



Routledge Research in American Politics and Governance

A DEMOCRACY THAT WORKS

HOW WORKING-CLASS POWER DEFINES
LIBERAL DEMOCRACY IN THE UNITED STATES

Stephen Amberg



A Democracy That Works

A Democracy That Works argues that rather than corporate donations, Republican gerrymandering and media manipulation, the conservative ascendancy reflects the reconstruction of the rules that govern work that has disempowered workers.

Using six historical case studies from the emergence of the New Deal, and its later overtaking by the conservative neoliberal agenda, to today's intersectional social justice movements, Stephen Amberg deploys situated institutional analysis to show how real actors created the rules that empowered liberal democracy for 50 years and then how Democrats and Republicans undermined democracy by changing those rules, thereby organizing working-class people out of American politics. He draws on multidisciplinary studies to argue that when employees are organized to participate at work, they are also organized to participate in politics to press for accountable government. In doing so, the book opens up analytical space to understand the unprecedented threat to liberal democracy in the U.S.

A Democracy That Works is a fresh account of the crisis of democracy that illuminates how historical choices about the role of workers in the polity shaped America's liberal democracy during the 20th century. It will appeal to scholars of American politics and American political development, labor and social movements, democracy and comparative politics.

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1 Introduction

America's Puzzling Semi-Democracy

Democracy in America is under the greatest threat in 60 years and in more grave danger now of losing its egalitarian culture and representative government than when it was attacked by al-Qaeda on 9/11. The Republican Party and its financial backers and supporters have embraced the instigator of a physical assault on the Capitol in January 2021, Donald Trump, who sought to block the Constitutional certification of his defeat in the presidential election. Republicans were not a threat as recently as 2006 when Senate Republican leader Mitch McConnell voted to renew the Voting Rights Act of 1965, but the Republicans have launched a concerted national campaign to suppress the vote that might succeed in returning a populist demagogue to the White House. One reason they may succeed is that Democrats are struggling with themselves about how to establish an alternative democracy by and of the People.

The U.S. only became a real democracy in the 1960s, by some accounts, because of the actual enfranchisement of citizens regardless of race by the Voting Rights Act of 1965, the adoption of the rule of “one man, one vote”, the creation of two-party systems in the old Confederate states and because of the actual enforcement of equal economic opportunity.¹ At the time, too, the U.S. had a dense union membership across the industrial states that commanded the respect of leaders of both political parties while millions of Americans participated in a successful mass movement to end the U.S. war in Vietnam. However, evidently, democracy was more fragile than many realized at the time. Since the 1970s, organized labor's role in politics and society collapsed, progress in the economic conditions of life of most African Americans stagnated, social justice movements devolved into professionalized advocacy organizations and a new large population was created whose work is marginal to the market economy, made up of low-wage service sector workers, single mothers, racial and ethnic minorities, immigrants and youth.²

There are many accounts of these reversals that attribute them variously to the breakdown of the New Deal coalition, the unraveling of the American social fabric and the assertion of previously subordinate social identities that divided people, a corporate reaction against paying

2 *America's Puzzling Semi-Democracy*

for the Keynesian regulatory welfare state, the exhaustion of the economic model of mass consumption capitalism, the microelectronics revolution and the end of U.S. dominance in the postwar international order. These explanations have their purchase, but democracy is about popular self-government: how did the fulfillment of self-government that seemed within reach in the 1960s slip from America's grasp? In real time, political scientists with historical perspective identified crucial developments. David Greenstone called it the passing of the labor moment in American politics as a new social welfare reform thematic supplanted class in Democratic politics. Theodore Lowi sharply criticized the interest group mode of political inclusion, proffered by the New Deal and redoubled by Lyndon Johnson's Great Society, for its merely procedural rather than substantive commitments. Samuel Huntington highlighted ideological impediments to liberal-managerial progress posed by the mounting non-corporate claims on the state. Many scholars have built on these themes from a variety of analytical perspectives. This book's argument is about constructing political order rather than breakdown.

Governing elites assembled a liberal-democratic order during the crises of the 1930s and 1940s from institutional materials they inherited but reconfigured. At that time, uniquely in U.S. political history, the organized working classes got a piece of national power *as working people* in this New Deal order. They joined mass-based industrial unions and they elected representatives who legislated social justice policies for a generation, although not without a lot of struggle and debate. This historical liberal Democracy created the power to achieve broadly inclusive well-being for a generation. A political order is a complex institutional configuration that requires active management. Liberal Democrats' efforts to hold together this coalition and expand it to all working people regardless of region, race and gender were critical for its continued political success. Democratic leaders' social justice agenda was enmeshed with their commitments to American nationalism and a capitalist economy. Also, the Democratic Party was historically anchored in the South, where state leaders were dedicated to white supremacy. The New Dealers' coordination of the composite goals and political allegiances of the New Deal order eventually required efforts at renewal and renegotiation in the 1960s, but the liberal elites failed to devise policies to sustain economic justice for working people. Liberal Democracy had been inclusive and expansive for a time, but it became managerial and imperialist. Elites' response to demands for full inclusion of African Americans (and other groups historically marginal) was targeted rather than transformative. When economic growth and U.S. foreign leadership faltered in the 1960s and 1970s, the managerial vision did not unify the Democratic coalition. Some of the pieces of the New Deal order were reconfigured by a new neoliberal Republican coalition. Since then, Democratic leaders have not yet learned to rebuild their power by mobilizing the power of working people.

This book argues that democracy thrives when working people are organized to participate in the decisions that govern their work lives with the support of political parties headed by leaders who advance participative and accountability commitments. Liberal elites who take their eyes off class justice will be defeated by working-class voters as untrustworthy and by opponents who authentically defend privilege behind campaigns that divide and conquer. So, this book is an analysis of the coalition of elites and masses that emerged in the early 20th century, the specific contexts of work and politics in which real people organized and the democratic project's progress through the later 20th century. It identifies the social justice vision in the New Deal era – its advances, defeats and evolution – and its crises of commitment in the post-New Deal era. The book also examines the contemporary Democrats' tentative re-engagement with the class justice agenda during the Obama and Biden administrations. Sustaining class justice under evolving conditions is the key to understanding the contemporary crisis of democracy posed by the racist populist authoritarianism of the Trump Republican Party.

In part, this is a story of voter turnout and partisan alignment. Unionized workers voted strongly for national Democrats from the 1930s to the 1970s and they still are more likely to vote and support Democrats than un-unionized workers, but there are far fewer unionized workers today.³ After the enforcement of the Voting Rights Act led to a mobilization of voter participation in the late 1960s and 1970s, voter turnout in presidential elections declined in 1980 when Reagan was elected and hit a modern low in 1996 in the contest between Bob Dole and Bill Clinton, when less than half of eligible voters participated. When turnout is low, it is axiomatic in the U.S. that working-class turnout is disproportionately low. Although turnout revived to the mid-50s in the 2000s, turnout in presidential elections was the good news; participation in Congressional, state and local elections was typically far lower. The typical member of Congress received 23% of the eligible votes in his district in 2014. Voter turnout in the 2018 Congressional elections and 2020 presidential election set modern records, but two elections do not make a trend.⁴ Not only do we need to understand why turnout increased, but also to take the measure of the continuing campaigns to restrict voting, which America has seen before. Voter suppression was organized in the early 20th century before the New Deal mobilization reversed gear. How to establish a high participation polity is the subject of this book. How did we become a country with the second lowest electoral participation rate in the OECD nations as well as being a rich country with vastly increased economic inequality?⁵ What happened to American democracy? The roots of semi-democracy are decades deep and precede Trump's presidency and his incitement to attack the Congress over his 2020 presidential election defeat. A key to the deeper resonance is an echo of Sarah Palin's 2010 taunt of President Obama: how's that liberal oligarchy working out?⁶

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It is a classic claim in political theory that oligarchy and injustice go together just as democracy and equality go together. Whether we get one set or the other depends on how institutions are organized and operated because institutions embody the commitments that a society makes and they teach these values as they implement them. The authors of the U.S. Constitution set up a complex republican institutional structure to temper democratic forces, but the next generation of leaders created political parties to aggregate votes to gain control in Washington. The Constitution left most of the decisions about how to organize society in the hands of the citizens themselves.⁷ The institutions and organizations that Americans created to govern the economy and society thereby also express and shape our commitments to self-government. One of the most obvious examples of how the latter contribute to today's oligarchy and inequality emerges from the basic fact that most American adults are employees, not business entrepreneurs who employ others, and yet public policy discourages employee organization in unions and in national electoral politics workers' own organizations barely figure. This governing strategy is a dramatic change from America's mid-20th-century experience. This book plumbs the causes of this effective disenfranchisement and it argues that the causes are not structural changes in the economy or the irreconcilable clash between community and society, but instead the political reconstruction of historic bargains about governing work in which Democrats and Republicans, liberals and conservatives, and unions and corporate managements made their contributions. Working-class Americans have been organized out of politics. An outcome was to de-democratize American politics.

How does a country become a liberal oligarchy? Is the process a reversal of democratization? One approach is to invoke models of democracy distinguished by political theorists and operationalized by political scientists to measure the progress of democratization in the world. The model that has been most widely deployed is liberal democracy. A liberal democracy guarantees civil rights (such as equality before the law and property rights) even as it ensures citizen influence on rulers and law-making through competitive elections and other legitimate forms of political expression.⁸ If this is what we mean by democracy, then the U.S. still qualifies. The right to vote – in contrast to the conditions for registering to vote and casting a ballot, which are hotly contested – is more firmly established than before the Voting Rights Act of 1965 and the two national parties compete for national office virtually everywhere.⁹ In the last generation, civil rights have been expanded to protect individuals who are not heterosexual and who have disabilities and the courts have broadly supported the due process rights of immigrants and criminal defendants. To the contrary of concerns about oligarchic semi-democracy, many observers of U.S. politics worry about the dangers of too much participation and illiberal democracy.¹⁰ These observers' fears

seem confirmed by the recent emergence of authoritarian leaders in the U.S. and Europe, who combine claims for superior popular legitimacy with threats to civil liberties, typically aimed at those typed culturally different, including by race and ethnicity. In this framework, protecting liberal democracy is about rebalancing popular influence on government policies in order to protect classic liberal principles of individual equality and market-based decision-making. But these models abstract from the contributions of liberal elites to anti-liberal populist insurgencies.¹¹

Other scholars of democracy argue that an effective democracy requires a deliberative process with widespread participation and actual policy influence.¹² Democratic society develops and improves as citizens make their desires known rather than assume a fixed status. This developmental notion shares the active spirit of the concept of democratization. Much of the impetus for deliberative democracy was the evident weakness of the electoral connection between working-class voters and party leaders. The focus was on non-electoral modes of participation. As studies of deliberation showed, the choice of deliberative procedures made a significant difference in just how democratic deliberation was. Lower income and lower status people, women with children and others could easily be sidelined. One of the heralded cases was Porto Alegre in Brazil, where deliberative and electoral modes were combined in city government.¹³ Still others argue that democracy should include measures of the outcomes in the conditions of life to reflect the normative claims for equality as well as to forestall the minority of citizens who are favored by inequalities in society and the marketplace from translating their resources into political power to sustain those inequalities.¹⁴ On these accounts of liberal democracy, the U.S. comes up short.¹⁵ If we step away from models, which highlight inherent tensions between liberal and democratic values, empirical analyses reveal a wide variety of institutional forms and practical challenges. Studies of populist politics in liberal democracies today point to the dislocation of blocs of voters from their secure institutional positions as political economies deindustrialized and workforces diversified, which led some voters to support authoritarian leaders who divide the working classes into insiders and outsiders. Why did the New Deal liberal democratic formula for governing in the U.S. lose its resonance with these blocs of citizens?

The long historical record of American politics suggests that our current condition of semi-democracy is not unique. Popular participation waxes and wanes.¹⁶ American semi-democracy is a durable form of authority, to use the terminology of political development theorists of political order, but by the same token, it is not permanent.¹⁷ Yet, many students of the long record conceive the patterns in functional terms of political adjustment to socio-economic change. In contrast to this conception of politics as cycles of participation and oligarchic concentration, I think the problem is how various historical forms of political order are constructed. The current

puzzle is not just the atrophy of popular self-government and the mechanical exhaustion of a historical political economy based on manufacturing industry, but the deliberate construction of new forms of oligarchic political order.¹⁸ Governing work relationships is a crucial resource of political order because work is central to daily life.

Points of Departure to Analyze Semi-Democracy: Structures, Choices and the Work Nexus

Two points of departure for this book's analysis of American semi-democracy demonstrate the significance of work relationships. One is explanations of economic inequality that focus on structures of market competition (abetted by technological innovation) and national culture. These explanations deploy thin accounts of institutions and mimic the neoliberal governing framework that divides work and politics. I introduce the concept of the work nexus to illustrate strong institutional structuring. The second point of departure is explanations of electoral politics that focus on individual voters' choices that infer citizens support semi-democracy. In contrast, theories of situated action explain how individuals respond to contingencies in complex institutional environments with ideas and alliances that create new patterns of work and politics. In the following section, I will show how this approach enriches the policy histories of American political development and alerts us to the possibilities for democracy today.

Was the Cause of Liberal Oligarchy Market Dynamics and Cultural Predispositions?

Millions of Americans have poor experiences in the labor market. About a third are considered marginal workers, whose pay is stagnant or too low to rise above official poverty, whose benefits and job rights are meager, whose scope of action is constricted and whose employment security is tenuous.¹⁹ There are two common, misguided explanations for this experience. One is that global market competition, spurred by technological innovation in communications and transportation, rewards the global high-end innovative classes and the global low-cost laboring classes, which leaves the American working classes out of luck. Moreover, the global mobility of capital puts pressure on governments to reduce the costs they impose on doing business, which leads to investor tax cuts and austerity in public services as well as reduced government regulation and support for union rights.²⁰ Yet, these market forces do not have universal application. Other rich countries, like Sweden or Denmark, have about a third of the rate of poverty as the U.S. and their rates of unionization are higher in open economies, although every country struggles to maintain its standards.²¹ Moreover, the U.S. government has been a major, if not the

major, proponent of global economic integration. American employers are not simply responders to global market forces.²²

A second misguided explanation for labor market outcomes is America's liberal market culture. American and comparative political studies commonly pose a contrast between the U.S. and other countries. In European countries, historical Social-Democratic and Corporatist movements of labor and capital won strong government policies that encouraged patient capital and blocked marginal work, whereas in Liberal America, unions and managers preferred voluntarist labor-management relations and business-led economic development.²³ The main objection to the cultural explanation is that the U.S. has changed its rules that govern work many times. According to the logic of cultural essentialism, the U.S. was equally Liberal when the private sector union membership rate was 35% during the Eisenhower administration and when it fell to 6% today and just as Liberal under white supremacy as under equal employment opportunity.²⁴ Two countries with similar political cultures are the U.S. and Canada, but despite greater public opinion support for unions in the U.S. than Canada, Canada has much higher union membership.²⁵ More plausibly, what it means to be a liberal democracy in the U.S. has changed. How change occurs is the subject of this investigation.

In contrast to competitive markets and the market society thesis, I argue that work is political in the broadest and deepest sense of being deliberately organized rather than an outcome of compulsive responses to external stimuli. Work is a nexus of government regulation, of domination and freedom ([Table 1.1](#)).²⁶

Table 1.1 The Work Nexus

-
- Work is what almost all able-bodied adults do. It is an important aspect of how we realize our ideas and spirits in cooperation with others.
 - The design of jobs determines the bundle of tasks and skills that compose occupations and their relationships to each other.
 - Employment rules determine what is legal labor exchange and what is not, such as undocumented labor, wage theft, "yellow dog" contracts, non-compete agreements, slave labor, convict labor, child labor and sex work.
 - Employment rules determine job status as temporary or full time, regular employee or contractor, employee-at-will or bargaining unit member or manager, employee of a subcontractor or lead firm and eligibility for workplace training and promotion opportunities.
 - Employment rules determine an employee's pay, civil rights at work, rights in layoffs and recalls, scope of authority, obligations and liability, occupational safety and health and terms of coordination with personal life, including work time scheduling, child care, family leave and job benefits.
 - Paid work largely determines individual livelihood, family support and access to and the amount of social benefits, such as old-age pensions, unemployment compensation, disability benefits and eligibility for tax credits and tax refunds.
-

Work is where public and private rules, both formal and implicit, converge to govern the quality of daily life for virtually all adults. These include the rules that guarantee equal employment opportunity; that define what is legal labor exchange and what is not, such as wage theft, slave labor, convict labor, child labor and sex work; how jobs are designed with what skills and authority; that determine career paths and family life, including flexible work schedules, child care and non-compete agreements; pay and working conditions, including eligibility for overtime pay and whether an employer can refuse to cover contraception in an employee's health benefits package; one's employment status as temporary or full time, regular employee or contractor, bargaining unit member or manager, employee of a subcontractor or lead firm, the distribution of rights and authority to make decisions in the workplace and one's level of Social Security pension benefits, among many others. Workplaces today are among the most socially diverse spaces, far greater than, say, churches. The governing rules are not random. Comparative studies have shown that the U.S. is systematically different from other countries in how it governs work²⁷ and, yet, notice that the number and variety of rules makes it clear that the distinction is not that the U.S. is a "free enterprise" system that loathes government regulation. Instead, the U.S. governs work for the same reason that other countries do – it is so central to the quality of life – but we now do it less democratically than they do.

The U.S. has become a liberal oligarchy of semi-democracy and a facsimile competitive market economy of corporate oligopoly. In the facsimile competitive market economy, large corporate employers have disintegrated their once sprawling empires by selling divisions, refocusing on core competence and value and developing new forms of control over work. David Weil demonstrates how they redefined labor problems as matters of commercial contract by outsourcing work to smaller supplier companies that the center firms stimulate into competition to provide services. The center firm delegates human resource issues to those firms and escapes pay and working conditions obligations. It turns wage relations into price relations.²⁸ This form of organization has many efficiency gains for the large firms and their investors. It creates ersatz entrepreneurial opportunities for "small" (sometimes even large) companies whose business models are determined by the contracting center firms. But the facsimile creates a new hierarchy that produces social costs by lowering the labor share of national income and creating new workplace negative externalities, such as unsafe work and lack of economic security; it undermines traditional values of solidarity among working-class people at work, common cause in the economy, values of fairness and inclusion and opportunities for popular organization and electoral participation. This facsimile market economy is deeply undemocratic and the dominant ideology of marketism²⁹ misleads political discourse about corporate authority as it features voluntary action (Table 1.2).

Table 1.2 Liberal Oligarchy

<i>Semi-democracy + Facsimile market economy</i>	
Low voter turnout	Industry concentration
Class pattern in turnout	Captive franchises and contracted suppliers and employees
Race pattern in turnout	Productivity gains for the investors
Low working-class representation	Corporate self-governance

The politically deliberate character of work organization is shown in the policy experiments that our elected leaders run, big and small, all the time. We should ask ourselves if the evidence is not yet in on several long-running experiments that the U.S. has been conducting, which may help to explain the comparatively high rate of marginal workers in the U.S. and working-class political alienation. How well has lagging the minimum wage behind inflation for the last generation improved the economic security of workers and their families, the ostensible purpose of the policy? How well has the mass incarceration of poor, mostly non-white working-class men, advanced equal economic opportunity? How well has curtailing union membership worked to improve the health and safety of blue-collar workers? The evidence suggests that the answer to each question is not very well. We should reflect on the evidence of dysfunction, learn our lessons and adjust the rules to achieve better outcomes. Why don't we? Part of the answer is that reform is not simply a matter of facts and group interests.³⁰ Modifying policy necessitates formation of alliances and the acquisition and use of power because rule-changing involves wielding legitimate authority. Reform alliances require a vision of common purpose that is compelling. Employment policy rules can be tools for more or less engagement by individuals in self-management and in sharing information and developing organizational skills. Oligarchy and domination are built on an organization of work that bottles up individual participation and blocks reform at the property rights barrier. But domination itself is work, as Pierre Bourdieu phrased it, in that it requires alliances, power and commitment, too.³¹ One might as well say that democracy is work. Both are fragile because of the persistent effort required.

Work is not only political; it is a field of action. Change is imminent in individual habits of action when routine leads to unworkable situations, which provoke individuals to cast doubt on their habits and to reflect on the rules that govern relationships.³² Individuals re-imagine how their actions could bring about a better way to get things done by recombining resources (rules and roles). Elites and non-elites do this as a matter of course, pragmatically, in specific situations.³³ These resources might be the passions of one's colleagues at work, formal roles and informal groups, union organization, budgets, legal authorities of public agencies

and the stock of cultural images and meanings that characterize a society.³⁴ The process of change involves individual creativity, deliberation and learning. Success in the reconstruction of work requires innovators to put the remiss objects of their perception in some new intelligible scheme that harnesses others' energies to gain authority for a better outcome. The workplace is not the only field of action; self-governing skills may be transferred to other locations.³⁵ Rules that enable participation at work can help make full citizens of employees because the scope of self-determination through work is directly related to the scope of self-government in politics. The organizational independence, the confidence, the information, the initiative and the cooperative problem-solving at work are also characteristics of the democratic process through which public discourse recognizes its common subjects and themes.³⁶ In contrast, arm's-length labor contracting and bureaucratic hierarchy are directly translated into elite domination: employers who design jobs that lack participation have consistently opposed legislation and government actions that would improve the status of employees.³⁷

The stability (rather than change) of employment relationships is solidified by institutional agents who cultivate the notion of the reasonableness and normalcy of the rules by encouraging players on the field to adopt its categories and to appreciate the practical accomplishments that they help produce. In economic theories of institutions, the feedback of benefits and the prospect of costs (and uncertainty) of radical change are incentives for incremental adjustment.³⁸ For example, the New Deal's "industrial relations system" worked because it organized consent from employees for the purposes of the corporation, established rules of fair play for unions and managers in the conduct of their relationship, provided an umpire to adjudicate disputed plays, actually delivered stable employment and rising incomes for a long generation and served the public interest by containing class conflict.³⁹ Later I criticize the rigidification of industrial relations, but it was a kind of democratic order based on organized participation with achievable ambitions.⁴⁰ Institutional change (rather than stability) re-engages values of consent and fairness that are embedded in the institutions.⁴¹ Change emerges from the inevitable disjunction between an institution's authority and unpredictable work conditions when agents invoke rules and challenge them as they are tasked to solve problems. The legitimacy of a given organization of work is especially exposed when the positive feedback fails, such as when new workers make claims for improved status that are denied and when industrial change is associated with the loss of jobs and income security but the rules are not adjusted to produce better outcomes. These situations arose in the 1960s and 1980s and they are examined in [Chapter 5](#). Today, the historical rules for participative industrial relations under the New Deal National Labor Relations Act have become very hard to mobilize or adapt because workers have been disempowered.⁴²

In short, the poor labor market performance can be partly explained by the combination of the rules, the consequences of the rules as conditions changed and a deliberately established “democratic deficit” in which employer-investor voices are privileged and employees’ voices for consent and fairness are blocked or sidelined.⁴³ The employment relationships continue in practice, of course, as agents repeatedly adjust to contingencies as best as they can. Across the U.S., workers have been organizing to influence policymakers to change the rules of work through organizations often based outside the workplace, documented in [Chapter 7](#). At the same time, employers oppose them and anti-labor politicians seek to re-direct these efforts with alternative messages and images (e.g. threatening immigrants and celebrating contract entrepreneurs).

Do Voters Prefer Oligarchy or Do Oligarchs Create Followers?

The second point of departure for the analysis of liberal oligarchy are theories of electoral behavior that argue that Americans do not actually support liberal democracy. These studies typically rely on polls and deploy an anemic concept of institutions in service of a realistic explanatory theory of our state. Compared to the conception of reflexive individuals who work with others on a daily basis, models of democratic elitism conceive ahistorical, one-dimensional individuals and institutions without meaning, which typically disconnect the ways that individual experiences are shaped by institutional commitments. Citizens are conceived as rational individuals or anomic groups. Trade unions, which are purposeful organizations with an agenda, fit poorly in these models.

According to the theory of elitist democracy, the most realistic conception of the principle of Rule by the People is a process of individual voting for the leaders of one’s choice in elections to fill public office. Citizens do not vote for policies.⁴⁴ Citizens are very unlikely to be well-enough informed to participate meaningfully in policy decisions; the process of government is complicated and costly to master and they have other things to do with their time.⁴⁵ Citizens *can* make reasoned judgments about which candidate will serve their interests with the help of political party cues. The electoral process vindicates democracy as long as voters have a choice of two alternatives – candidates, political parties – and as long as there are future elections. Then the would-be leaders are compelled to compete for the voters’ favor and the voters can keep the leaders accountable at the next election for what they have done in office. Elite control is a matter of course. An apparent flaw in this theory is that if citizens do not have the resources to inform themselves about public affairs, then voters are apt to be manipulated by well-informed elites who can take advantage of asymmetric information. The cost for citizens of gaining information to determine the most effective vote will deter most from doing much more than absorbing the free information provided

by election campaigns and social media.⁴⁶ Thus, a gap could open up between voters' interests and the policies that government officials adopt because election campaigns do not have to address all of a citizen's interests in order for a politician to be elected. Perhaps an authoritarian populist could appear who casts doubt on all official information and proclaims, like Trump, that only he can make the government responsive to the true interests of the people. However, the competitive party environment is supposed to check this possibility because if voters are misled by one party, another party can point this out in order to gain an advantage. Elite competitive behavior is the motor of accountability and all voters should be satisfied by their choices, just as economic markets are always clear. This is a theory of liberal democracy without citizenship, governance effects, and change.

Rather than a meta rule of rational behavior outside of time, the analysis of how liberal oligarchy can emerge from electoral developments calls for a more robust conception of institutional influence on the preferences of real individuals. Individuals formulate their interests in rich institutionalized spaces, which means that we are concerned not only with what demands are expressed, *but also with how* the policies that are adopted shape the institutional conditions of individual experience and political expression. For example, with single-member district elections, parties game the district boundaries to shape the electorate. Anti-union laws hinder workers from formulating collective interests. To the extent that the theory of elitist democracy can explain semi-democracy and authoritarian populism, we might observe that the party elites get the voters they create. Although the elitist model of voter behavior is abstracted from observations of practical elite-mass relationships, there is a sharp divide among political scientists about whether the electoral system is unresponsive to popular demands or enables the full expression of underlying anti-liberal sentiments and views.

Consider first the argument about the declining responsiveness of elections to a wide range of persistent popular preferences expressed in established polls like those conducted by Gallup, such as raising taxes on the wealthy, securing paid family leave, increasing the minimum wage, steady support for abortion rights and favorable attitudes about unions. There are two major explanations for why parties ignore these preferences. One is the cartel theory of party leadership, in which the leaders of the parties (Democrats and Republicans in the U.S. and in other countries with multi-party systems the leading parties of the primary blocs of parties) disagree over many issues, but nonetheless agree on core policies. Because of this core agreement, they do not make these issues that conflict with them the subject of their campaigns for the people's vote. For example, a cartel analysis of the crisis of democracy in the European Union countries is that the core policies that the elites agree on, which did not gain robust electoral support, are neoliberal public management

of the Great Recession (fiscal austerity, benefit cutbacks, labor market deregulation and bailouts for the banks) and immigration.⁴⁷ In the U.S. case, both the Republican George W. Bush and the Democrat Barack Obama bailed out the financial companies but not homeowners. The explanation is that it is not the voters who are the primary constituency of party officials, but the major financial investors in the parties.⁴⁸ Martin Gilens found that where the preferences of the very richest citizens clash with American public opinion, the parties respond to the former rather than the latter.⁴⁹ In the rational actor model of the economics of information, the investors are well informed about government policies because these are part of their daily business.

This elite analysis may help explain the 2016 Trump campaign's manipulative strategy. It deployed a technically sophisticated social media strategy that, among other tactics, eventually spent millions of dollars to micro-target voters in swing states. The targeting techniques were used to mobilize individuals who are attracted to conspiracy theories and the web sites that promote them, like Breitbart News and InfoWars, and to suppress pro-Clinton voters.⁵⁰ Trump replayed the strategy in 2020, but when he lost, he incited a mob with misinformation that he really won to assault the Capitol while the Congress was ratifying the Electoral College tally. Trump's insurrection was waged in the name of real Americans, who self-identify as white and who believe themselves solely entitled to choose the president. Most House Republicans supported Trump and his Senate allies' proposal to substitute a commission for the Constitutional procedure. Contemporary realists are apt to conclude from the evidence of popular idiocy and manipulation that participative democracy is a hopeless dream and that we should reduce our expectations to something like tribal pluralism if not elite rule.⁵¹ Given the assumption of elite leadership in the model, we might focus on the prevalence of anti-democratic values among elites and their preferences for manipulative electoral campaigns.⁵²

The second explanation for declining responsiveness focuses on the voters' socioeconomic status. Individuals in groups that made up the historically dominant Republican and Democratic parties' voter bases, especially modest-income whites, have dropped out. Well before the Great Recession, according to the analysis, the historical alignment of voters was battered by deindustrialization and the shift to an economy of service jobs and by changing family structure, all of which uprooted traditional social and economic relationships, fragmenting them and increasing heterogeneous interests and anomie.⁵³ Many voters were cast adrift in the new economy from historical commitments to seek new cultural ties. These socio-economic changes fed two trends among voters: a higher rate of non-voting and episodic voting for non-traditional parties that often represent culturally defensive, even xenophobic demands. These trends lead to oligarchy either by lack of sustained popular engagement

or by insurgent populism. The latter also supports the main alternative to the declining responsiveness thesis; namely, that the electoral systems is, in fact, responding, even if the new popular demands seem menacing to liberal democracy.

The primary alternative is that voters do not actually want material help from the government. Rather than making rational responses to economic conditions, individuals vote (when they do) not in a calculative response to the economic structure of their interests or leaders' policy proposals, but to affirm their group identity. Christopher Achen and Larry Bartels argue that voter citizens simply cannot know (enough) about policy to connect their individual socio-economic status to any decisions made by the government.⁵⁴ Instead, voters vote for "people like us". The debatable issue, though, is the construction of identity. Everyone has multiple identities and interests; which ones are organized? Are ethnic, racial, religious, or sexual identities any more or less real than class-based ones? The mobilization of any of these group identities has the same challenges of institutional rules and organizational capacity as class interests. The presumption of primordial interests has a long history. Thus, before the southern civil rights movement in the 1950s, political scientists commonly observed that certain groups were apathetic and would not vote, including African Americans and young people. Clearly, in the following years, the organization of direct action made a difference, as demonstrated by the Montgomery bus boycott and lunch counter sit-ins. Citizens can and do create their own collective agency to inform themselves about what is going on, such as the Southern Christian Leadership Conference and the Student Non-Violent Coordinating Committee. The process is going on today: Latinos have cultural centers in most large cities. Women's organizations are flourishing. Workers have joined worker centers and these workers are, of course, male and female, African American, Latino, Asian, straight and LBGQTQ etc. Thus, even if the political parties in a two-party system are unlikely to tell voters about systemic problems and propose reforms that interest voters, non-electoral organizations can and did so historically. In the context of multiple identities, it is a strategic political intervention by elites how they respond to which groups.⁵⁵

This point about citizen-worker self-organization and elite manipulation is illustrated by a well-publicized incident shortly after Donald Trump was elected in November 2016. President-elect Trump traveled to Indianapolis on December 1 to visit the Carrier Corporation, a maker of heating and ventilating equipment, as well as a defense contractor, which Trump had repeatedly berated on the campaign trail after it announced its plan to move jobs to Mexico. After his election, Trump demanded that Carrier change its plan or face federal wrath. Carrier made a concession and Trump flew to the factory to trumpet his victory, claiming that he had saved "over 1,100" jobs: this event demonstrated Trump's ability to get a better deal for American workers than liberal Democrats

and establishment Republicans.⁵⁶ The figure was not accurate – the facts came out that 800 jobs would be protected and many more than 1,100 were still going to Mexico – but Trump's repeated inaccuracy about the number of jobs perplexed the mass media: how should it report Trump's claims, now that he was president? In this situation, it was the president of the United Steelworkers Local 1999 at Carrier, Chuck Jones, who pointed out that Trump was not telling the truth. Trump then launched a Tweet attack on Jones and on the union, but Jones stood his ground on the facts, which were confirmed by the company.⁵⁷ A union leader, of course, is accountable to the members who elected him, not to a political party or the stockholders of an air conditioning and defense company. Jones was the elected leader of the Carrier employees, but he was not a party to the deal subsequently made by Trump and the company's executives and the state of Indiana.⁵⁸ In fact, the workers' own union representatives had rarely featured in the prominent national debates during the presidential election about trade, investment, jobs and the "decline of America".⁵⁹ Trump claimed throughout his presidency, and much of the media reported his claims without supporting facts, that he was the champion of working-class Americans. In fact, he accumulated an abysmal record of policies that undermined working conditions and the right of workers to form unions to bargain collectively.⁶⁰

Demagogic appeals to cultural grievance and tribal bigotry are the hallmark of rightwing populists like Trump, who divert attention from actual reforms that would help people where they work. Who is the more authentic leader: the workers' union or the demagogue? For many years now, American politics has been organized according to an elitist model that excludes labor's voices and amplifies the demagogues. It makes sense, does it not? After all, are not unions a part of the institutional order of representation, but precisely the wrong-headed kind of representation that many middle-class Americans believe is a threat to their interests, namely the profitability of American businesses? It is just this key role that unions have as an independent non-corporate voice that has been targeted by employer groups such as the U.S. Chamber of Commerce and the National Right to Work Foundation, which relentlessly campaigns to undermine unions.⁶¹ And do not many middle-class Americans consider white workers parochial and racist and Black workers lazy and violent?⁶² Why would they support worker organization? The sources of these attitudes, whether class or tribal, deserve careful examination because if we agree that unions are "bad" and in fact so bad as to justify suppressing them, then the failure to represent working-class interests in the economy and politics is likely to follow, with all the consequences for increased inequality that we observe that are features of politics organized by and for elites.⁶³ The attitudes are reinforced when electoral campaigns are fueled by secret corporate money empowered by Supreme Court decisions and when electoral rules present voters with binary elite alternatives.⁶⁴

In sum, the elitist theories of democracy usefully show that the choices among rules matter. It is impossible to fairly analyze the voter trend data without taking into account the elite policy agenda and party strategy that includes changing the rules of work and politics to disempower workers. The historical institutional condition of our time is that the social bargains that once secured middle-class lifestyles for industrial workers have been reconstructed by corporate and party elites. The 1980s were characterized by an abandonment of labor-management cooperation during industry restructuring and by bitter management-labor conflicts that resulted in the collapse of union membership. In the manufacturing, construction, mining, and trucking sectors, corporate leaders remade corporate governance according to the “shareholder value” concept of corporate governance and to “lean principles” of work organization.⁶⁵ Companies sharply reduced their core employment, as they cut costs by subcontracting and outsourcing, which also shifted an increasing share of corporate income to investors.⁶⁶ When elites restructured work in ways that monopolized policy-making in their hands and when the outcomes of their decisions led to increasing economic insecurity, it was reasonable to expect that working-class individuals would find alternative organizing principles, including varieties of anti-social behavior and adopting new “group” and “anti-elite” identities and demands.⁶⁷

In a world of political analysis that ignores class interests, consider that one set of plausible working-class interests arises from how work could be made more stable, remunerative and satisfying. The political difficulty that most workers face is that their ability to self-manage their citizenship has been greatly reduced by the loss of control at work and by the unresponsiveness of the two-party system to this set of interests. It is true that, in some ways, the new forms of work have placed greater control at the fingertips of some employees, who are now expected to shoulder analytical tasks that used to be the responsibility of managers, but the new workplace also has come with greater individualization, surveillance, employment instability and income insecurity.⁶⁸ Moreover, parents who stay at home or have primary care responsibilities – still mostly women – struggle to manage the work-family balance. This is typically unremunerated work, but it could be.⁶⁹ In contrast, when citizens – the adults among whom almost all work for a living – have greater security and latitude to contribute to the design and execution of their work, they develop know-how, organizational perspective, problem-solving skills and heightened awareness of the relationship between their work and societal governance that are readily transferrable to the democratic process. Yet, it is not only work, but also the practice of political participation that has adopted a corporate format. Many unions have drifted from organizing to advocacy. And where social reform membership organizations once mobilized people, non-profit corporations advocate and lobby ([Table 1.3](#)).⁷⁰

Table 1.3 Models of Political Action and Political Order

<i>Constructivist</i>	<i>Realist</i>
Developmental	Static
Pragmatist	Structural
Reflexive individuals	Behavioral
Thick institutions	Superficial institutions
Non-coherent governance	Regimes
Rules are resources	Rules are constraints
Innovation from any source	Leadership
Public narrative	Community vs. society

Professional class Americans who fear working-class populism might consider that individuals who participate in the management of their daily lives at work and in the community are more likely to have enough knowledge about how things work—not by evil conspirators, for example—to ignore demagogues and apply their organizational resources in the democratic process.

Developmental Democracy and Policy Histories of Oligarchy

In contrast to the anemic institutions conceived in market models and electoral realism, theories of developmental democracy explain how many kinds of agents are engaged in creating the reciprocal influences of institutional daily life.⁷¹ Developmentalists from John Stuart Mill in England in the mid-19th century to John Dewey in the U.S. in the 20th century have observed that the existing practice of government was needlessly oligarchic and that to move from this reality to a future, more just state required a conception of human nature and political institutions that plausibly demonstrates how real people in specific situations take action to improve their lives. The value of a theory of situated action in institutional change is that it shifts our analytical focus to micro-political situations where individuals work and it provides a methodology for the investigation of institutional change. In contrast to structural and behavioral theories of political causation that leave little room for individual self-determination, a constructivist theory of situated action examines the concrete institutional fields of human relationships in which the reach of social norms and government authority is contextual for individual perception and creative action.⁷² Individuals working together in the field perceive a problem and form alliances that mobilize resources that in turn start a new pattern of relationships and regulations for subsequent action. These institutional rules become legacy commitments for later creative action at the next contingency. Consider how this constructivist perspective strengthens leading policy histories of the political development of

liberal oligarchy by a focus on the multiple institutional contexts that shape experiences in the organization of work.⁷³ These accounts focus on international influences on U.S. policy, party political strategy, the U.S. variety of capitalism and evolving forms of racial hierarchy.

International Commitments

One explanation of oligarchic development is a macro-political analysis of the long-term consequences of the U.S. government officials' commitment to global economic and security leadership in the 1940s.⁷⁴ The U.S. sponsored and led institutions to manage global economic and security relationships, including the UN, IMF, World Bank, GATT and NATO, plus the existing ILO. These institutions were commitments to act. Many of the specific policies associated with carrying out these commitments were determined by U.S. domestic politics.⁷⁵ The postwar international order reached another crisis in 1971, when the deteriorating international economic position of the U.S. led to the abandonment of fixed exchange rates.⁷⁶ The institutional commitments of the postwar international economic order leading up to the crisis of 1971 required the U.S. to devalue its currency or deflate and make other adjustments in economic relationships in the real economy to improve its financial position. Instead, the U.S. abandoned these international commitments and changed the rules. Not fully appreciated is how this altered the institutional relationships among organized labor, employers, finance and Democratic Party leaders and fostered new political alliances that undermined organized labor.

Studies of U.S. foreign policy describe how elite policymakers grappled with decisions about support for allied economies, exchange rates, national accounts, how to pay for military security guarantees, regional and sectoral economic adjustment policies and incomes policy. All the while, the productive economy that generated the wealth to support the U.S. government's international strategy was operating in workplaces across the country, the manufacturing core of which was organized by unions under the laws of employment and labor management and where unions and employers negotiated equity bargains. A prominent explanation of the 1971 crisis is that the U.S. never really intended to follow the postwar monetary rules, but my examination of labor-management policy (see [Chapter 5](#)) shows that government officials were intensely involved in crafting domestic adjustment strategies with organized labor and corporate leaders. However, these adjustment alliances failed and competing strategies were pursued. My point here is that a better explanation of global influences on policy looks closely at specific situations for decision-making, including those of the elite community of decision makers in the White House and the union and management decision makers to whom they were linked by the institutional legacy of the New Deal. The configuration of unions and corporations with the White

House and other executive branch officials on macroeconomic policy was shaped by the limited representational authority of both groups, which placed a premium on White House engagement. Although union leaders were eager to have a constructive relationship, business executives resisted coordination and the Johnson White House eventually marginalized its commitment.

American government leaders sought to sustain U.S. leadership in the world under changing conditions, but the distribution of the costs and benefits of the actual adjustment decisions disrupted the older domestic political bargains and reconstructed the roles of labor and management. The consequences of the decisions made by the Johnson and Nixon administrations were momentous. Take the employment effects of trade as one example. The Franklin Roosevelt administration first committed the U.S. to a free trade policy of negotiated tariff reductions (the Reciprocal Trade Agreement Act of 1934), but for several decades, U.S. producers faced little foreign competition, except in a few sectors. Eventually, the RTAA policy culminated in the conclusion of the Kennedy Round of trade negotiations in 1967, which virtually ended protective tariffs. After then, the trade share of U.S. GDP rose rapidly, but with a mounting trade deficit. Even if we provisionally accept classic trade theory that the U.S. on net gained from trade and that technological change made manufacturing industries more productive with fewer workers, there is still a big shift of employment to account for politically in product sourcing to other countries in automobiles, steel, garment manufacturing, mass retail and others, which had real distributive consequences for workers.⁷⁷ The Reagan era was characterized by major conflicts between unions and corporations with significant employment and status losses for workers. In short, what is at stake is not liberal trade policy as such, but how trade and other closely related policies, including monetary policy, the tax treatment of foreign earnings and U.S. global human rights strategy, shaped employment relations and were experienced in daily life.⁷⁸ One outcome was that organized labor and Democratic leaders increasingly parted company on trade and industrial relations policies.⁷⁹

Take the financialization of the U.S. economy as a second consequence.⁸⁰ The argument has been made that after the Bretton Woods crisis in the 1970s, the U.S. witnessed the creation of a new Gilded Age of finance capitalism, in which the concentration of savings across societies has come under the control of a fairly small number of financial corporations.⁸¹ This is supported by such facts as the rapid increase in the proportion of U.S. GDP that reflects financial transactions.⁸² These financial companies pursued their self-interest in greater financial control and profitability and, at least since the 1980s, Republican and Democratic administrations and Congresses have given it to them. The claim is that these powerful actors are responsible for decisions to offshore jobs to low-wage countries.⁸³ Also, they put pressure on governments to limit social

spending and to shift the responsibility for expanding the economy from the government to private actors in the form of debt (corporate and individual).⁸⁴ The most convincing explanations for this increased financial power focus on the “epistemic community” of bankers and regulators and party politicians, who were directly engaged in the work of financial deregulation, and who became enamored with the ideology of “market fundamentalism”.⁸⁵ The resolution of the panic of 2008 involved rescuing the financial investors and companies, but not working-class homeowners, and not reworking the ideology. Republicans and some Democrats attacked the claims of those who lost their jobs and homes and state leaders identified public sector workers as culprits of the ensuing state fiscal crises. The attacks on these workers were a break from the sense of major accomplishment when the public sector was unionized in the 1960s and 1970s, which had been a boon for non-white workers. But elites widely agreed on the new narrative of public service austerity and tax cuts.

The Two-Party System

The second policy history of liberal oligarchy is political party regime change. The old New Deal regime that established the regulatory welfare state was replaced by the Neoliberal party regime associated with the election of Ronald Reagan.⁸⁶ Jacob Hacker and Paul Pierson present a powerful synthesis of the leading studies of voting, public opinion, elections and political parties to explain the longevity of policy regimes. They adapt Walter Lippmann’s image of “drift and mastery” cycles of popular democratic controls (“mastery”) over the management of the economy and the re-establishment of elite domination as the economy generates new inequalities that go unaddressed (“drift”). Thus, the New Deal Democratic Party is characterized both by its organized working-class voter base and the social and economic policies that benefited those citizens. Among other accomplishments, New Deal leaders helped create broad-based prosperity through progressive taxation, support for unions, establishment of non-corporate sources of income (*a.k.a.* the welfare state), financial regulation and investments in infrastructure, health and education. In contrast, the Reagan Neoliberal regime reversed many of the New Deal’s commitments, primarily those that directly helped organize workers and African Americans and that had limited corporate concentration. Reagan appointed people to the NLRB, the EEOC, the SEC and the Anti-Trust Division of the Justice Department who were hostile to the historic missions of those agencies, giving corporate leaders a much wider scope to restructure the economy to their benefit.

There is a genre of analyses of partisan regime transformation that track the changing alignments of groups of voters, but as indicated in the previous section, voter studies typically conceive elections and voters in isolation from other institutions of the political economy.⁸⁷ They focus

on demographic developments, changing voter psychology, such as new post-materialist values of self-realization and racial realignment. I have more to say about race relations in the next section. Yet, most accounts agree that a significant change in the 1970s and 1980s was that organized labor was displaced from its central place in the Democratic Party coalition. What is the explanation for this?

There are many critics of the images of New Deal progressivism and a sudden turn toward neoliberalism with Reagan (and Hacker and Pierson present their own textured analysis) because it overstates the labor-Democratic Party tie and the benefits the Democrats delivered for working-class people, including women and non-white groups. Some scholars argue that the entire New Deal regime was a trap. American labor leaders in the American Federation of Labor (AFL) and Congress of Industrial Organizations (CIO) threw their support to the Democratic Party in the late 1930s and never were able to escape the embrace.⁸⁸ The labor-party link was asymmetric. It created labor dependency on the party for political defense, whereas national Democratic leaders desired labor's campaign muscle but otherwise resisted labor's organizing and policy agenda. Labor's dependence on its alliance with the Democrats stifled labor's strategic opportunity in the 1930s and 1940s to establish its own political voice as well as ideological autonomy from Cold War liberalism, including hot wars in the developing world. It also accounts for the subsequent tepid responses by organized labor to the popular movements of the 1960s, including the Black civil rights movement, and to economic globalization. Instead, the critics argue, if the labor movement had established its own labor party as was done in most other developed countries, then it would have been able to prosecute a broader social justice agenda without compromise. To judge these claims, situated institutional analysis asks how agents experienced the commitments embedded in their institutionalized relationships, including the ongoing need to make adjustments as contexts changed and took new directions. My argument in [Chapter 2](#) is that independent labor political action was critical for working-class gains in New York and several other states before the New Deal.⁸⁹ Yet, in the national arena in the 1930s, the party dynamics were different and structured different decisions.

For one thing, the national electoral alignments were entrenched in a decentralized Congress, strongly established state political parties and national coalitions aggregated from state factions, and party discipline in Congress that was undercut by the seniority system for committee leadership. In the Great Depression, the incumbent Republican Party was closely associated with the capitalist magnates, whose business organizations it had allowed to manage the economy, and Midwestern proprietary businesses and farmers. The challenger Democrat Party was an amalgam of southern planter class white supremacy and certain northern industrial and immigrant enclaves. Yet, rather than no choice

in that fight, the Democratic Party looked attractive because it began to back organize labor with the NIRA of 1933 and NLRA of 1935. It also put millions back to work and established unemployment insurance and pensions for most workers.

This New Deal Democratic Party was supported by newly active voters in several landslide victories. As a representative of the working class, the party was seriously compromised by powerful southern racists and traditional middle classes, but it did deliver for industrial workers. In contrast, in Canada and England, the parties in power were far less generous to the working classes. Some argue that the New Deal co-opted the labor movement by supporting unions.⁹⁰ There were leftwing leaders who favored an independent labor party and who already supported the Socialist Party and the Communist Party (and other small parties), but they were faced with Democratic partisan identities among their members, if they voted at all.⁹¹ The critical situation was that unions were still fighting for recognition from employers and the leaders decided to support those Democrats who were helping them. This tactic did not reflect the AFL's historic voluntaristic approach to elections – some of the key union members of the AFL actually supported a labor party, such as the Amalgamated Clothing Workers – but instead was decided in the specific situation of institutionally conditioned action. The CIO leaders, in particular, did not endorse the Democratic Party as a whole, but only the New Deal wing of the party and more specifically the White House. It is true that the southern wing of the Party actively countered labor's agenda in the Congress.⁹² For decades, union leaders worked hard to establish access to Democratic presidents, with some success with Roosevelt, Truman and Kennedy. For the rest, the CIO leaders adopted the strategy of partisan realignment that was developed by political scientists in the postwar 1940s, according to which strong national New Deal Democratic leadership would force southern reactionaries into the Republican Party.⁹³ In short, rather than a self-evident alliance, the labor-left link to the Democrats served immediate interests in union security and a larger strategy that required persistent, enormous effort over many years. The fruition of the strategy also depended on how Democratic office-holders reciprocated.⁹⁴

Other scholars who argue that the Democrats co-opted the labor movement point out that the potent source of workers' power is disruptive strikes that impose penalties on employers and governing elites.⁹⁵ They argue that the real co-optation technique was the National Labor Relations Act (1935), which created an administrative board, the NLRB, to manage relations between labor and capital. The law both gave federal recognition to the legitimacy of workers' collective voices in capitalist enterprise and, the argument goes, compelled labor to keep the peace during the life of a contract and accept arbitration for dispute resolution rather than direct action.⁹⁶ Under the New Deal NLRA labor regime,

unions enforced discipline against their own members and turned themselves into service-providing bureaucracies.⁹⁷ I argue in [Chapters 2 and 4](#) that there was more historical texture and timing to forging the relationship between unions and the state.

For instance, the Taft-Hartley Act (1947) amendments to the NLRA, written by a coalition of southern Democrats and Republicans and passed over President Truman's veto, placed new controls over unions. Most AFL and CIO leaders decided the most efficacious response was to cast their support in 1948 for Truman and the Democrats rather than with the independent presidential candidacy of Henry Wallace, who ran without a slate of Congressional candidates. Truman won but the anti-labor reaction was powerful and Taft-Hartley remained the law.⁹⁸ However, the Board and the federal courts had some discretion in implementation. In this context, union leaders argued, liberal labor policy specialists insisted, and key Democratic Supreme Court justices agreed and decided that labor-management disputes should be depoliticized. Walter Reuther, the president of the UAW, argued against mass strikes to push for the repeal of Taft-Hartley because government leaders "never intervene for us".⁹⁹ Their shared preference for depoliticization could never be strictly true – the caution to depoliticize was made in a specific political context – but these tactics contributed to the evolving labor-management context for subsequent sequences of decisions under changing political conditions. Also, in practice, workers continued to strike and UAW leaders repeatedly plotted with militants in the ranks to put strike pressure on local managers and occasionally break open contracts. The limitations of New Deal labor law were widely known by unionists and many of their professional supporters, but they avoided confronting them directly in the 1940s until future better conditions emerged, including new negotiations and new movement organizing that would change the power balance.¹⁰⁰

In contrast to both the co-optation argument and to a situated action analysis, both of which highlight the political structuring of class relationships, another prominent line of analysis takes the depoliticization practice as the fixed reality of a modern industrial society. One version is that the driver of labor relations was the unilateral force of the technical organization of work and technological change.¹⁰¹ The weakness of technological determinism has been exposed many times. Suffice it to point out there are multiple ways to organize work and that decisions about the creation and implementation of machinery and the flow of work depend on rights and entitlements to make those decisions. A recent study that compares the U.S. automobile industry with foreign manufacturers makes the case once more.¹⁰² Another version claims that the evolution of the economy into a post-industrial service economy slowly undermined union consciousness and, by the 1970s, stimulated individual angst and post-material values.¹⁰³

The facts show that manufacturing employment stagnated in the 1970s (and declined after 1980 and precipitously dropped after 2000) and that the service economy provided most new jobs. On the one hand, manufacturing union membership declined, but on the other hand the vast majority of workers still labored for wages. Why did union membership also fall in sectors that did not decline, such as construction and trucking? And do not service workers also need union representation? A more specific and broader analysis is needed that takes into account the relative balance of sectoral employment and the policies that governed them.¹⁰⁴ As a historical matter, postwar industrial change was a challenge for the historical institutional rules of labor-management relations. Chapters 5 and 6 show there were intense debates about new interests, the organization of new forces, clashes of interest and regulatory boundaries, narratives of meaning and goals and partisan competition. Moreover, studies of the post-1970s' partisan politics have shown the continued salience of class even as other group identities – especially Black, Latino and female – were mobilized. For example, the insurgent Jesse Jackson campaigns for the Democratic nomination for president in 1984 and 1988 combined appeals to multiple identities behind its social-democratic labor agenda. Nonetheless, the self-proclaimed New Democrats who scrambled for the Democratic Party presidential nomination in the 1970s and 1980s adapted the post-industrial economy rhetoric. How do theories of party politics explain this?

Hacker and Pierson argue that the underlying forces that account for the success of neoliberal party politics are an “organizational revolution” characterized by the decline of unions and the rise of corporate activism in the dynamics of two-party competition. I have just argued that union decline has to be explained politically. The “drift and mastery” analysis points to the Reagan Republicans' changes in economic and social policies to benefit corporations and top income earners and then their deliberate failure to use their institutional authority to respond to the negative consequences of these changes for working people. Instead, two-party competition led the big parties to compete with each other to represent the elite agenda. Democrats were won over by money and “new ideas”, such as post-industrial work, consumer choice and shareholder value. But why did the Democratic Party fail to protect its own accomplishments in workers' rights and representation by renewing them as conditions changed? What happened to the Democrats' prior commitments? When Democratic leaders were faced with industrial restructuring and gaps between the operation of the depoliticized industrial relations system and the devastating outcomes for workers, some did support the renewal of concepts of representation and participation, but many more embraced neoliberal concepts of market-based decision-making and the liberal nationalist project to extend U.S. models abroad.

The point here is that every policy regime is less than fully encompassing: there are always subordinate and recessive rules and practices that present agents with alternative strategies and resources.¹⁰⁵ There were competing party strategies of party realignment. New Deal Democrats had made many commitments that evolved and interacted over time. Organized labor represented a distinctive political and economic commitment because of the unions' mass electoral linkages and because of their collective impact on economic performance. The successful prosecution of the New Deal's labor commitment required the agents of the industrial relations system to renew and extend it as conditions of work evolved. The New Dealers' strategy to cement their dominance in Washington had been to realign the South from its support for racist anti-union legislators, in part by mobilizing southern Black voters toward liberal Democrats. Truman and Kennedy were supporters of the realignment strategy, but not Johnson and Carter. Southern employers were able to protect their anti-labor economic development strategy and they realigned in the 1970s with the Republican Party. But this was not structurally fated; it was an outcome of strategy, policy and ideological changes over time. I argue that Democratic officials increasingly were divorced from blue-collar work experiences and alienated from white working-class racism. The party attuned itself to macroeconomic policy, judicial management of race relations and the economic interests of middle-class professionals and business investors in the party. New Democrats in the 1980s articulated the new narratives of a post-industrial knowledge economy of global free markets with equal employment opportunity implemented through corporate "diversity management".¹⁰⁶ Democratic leaders disarmed a key constituency as they adopted new interpretations of old rules and new ideas about workplace justice.

The U.S. Variety of Capitalism

The third policy explanation for liberal oligarchy arises from comparative studies of capitalism.¹⁰⁷ The most widely deployed theory explains that every economy – including the ostensibly "free enterprise" capitalist economy of the U.S. – requires regulation of key relationships: among companies in a market (for example anti-trust), within companies among owners, creditors and managers (corporate governance), between employees and employers (employment law), between labor and management (labor and industrial relations) and between companies and the communities where they operate (to manage negative externalities and provide public goods, such as education and training, environment protection, and research institutions). The key variable is that the regulatory institutions can be more or less coordinated, either through consultations between the policymakers and key private groups, especially labor and management, and/or by market relations, which taken together

establish functional varieties of capitalism. In theory, the American variety of capitalist regulation accommodates power politics by interest group lobbying and the market power of corporations rather than prioritizing negotiation. Product and process innovation is favored and capital mobility is rampant. Yet, while the U.S. may be a liberal market economy, comparative analysis usually ignores the Jim Crow system in the South, which this study shows is a key to the analysis of change from the New Deal to Neoliberalism. The South was a way station to the globe. The New Deal was functional until it wasn't.¹⁰⁸ Rather than a functional analysis, much less a cultural one, as discussed earlier, what is needed is a theory of historical institutional change and situated agency.¹⁰⁹

Analysis of the American political economy begins with the observation that the regulatory system is not a coherent package (as the party regime was not): there were subordinate practices, regular innovations as problems were confronted, searches for new ideas to make sense of situations and many attempts to form new alliances around strategic adjustments. U.S. regulatory institutions are heterogeneous and deconcentrated and this institutional framework poses challenges and opportunities for negotiating the equity adjustments that inevitably are required in a dynamic economy. The New Deal established several institutional rules of regulation, including industrial pluralist labor management, anti-trust rules to prevent big firm dominance, price regulation in key public service industries (for example utilities and transportation) and corporate governance rules. This set of institutional rules for broadly shared prosperity failed to reproduce itself as functionalists would expect. Instead, for government leaders to reap coordination gains, they must engage the narratives of the purpose of the institutions they want to coordinate rather than simply exert plenary authority, much less calculate optimal policy packages. The degree of coherence in a country's governance is political and ideological. Economist Michael Piore and political scientist Charles Sabel contributed to a wave of research on historical alternatives in the "production regimes" of liberal capitalist societies that brought together work and politics.¹¹⁰

The players in the field of labor-management relations grappled with how to improve the quality of work life as well as productivity in newly competitive circumstances of global competition in the 1970s. A key issue was how to devise rules for the latter without jettisoning the commitment to the former. The perceptions of the players, new alliances, partisan contexts, evolving conditions and power all contributed to the outcomes of these debates. In short, many firms introduced new forms of "teamwork" in the workplace that sought to reap new coordination gains, which showed promise in cases of union-management collaboration.¹¹¹ Yet many firms discovered they could implement these productivity strategies without unions if they divested segments of their production chain into nominally independent companies and/or moved production

to the South and offshore. Because a key feature of America's New Deal political economy was regional segmentation and regulatory heterogeneity, the legacy of the labor repressive southern economy was available as a resource for entrepreneurs who re-activated managerial ideologies of labor management. In fact, the southern region was a cheap labor haven for firms based in the North who chose to escape union contracts, which undermined New Deal pluralism.¹¹² In contrast, at the same time in some European countries with strong unions, national coordination reinforced "patient capital" investments in improving existing social technology rather than enabling exit to cheaper locations.¹¹³

These theoretical points about industry organization and political action in capitalist regimes in turn raise a host of re-posed empirical questions about how the historical American inter-regional relationship was instituted and managed. How did the New Dealers manage southern industrialization, including the unionization of Southern industry and the racial integration of employment? How did they perceive the differential effects of U.S. foreign policy on regional economies, including incoming foreign direct investment to the South? Since the 1970s, a national coordination strategy to sustain and extend a broadly shared prosperity required negotiation of a new social investment compact, but instead the Republican-led neoliberal strategy disabled many regulatory institutions in favor of corporation-led economic growth.

Racial Hierarchy

Finally, the fourth policy history explanation for liberal oligarchy is institutional racism. Racial domination is widely recognized as a prop for oligarchy. Institutional racism takes a variety of forms, but employment discrimination is critical. The American labor market historically was almost everywhere segregated by race: occupations and places of work were divided to the extreme detriment of Black mobility even as Black workers were a crucial segment of the labor force that produced society's wealth and individual African Americans made significant contributions to national modernization. Critical scholarship has explained how white male workers repeatedly reconfigured their status to exclude Blacks (and others) to bolster their economic security. This scholarship also shows how this racial organization weakened collective labor in contests with employers and the liberal state. American politics has been conceived as a succession of racial orders.¹¹⁴ My analytical focus is on how race and class have been intertwined in conflicting institutional patterns that create situations that individuals can drive to new developments rather than on a frame based on abstract universals, such individual rights vs. collective action.¹¹⁵

The common analysis of employment developments in the New Deal era is that Black workers successfully overcame white privilege at work

in the 1970s through court challenges to union discrimination based on Title VII of the Civil Rights Act of 1964. This had the secondary effect of weakening union organizations and straining workers' solidarity because of white resentment and a tertiary effect of splitting white workers from the Democratic Party.¹¹⁶ This account is true enough. Yet, although white racism was virulent in U.S. history, there also are notable cases of inter-racial cooperation to prosecute a class agenda. How did the historical institutions of race and work intersect in these years to create an apparently zero-sum conflict rather than joint gains? The historical background is that when the New Dealers began a historic political shift to support organized labor, most of the unions in the American Federation of Labor excluded non-white workers from full membership in their crafts if they allowed them in at all. There were exceptions and there was one all-Black union in the AFL, the Brotherhood of Sleeping Car Porters, led by A. Philip Randolph. The major breakthrough in the 1930s was the creation of industrial (rather than craft) unions, which anyone hired to any non-managerial job in a company could join. The new CIO was officially racially inclusive, but white workers still engaged in violent conflicts about equal employment and union integration well into the 1960s. The bona fides of the CIO led the NAACP to work closely with unions on voluntary measures to integrate during these decades, but in the 1960s the marginal progress was the context for court challenges. The federal courts finally compelled all unions to integrate in the 1970s. Thenceforth, the regulation of white working-class racism, and white racism from all classes, should have blocked the potent racist check on labor organization and support for oligarchy. However, political development remained multi-dimensional and, in the post-segregation era, the union member rate dropped even as unions integrated. The analytical questions about why we observe this outcome are how the various demands for equality were made, how institutions shaped their expression and how agonistic groups engaged the insurgents to control the outcomes.

Most important analytically, the gains for civil rights in the 1960s and 1970s were not the only demands that were made. As previously noted, the history of Black unionism is more complex because it involves the historically specific rules that governed work that Black workers were sometimes able to use for their own purposes. Development also involved the anti-union actions of racists and employers to drive a racial wedge through union membership to defeat unions altogether. Their strategy encompassed a drive to control the narrative of the civil rights movement as a successful campaign for individual equal opportunity rather than economic justice.¹¹⁷ Finally, at the time of the civil rights breakthrough, there was widespread appreciation that equal opportunity was not sufficient to end systemic discrimination. This point was strongly made by no less than President Johnson in his famous commencement address in 1965 at Howard University, which called for affirmative action to achieve

equality of results. Martin Luther King's *Where Do We Go From Here* (1967) called for the abolition of poverty by a government-guaranteed income. These observations cast a different perspective on the struggles for equal employment opportunity from one that casts it as a moral battle of ultimate ends rather than one strategy that was the best option at the time. Civil rights leaders' use of equal citizenship rhetoric was institutionally fitting, given the debility of class power because of white racial unity and its thematic resonance with traditional middle-class values. However, the meritocratic assumption underlying the "restrictive" concept of equal opportunity worked against Black and white workers and reinforced the status quo of race and class.¹¹⁸ The Supreme Court began to undermine the legal basis for social and economic regulation by deploying individual rights doctrine.¹¹⁹

Today, Black workers, but also workers of virtually every national origin and racial background as well as gender and sexuality, are suffering from employment insecurity and, yet, the now-integrated labor movement has few takers despite its progressive political and ideological profile. If racist institutions, including labor unions, lost their legitimacy because these practices became disreputable, why did reforming them have little effect? A key to the answer is the contrast between the consequences for racist unions and racist employers. In short, the racial nexus in working-class politics requires closer investigation of the institutional intercurrency of race and class at work rather than only race and unions in the historical context of corporate campaigns for neoliberalization. These relationships are examined in [Chapters 5 and 7](#).

The Aims and Argument of This Study: Learning Democratic Politics

This book aims deeper than and beyond the analyses of voting, union membership and partisan positioning. It develops and illustrates a theory of politics that contrasts with the behavioral notions of voter sovereignty and democratic elitism. The quality of democracy depends on how we use the institutions of markets, electoral politics and public administration to advance our national commitment to self-government and the public interest. This is a normative standard, but one that this book places in historical institutional context. Political party leaders have choices of commitments and techniques in governing, which have consequences for broadly based representative democracy. Liberal leaders made their greatest improvements for society when they recognized the assertion of workers' collective rights. They repeatedly reconfigured the institutional organization of the labor field and adjacent fields to establish workers' voice at work and in electoral politics. But in the 1960s and 1970s, liberal Democrats poorly managed the challenges of racial justice and they turned decisively toward globalizing the economy, mostly ignoring