other Persian Gulf states rapidly deepening their ties to Western Europe and Japan, pressure increases daily for a dramatic change in American policy toward the region. Such a policy change and its consequences for Israel probably cannot be implemented without some turnover among high administration figures.

And of course there remain always Japan and the other international competitors of the United States. In the 1980s, as Japanese export surpluses continue to mount, the strains on the Republican party’s traditional base among protectionist domestic industries will be enormous, as will the effect on any number of multinational firms now feeling the heat of the Rising Sun. Almost certainly, formal and informal barriers to imports will rise in response to ever-broader business community pressure, and explicit protectionist appeals, like those that punctuated the failed Connally campaign, will again be heard.

At some point all this discord is likely to find expression in one or two sharp reversals in the course of Reagan’s presidency, along the lines of Nixon’s NEP departure. As in the Nixon and Ford administrations before it, intense conflicts within the Reagan administration will yield assorted noisy resignations of top officials, or perhaps a wholesale cabinet reshuffle of the sort embarked upon by Carter. Barring a major war, Ronald Reagan is likely to become the sixth consecutive American president to fail to complete two terms. If so, this will not be because of his advancing age, but because the electoral coalition that brought him to power does not have sufficient strength or durability to recast the structure of the American political system and once more drive it forward.

In the absence of some massive new political initiative, that system will continue its unmistakable disintegration. And as it does, the fabric of American life will be torn, again and again, along the creases so visible in the 1980 campaign.

NOTES

1. For an account of Reagan’s visit to Dallas, including this and all other quotations not otherwise attributed, see Dallas Times Herald, August 23, 1980, pp. 1A, 22A, and supporting stories in the same issue. We note the reporting of staff writers Mary Barrineau and Richard S. Dunham.
2. The Reverend Bailey Smith's comment on whose prayer God hears is taken from The New York Times, September 18, 1980, p. A18. Smith was later criticized for another remark, made a few weeks after the Dallas meeting and broadcast in a sermon from his church in Oklahoma, that Jews have "funny noses." He subsequently apologized for the "funny noses" comment, but refused to "compromise" his "distinctive" belief that God does not hear Jewish prayer. After a meeting between Smith and leaders of the Anti-Defamation League of B'nai B'rith held in December 1980, the League's national director, Nathan Perlmutter, told the press he was satisfied that there was "no anti-Semitic intent" in Smith's remarks. For the "funny noses" comment and the December meeting with B'nai B'rith leaders, see the Washington Post, December 27, 1980, p. B12. Cullen Davis's Dallas remark on "the problem" is taken from Philadelphia Inquirer, August 24, 1980, p. 9A, which also reports Hunt's presence in Reunion Arena. All other quotes during the Dallas visit are from the Dallas Times Herald.

3. It is no secret that most American election analysis (at least since World War II) has concentrated on the first of these processes. But while the point cannot be developed here, there is now a large body of work that explicitly recognizes the limitations of traditional voting analysis. See, for example, R. W. Cobb and C. D. Elder, Participation in American Politics: The Dynamics of Agenda Building (Boston: Allyn and Bacon, 1972); Erwin Hargrove's discussion of the impact of public opinion on foreign policy in his The Power of the Modern Presidency (New York: Knopf, 1974), pp. 98-122; Adam Przeworski's sharp criticisms of "autonomous actors" interpretations of individual voting behavior in "Institutionalization of Voting Patterns, Or Is Mobilization the Source of Decay?" American Political Science Review, 69 (1975), 65ff; and John O. Field and Ronald E. Anderson's study of the 1964 election and the importance of political parties in shaping public responses to opinion questionnaires (a point which, if pursued, would suggest a quite different relation among elites, parties, and mass politics than that commonly understood) in "Ideology and the Public's Conception of the 1964 Election," Public Opinion Quarterly, 33 (fall 1969), 350-358.


5. See Ferguson, Critical Realignment.


7. Which industrial sectors are competitive in global markets is a function of technological development, production process design, investment decisions, the structure of labor markets, and a variety of other factors lying outside the scope of this essay. Suffice it to say that the competitiveness of any given industry can and usually does change over time, and that this change is by no means necessarily unilinear. In addition, aggregating to the level of whole industrial sectors naturally misses some exceptions at the level of individual firms. Both considerations are important in considering the contemporary American textile industry, for example, portions of which are fully competitive in world markets. Where, as here, we generalize in the text for entire industrial sectors, such generalizations should be understood as limited by the historical period under view and the obvious exceptions of some individual firms within the sector.


9. See Krasner, op. cit., and U.S. Senate Foreign Relations Committee, Subcommittee on Foreign Economic Pol' icy, Staff Report, International Debt, the Banks and U.S. Foreign Policy (Washington, D.C.: Government Printing Office, 1977). We note that the 1960s trend toward increasing profit shares for American banks from foreign operations has begun to reverse. See the discussion in Gerald Epstein, this volume.


11. For details on this decline, see Gerald Epstein, this volume.

12. For a brief but highly informative listing of important Goldwater supporters, see Philip H. Burch, Jr., "The NAM as an Interest Group," Politics and Society, 4 (fall 1973), 120-121, note 51.


14. For an excellent general account of the international monetary instability of the late 1960s and early 1970s, see Fred L. Block, The Origins of International Monetary Disorder (Berkeley: University of California Press, 1977).


17. The Trilateral Commission's activities have stimulated an immense amount of commentary. For accounts of the origins and development of the group that place it in the context of the changing world economy, see Thomas Ferguson and Joel Rogers, "Another Trilateral Election?" The Nation, June 28, 1980, pp. 769, 783-787; and the essays gathered in Holly Sklar (ed.), Trilateralism: The Trilateral Commission and Elite Planning for World Management (Boston: South End Press, 1980), pp. 61-75.

18. The breathtaking speed with which the United States altered its policy toward the USSR during this period, and then reversed itself again during the late 1970s, offers a warning to those who seek to explain the recent militarization of American foreign policy as a rational response to the character or the behavior of the Soviet regime. As many of the very people who promoted détente in the early 1970s ceaselessly reminded us five years
before and five years after détente began, the Soviet Union flagrantly violates elemental "human rights" and often intervenes militarily abroad, either directly or by proxy. But this was as true in 1972 as it was in 1962 or 1980, and therefore can hardly account for the sweeping fluctuations in American policy. The most influential recent discussions of the Soviet Union's strategic position and commitment to massive military budgets are no less curious, being unpersuasive both in what they say about Soviet military power and what they leave unsaid about American domestic politics. Popular reports on Soviet expansion in the Third World tend to ignore the USSR's growing international isolation, its reversals in formerly friendly countries like Egypt, Guinea, Indonesia, Somalia, and the Sudan, and the critical deterioration of relations between the USSR and its Japanese and Chinese neighbors. Nor is much attention paid to the serious regional conflicts within the Soviet Union, the obvious difficulties it has controlling the domestic policies of Warsaw Pact nations, or the growing political independence of the Third World. The Russians have their own "arc of crisis" stretching from Gdansk to the Khyber Pass, although one might never glean this from reading the national press.

Popular focus on the sheer size of the Soviet military budget is equally misleading. Based on the almost certainly inflated estimates of the CIA, the aggregate figures give no indication of the direction of expenditures, (fully one-quarter of which are absorbed by Soviet expenditures against China) or the relative qualitative strengths of superpower weaponry. Even on the basis of the CIA estimates, NATO currently spends the Warsaw Pact nations. But even if it did not, it is difficult to see why such aggregate budget figures should or could be used to shape American policy. The rate of American defense spending has never been keyed to the Soviet Union's military budget in the past and cannot be in any meaningful way, because behind the money figures stand different production processes with incomparable technologies and capital-labor ratios. Like the "missile gap" of 1960, the "spending gap" of the 1980 campaign was neither accurate nor dispositive.

Even if one accepts the reality of a growing Soviet threat, however, one is no closer to understanding the dynamics of foreign policy formation in the United States. Despite ecumenical militarism, there are continuing debates over the future of SALT II, the wisdom of the MX missile, the proper size of the defense budget, the direction of armed services personnel reform, and the future of American military policy in Western Europe and the Third World. These disputes are not merely tactical; they go to the heart of foreign policy design. And they are surely not explained by hypothesizing a commonly recognized threat from the USSR. Indeed, by assuming that the United States has a discernible "national interest" whose defense should determine our relations with other states, such explanations only serve to obscure the sources of current policy debate and the persistent failure to achieve consensus on international objectives. Rejecting that assumption brings a new world into view, one in which foreign policy formation follows from the interaction between domestic political coalitions and the international economic order, and "consensus-building" merely describes the mobilization of different coalitions for dominance. Such an analysis undermines our discussion of the rise and fall of détente in the text. See as well Thomas Ferguson and Joel Rogers, "The Empire Strikes Back," The Nation, November 1, 1980, pp. 436-440.

19. For comparative data on the industrial expansion of the United States, Southern Europe, and the Third World, see William Branson, "Trends in...
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that money for education. The debate continues, and at some point in that debate I will say, "Well, I just want to say one sentence," and generally people want to know what’s going to be said. “You’re not going to have a very good school system if you don’t have a country." And at that point the resolution is voted down, and that’s it.

See “Has Albert Shanker Joined the ‘Far Right’?” unsigned, mimeo, 1979 (which includes a transcript of his NSIC session, and from which all quotes are taken). See additional reporting on the speech in John Herling’s Labor Letter, April 7, 1979; and NYEA Advocate, May 15, 1979.


43. See the discussion of New Right financiers in Crawford, op. cit., pp. 42–77, a discussion that does not, in our view, adequately trace the sources of funding, the decisive importance of foreign economic policy in structuring Republican organization and infighting, or the variation within the New Right on basic issues of economic policy. Though space limitations make it impossible to pursue the point at length, the importance of attending to the foreign economic policies recommended by these various groups and institutions can hardly be overemphasized. For reasons discussed in this essay, many prominent American businessmen now favor scaling back domestic social programs while increasing arms spending. Because these twin proposals have traditionally been a central plank in the platform of the right wing of the Republican party, the proliferation of think tanks and research institutes now hard at work inventing rationales for the adoption of such policies often creates the misleading impression that a massive consensus has formed within the business community in favor of the rest of the old Goldwater program. As became evident during the campaign, the decimation of social programs is now a cause popular in those multinational circles that are not, at least at present, hostile to the United Nations, the Rockefeller wing of the Republican party, foreign imports, or even labor unions. If someone wishes to include the policy institutes of these latter interests as part of a broad “New Right,” we will not quarrel, but it then becomes vital to distinguish among the New Right’s components. While they both celebrate the abstraction of “free enterprise,” for example, little else unites figures like William Simon and Jesse Helms.

The case of so-called supply-side economics, which in its pure form acquired some notoriety early in the campaign, is interesting to examine from this standpoint. While supply-side economics quickly developed into a code phrase for the reduction of social expenditures, which has wide support, the original versions of the doctrine also included a flimsy argument for a return to the gold standard. No important American businessman actually favors
this, though of course the absolute limit this proposal would place on the money supply makes it attractive as an inflation-fighting fantasy. As such the "theory" received a certain amount of friendly, though openly dubious, encouragement from financial interests deeply concerned about inflation, which had long before become enthusiastic about a managed currency system. The major investment banking firm of Morgan Stanley, for example, gave Lewis Lehrman's gold standard proposals early publicity, although the firm was careful to dissociate itself from Lehrman's views and noted that the proposals were impracticable as they stood. (See John A. Davenport, "The New Allure of the Gold Standard," Fortune, April 7, 1980, pp. 86-94.) The note as well as that while some influential advocates of a real gold standard support free trade, neither in most theory nor in past practice do gold standards exclude protectionism. Indeed, United States history has often witnessed the two together.


47. For a detailed listing of prominent business leaders present at the Camp David event, including the representatives of major oil interests, see "Capping Third World Gushers"; for background on the conflict between the international oil companies and the World Bank, see the correspondence between Exxon chairman Clifton Garvin and Treasury Secretary Michael Blumenthal reprinted therein. The struggle over the design and control of non-OPEC Third World oil exploration continues, of course, and looms large as an issue of the 1980s. See The New York Times, August 22, 1979, pp. D1, D5; September 21, 1980, sec. 3, pp. 1, 15; and September 22, 1980, pp. D1, D5.

48. Burch, op. cit., p. 319. For a more detailed account of the Camp David meeting, see "Capping Third World Gushers."


50. Hufstedler became secretary of education; Palmieri became refugee coordinator. The new secretary of education, Philip Klutznick, also had strong ties to groups very sympathetic to Israel. See the discussion in MERIP Reports, no. 96, May 1981, pp. 28-30.

51. See Burch, op. cit., p. 341. For Rotan Mosle's ties to the Moody interests and a general discussion of Duncan's oil connections, see Thomas Ferguson and Joel Rogers, "Un President Nationaliste Pour L'Amerique En Crise?" Le Monde diplomatique, August 1980, pp. 1, 8-9.


55. For coverage of Kennedy's speech to the Investment Association, see Alexander Cockburn and James Ridgeway, "Kennedy Runs Right," Village Voice, October 15, 1979, pp. 1, 11.


60. For this extremely important meeting, see Rowland Evans and Robert Novak, "Kennedy Arms Dilemma," Boston Globe, January 29, 1980, p. 23.


68. See the discussion of Richardson's political activities during the Eisenhower year in Burch, op. cit., pp. 156, 166, 178, 193; and for the Roosevelt years, see Ferguson, op. cit.

69. For a discussion of Richardson's important support of Graham, see Marshall Frady, Billy Graham (Boston: Little, Brown, 1979).


71. The Wall Street Journal, August 6, 1979, p. 20. The Yokohama docks disaster was reworked and refined throughout Connelly's campaign.


73. Atlanta Constitution, February 11, 1980, cited in Facts on File (New York: Facts on File, Inc.), p. 120. In the Facts on File story, Connelly is described, along with the sheik, as one of the bank's "controlling partners." Hurt, op. cit., p. 305, confirms Connelly's stake in the Main Bank and adds that Mahfouz bought his shares from their previous owner, Ghaiath Pharoan, to spare Connelly's presidential campaign any embarrassment resulting from Pharoan's highly publicized association with Bert Lance.


77. The Carter, Connelly, and Reagan campaign organizations all complained about network limitations on half-hour advertising spots, but the network
decision had the most disastrous consequences for Connally. For Connally communications director Julian Read's assessment of the impact of the network decision on the campaign, as well as general coverage of the early advertising wars between the candidates, see Broadcasting, November 5, 1979, in particular pp. 36-40.


80. We noticed it, however. See Ferguson and Rogers, "Another Trilateral Election?"


82. See the coverage in Business Week, November 24, 1980. A subsequent phone conversation between the authors and the office of the Energy Transition Corporation confirmed Robinson's role as one of the founders of ETC.

83. Reagan for President NEWS, mimeo, April 17, 1980.

84. Business Week, April 7, 1980, p. 123.


86. See the coverage of Anderson's business supporters in Business Week, July 7, 1980, p. 24.


90. Reagan for President NEWS, mimeo, June 17, 1980.


93. Compare the proposed Ford-Reagan convention deal with Ford staffer Robert Hartmann's account in his Palace Politics (New York: McGraw-Hill, 1980) of Vice-President Nelson Rockefeller's earlier attempt to persuade Gerald Ford to give him operating responsibility for the Domestic Council. Frankly intended to complement Henry Kissinger's admitted dominance in foreign affairs (Hartmann, p. 304), the proposal, if adopted, would have had much the same effect as the Kissinger-Ford convention proposals to Reagan. Not surprisingly, the Rockefeller move was strongly opposed by the right wing of the Ford administration, led by superhawk Donald Rumsfeld and Howard H. "Bo" Callaway, whose family had long been associated with major textile interests in the South. Like the proposed convention deal, the earlier proposal was blocked before implementation. See Hartmann, chap. 13.


96. Ibid.

97. Ibid.


101. For listings of Carter supporters loyal to the end, see The New York Times, August 15, 1980, pp. D1, D14; and Carter/Mondale Presidential Committee (Massachusetts), Carter/Mondale Steering Committee, mimeo, 1980; and New York Labor/Business Committee for Carter/Mondale, mimeo, 1980, among other releases from the Carter-Mondale campaign.