

FORGING A NEW DEMOCRATIC PARTY:
THE POLITICS OF THE THIRD WAY FROM CLINTON TO OBAMA

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ABSTRACT

This dissertation analyzes the evolution of the American Democratic Party's ideological orientation from 1985 to 2014. The central problem is to develop an understanding of how shifts in political-economic context and factional agency combine to produce alterations in the predominant ideology of a U.S. political party. The primary question posed is how the centrist perspective known as the 'third way' replaced the left-liberalism of the New Deal and Great Society eras as the guiding public philosophy of the Democratic Party.

Whereas many scholars propose that the modern third way revisionism of center-left parties is explained primarily as electoral opportunism or as an adoption of the political logic of the New Right, this study focuses on how changes in political economy (particularly the transition from Keynesianism to neoliberalism) prompted the elaboration of an alternative ideological framework that sought to adapt to new times. In the U.S. case, the primary agent of this process of ideological reorientation was the New Democrat faction, most well-known for its connection to President Bill Clinton. Combining qualitative document analysis and focused interviews with personnel from the think-tanks and policy institutes of the New Democrat faction and its competitors, the dissertation finds that the initiation and maintenance of reorientation is dependent on a faction's success in elaborating and continually 'decontesting' an alternative framework that de-legitimizes a party's pre-existing ideological commitments.

Adapting Michael Freeden's approach to the study of ideologies, a conceptual morphology, or map, of third way politics is presented that centers on the particular meanings of opportunity, responsibility, and community elaborated by the New Democrats. These 'decontested' concepts signified a commitment to equality of opportunity over egalitarian outcomes, a vision of the welfare state centered on obligation rather than entitlement, and a

devotion to communitarian rather than class or identity politics. By analyzing the process of continuous decontestation engaged in by this faction, the dissertation argues that the third way not only constitutes a distinct ideological system, but that it has been the predominant policymaking outlook of the Democratic Party for nearly a quarter century – stretching from Clinton to Obama and possibly beyond.

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LIST OF ACRONYMS

AARP	American Association of Retired Persons
ACA	Affordable Care Act (Obamacare)
ACORN	Association of Community Organizations for Reform Now
ADA	Americans for Democratic Action
AFDC	Aid to Families with Dependent Children
AFL-CIO	American Federation of Labor – Congress of Industrial Organizations
AFSCME	American Federation of State, County, and Municipal Employees
AGS	Americans for Gun Safety
APSA	American Political Science Association
ARRA	American Recovery and Reinvestment Act
CAF	Campaign for America’s Future
CAP	Center for American Progress
CBC	Congressional Black Caucus
CCC	Civilian Conservation Corps
CEA	Council of Economic Advisors
CEPR	Center for Economic and Policy Research
CIO	Congress of Industrial Organizations
COLA	Cost of Living Adjustment
CPC	Congressional Progressive Caucus
CPE	Committee on Party Effectiveness
CPI	Consumer Price Index
CPUSA	Communist Party USA
DBC	Democratic Business Council
DCCC	Democratic Congressional Campaign Committee
DLC	Democratic Leadership Council
DNC	Democratic National Committee
DPC	Domestic Policy Council
DSA	Democratic Socialists of America
DSCC	Democratic Senatorial Campaign Committee
EITC	Earned Income Tax Credit
EPI	Economic Policy Institute
FHA	Federal Housing Administration
FSMA	Financial Services Modernization Act
GAO	Government Accountability Office
GOP	Grand Old Party
HDC	House Democratic Caucus
HHS	(Department of) Health and Human Services
HUD	(Department of) Housing and Urban Development
MP	Member of Parliament
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NCPSSM	National Committee to Preserve Social Security and Medicare
NOW	National Organization for Women
NPM	New Public Management

NPR	National Performance Review
NRA	National Rifle Association
NRCC	National Republican Congressional Committee
OECD	Organization for Economic Co-operation and Development
OMB	Office of Management and Budget
PCCC	Progressive Change Campaign Committee
PDA	Progressive Democrats of America
PPI	Progressive Policy Institute
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SAP	Sveriges socialdemokratiska arbetareparti (Social Democratic Workers' Party of Sweden)
SCLC	Southern Christian Leadership Conference
SDS	Students for a Democratic Society
SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)
SEIU	Service Employees International Union
TANF	Temporary Aid to Needy Families
TARP	Troubled Assets Relief Program
UAW	United Auto Workers
WFP	Working Families Party
WPA	Works Progress Administration

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CHAPTER ONE

INTRODUCTION

When the Democratic Leadership Council (DLC) closed up shop in February 2011 after a quarter century as the most prominent advocate for the moderation of American liberalism, many on the left inside and outside the Democratic Party celebrated. The liberal blog *Daily Kos* eagerly inquired as to the location of the DLC's grave so that the dancing could commence.¹ The leader of Progressive Congress, a go-between group connecting the Congressional Progressive Caucus with grassroots activists, characterized the DLC's demise as proof that "progressives are winning the battle for the party."² Known as the intellectual force that helped define the qualities of President Bill Clinton's 'New Democrat' centrism, the DLC was initially founded in 1985 to move the party away from the left-liberal image that had characterized it during the 1970s. By the time Clinton left office, he and the DLC claimed they had forged a 'third way' between what they characterized as the 'false choices' of left and right.

So when the DLC decided to fold only a few years after Hillary Clinton, who was also a DLC veteran, narrowly lost to Barack Obama in the 2008 Democratic primaries, it was a potent symbol for the third way's opponents. After all, Obama's most fervent supporters had hailed him and his campaign as something dramatically new and transformative, a break from politics as usual and a departure from two decades of alternating Bush and Clinton dynasties. Obama's call to look beyond red states and blue states, beyond 'conservative America and liberal America', however, was saturated with a post-partisan, post-ideological spirit that echoed the centrism that had been so closely identified with the DLC and the Clintons. With his rhetoric differing little from them, Obama distinguished himself on matters of political style. He not-so-

¹ Markos Moulitsas, "DLC is Done," *Daily Kos*, February 7, 2011, <http://www.dailykos.com/>.

² Ben Smith, "The End of the Democratic Leadership Council Era," *Politico*, February 7, 2011.

subtly reminded voters that they did not want a return to the supposed triangulation and poll-driven policymaking of the Clinton years.

Though some left-leaning elements toasted the DLC's passing, they may have been premature to herald it as the final defeat of third way politics and the end of the New Democrats as an organized presence within the party. Properly comprehending the contemporary balance of forces in the Democratic Party requires us to look to the history of the New Democrat faction, from its origins in the mid-1980s to today, and analyze how it was able to redefine center-left politics in the United States. It requires an appreciation of the process by which ideologies are developed and promoted by party factions and how they eventually find expression in public policy.

For nearly thirty years, the Democratic Party has been the arena in which dueling conceptions of what should constitute American liberalism have squared off – a battle between left-liberals and self-declared moderates over the soul of the party.³ The ideological nature of their factional struggle is the central object of study in this dissertation. It focuses on analyzing the third way as a distinct ideological system developed by the New Democrats' factional network. It is an examination of how the third way went from a minority challenger to New Politics in the 1980s to becoming (and remaining) the common sense of the Democratic establishment. Combining analysis of key policies, documents, and events stretching from that

³ Douglas Rossinow remarked that in American politics, "Left, liberal, and progressive are terms whose meanings shift and float. Clintonite centrists, anti-imperialist peace agitators, and labor-union activists alike call themselves progressives, and no one can say definitely that any of them are wrong." This dissertation deploys all of these terms in its pages and those interviewed for the project often use the terms in a variety of ways to describe themselves or their opponents. Generally, I will use liberal and liberalism in the popular sense to refer to the electoral left-of-center represented historically by the Democratic Party since the New Deal period, distinguishing it from the 'conservatism' of the Republican Party. Following on the example set by Rossinow, when referring to trends in the Democratic Party that exhibit influence by more social democratic or radical positions, the term 'left-liberal' is employed. When used as part of capitalized monikers though, my practice will follow that of Daniel DiSalvo and the terms will be in reference to specific historically-situated factions, such as Liberal-Labor Democrats, New Politics Democrats, or New Democrats. See: Douglas Rossinow, *Visions of Progress: The Left-Liberal Tradition in America* (Philadelphia: University of Pennsylvania Press, 2008), 1; and Daniel DiSalvo, *Engines of Change: Party Factions in American Politics, 1868-2010* (New York: Oxford University Press, 2012).

earlier period to the present with interviews of several of the figures involved in some of the central organizations of this factional struggle, the dissertation demonstrates the manner in which the New Democrats' third way challenged left-liberalism for dominance of the party, highlights periods which were key to the consolidation of its gains, and analyzes the evidence for its continued influence. In particular, it seeks to examine the process by which the New Democrats articulated and 'decontested' an alternative public philosophy for the Democratic Party, dislodging the left-liberalism that had prevailed since the early 1970s.⁴ It will be argued here that the third way must be understood as a distinctive ideology all its own, built on the principles of an enabling investment-oriented state, an obligatory notion of public ethics, and a communitarian outlook on social relations. This ideological framework is expressed in the New Democrats' oft-repeated declaration of loyalty to a politics of opportunity, responsibility, and community. They sought to reverse what they saw as their party's misplaced commitment to a welfare state model premised on egalitarian redistribution, an entitlement-based understanding of rights and benefits, and a model of social organization rooted in identity politics and the claims of disparate interest groups.

Ideological Struggle in Context

The extent to which the New Democrats redefined what it meant to be a Democrat in the post-Reagan era is hard to exaggerate. Outside of a few liberal urban centers, the rhetoric of left-liberalism – the kind symbolized by the 1972 George McGovern campaign – is rarely, if ever, heard from candidates. Only in the imagination of Tea Party conservatives is the Democratic

⁴ It adapts the 'conceptual morphology' approach developed by Michael Freeden to the third way. Michael Freeden, *Ideologies and Political Theory: A Conceptual Approach* (New York: Oxford University Press, 1996).

Party a front for socialism. To a significant extent, this is thanks to the efforts of the DLC and its successors.

At the height of the Reagan Revolution in the mid-1980s, the Democratic Party was engaged in a sorting out of its deep internal divisions. With the cobbled New Deal coalition all but dead, multiple competing groups sparred for control of not only the organizational apparatus of the party, but also for its ideological soul. “Liberalism had become a house of many mansions...a counterculture-inflected New Politics version faced off against the working-class ethnic coalition,” with all involved clinging to uncompromising identity politics that led to zero-sum conflicts.⁵ By now, of course, the outcome of this story is well known. Bill Clinton and others affiliated with the DLC prevailed over the remnants of the New Left generation that had ensconced themselves within the electoral politics of the Democratic Party.

Avoiding over-personalization of this shift means looking beyond just the role of particular figures like Reagan, the Clintons, or Obama, however. It is necessary to examine the broader socioeconomic trends that characterized the Depression and postwar decades when a particular vision of American liberalism was built that united a broad coalition of electoral support. That period, when the main pillars of the U.S. welfare state were constructed, came to an end with the economic slowdown of the 1970s. The ensuing years, which straddled the Keynesian-neoliberal divide, initially allowed a ‘New Politics’ to flower that critiqued both the ‘old left’ of the 1930s as well as the shortcomings of the Kennedy/Johnson variety of liberalism characterized by welfarism at home and war abroad in Southeast Asia.

Challenging and reversing the social democratic drift that characterized the party in the late 1970s and early 1980s, the New Democrats insisted on replacing what they saw as an out-of-

⁵ Eric Alterman and Kevin Mattson, *The Cause: The Fight for American Liberalism from Franklin Roosevelt to Barack Obama* (New York: Viking, 2012), 263.

date left-liberalism with a new outlook. This renovation, which fundamentally altered the party's trajectory of ideological development, eventually took on the label 'third way', and has been called the "most important ideological development in the Democratic Party in the 1990s."⁶ Its central concepts of opportunity, responsibility, and community expressed clearly definable views on the purpose of the state, public ethics, and the nature of society.

Assessing the New Democrats and Their Ideas

Scholars studying the third way in the U.S. have rightly concentrated on the history of its primary organizational expression, the DLC, and the public policy legacy of the Clinton Presidency. Relatively few texts, though, have looked at the intersection of the factional and ideological struggles waged by the DLC to defeat the left-liberal actors claiming that the Democratic Party needed to move in tune to the needs of the New Politics constituencies (such as African-Americans, women, gays and lesbians, anti-war activists, welfare rights advocates, and elements of the trade unions) that had come to dominate the party's structures and public image in the years after the McGovern campaign of 1972.⁷

In a chapter of his 1994 work *Southern Democrats*, Nicol Rae characterized the New Democrats as the latest incarnation of a regional-based intraparty faction, referring to them as the "DLC/southern conservative wing of the party."⁸ While accurate in its description of many of

⁶ Philip Klinkner, "Democratic Party Ideology in the 1990s: New Democrats or Modern Republicans?" In J. White and J. Green (eds.), *The Politics of Ideas: Intellectual Challenges Facing the American Political Parties* (Albany: State University of New York Press, 2001), 113.

⁷ An analysis of the 1972 and 1984 American National Election Studies survey data demonstrated a shift in public perception of what groups were associated with the Democratic Party. In 1972, the Democrats were still generally defined in terms of the New Deal coalition: the poor, blacks, unions, the middle class, Catholics, and liberals. The 1984 survey showed a different set of associations: black militants, feminists, people on welfare, gays and lesbians. Additionally, these new groups were perceived less positively by the public than were the groups in the 1972 data. These less positive associations showed a significant correlation to the public's evaluation of the Democratic Party and its candidates. See: Arthur Miller and Christopher Wlezien, "The Social Group Dynamics of Partisan Evaluations," *Electoral Studies* 12, no. 1 (1993): 8-10.

⁸ Nicol Rae, *Southern Democrats* (New York: Oxford University Press, 1994), 149.

the DLC's originators, the subsequent growth of the New Democrat movement partially invalidated such a characterization. The first significant academic assessment devoted solely to analyzing the New Democrats was by Jon Hale in 1995.⁹ His analysis of the manner in which the DLC altered the rules of the party primary process and promoted the subordination of the party to candidate-centered campaigns became a reference point for works that would follow. A Marxist critique of Bill Clinton's liberalism by Doug Henwood appeared in the 1997 *Socialist Register* and situated the President's third way as a surrender to neoliberal values and questioned the supposed electoral resurrection that Clintonism was believed to have brought to the Democratic Party.¹⁰ The first book-length review of the origins and rise of the DLC, and still trumpeted as the semi-official history of the group, was Kenneth Baer's *Reinventing Democrats: The Politics of Liberalism from Reagan to Clinton*.¹¹ Granted favored access to the DLC's private documents and interviews with most of its inside figures, Baer authored the most comprehensive record of the organization's day-to-day operations. Following George W. Bush's Supreme Court victory in the 2000 election, Elizabeth Arens analyzed the state of the factional battle between the New Democrats and what she called 'left-labor' as they competed to disown the Gore loss and capture the post-election agenda.¹² Offering a critique of both factions' stubborn ideological perspectives, Arens cautioned each to surrender their respective overly rosy and overly fearful views of economic globalization. In *Clinton's Legacy? A New Democrat in Governance*, Alex Waddan provided an autopsy of the policy outcomes of third way ideas implemented during the Clinton Administration.¹³ Focusing primarily on Clinton's record on

⁹ Jon Hale, "The Making of the New Democrats," *Political Science Quarterly* 110, no. 2 (1995): 207-32.

¹⁰ Doug Henwood, "Clinton's Liberalism: No Model for the Left," *Socialist Register* 33 (1997).

¹¹ Kenneth Baer, *Reinventing Democrats: The Politics of Liberalism from Reagan to Clinton* (Lawrence: University Press of Kansas, 2000).

¹² Elizabeth Arens, "The Democrats' Divide: Left-Labor v. the New Democrats," *Policy Review* 108 (2001).

¹³ Alex Waddan, *Clinton's Legacy? A New Democrat in Governance* (New York: Palgrave, 2002).

deficit reduction, healthcare, and welfare reform, Waddan questioned whether he successfully implanted the third way as a coherent philosophy of governance. And finally, the most recent major treatment of the New Democrats is that by its founder, Al From.¹⁴ In his book, *The New Democrats and the Return to Power*, From lays out his account of how he and the DLC “stopped the headlong dash into social democracy” and made it possible for Democrats – from Clinton to Obama and beyond – to win again.¹⁵ Largely a tale of how the DLC ‘saved’ the party, the book is simultaneously a defense of the New Democrat legacy and an attempt to influence ongoing factional disputes.

All of these works have produced insightful analysis of the New Democrats and their legacy or contributed to the historical record of the DLC. Ultimately, though, fully appreciating the scale of the transformation that took place in the Democratic Party and the reasons for its endurance requires a deeper engagement with theories of ideological domination and contestation. While analyses of the struggle between New Democrats and left-liberals have often focused on battles for organizational control of the party apparatus, disagreements concerning particular public policies, the jockeying for influence among politicians, or the role of financial interests in party sub-groups, this dissertation seeks to draw attention to the ideational conflict that underlay all of these. As a study situated within the political theory of ideologies, its aim is to illuminate political ideas as “they are found in the wild,” to conceptualize the specificity of political thinking in the world of concrete political practice.¹⁶ The political

¹⁴ Al From, *The New Democrats and the Return to Power* (New York: Palgrave Macmillan, 2013).

¹⁵ *ibid.*, 173.

¹⁶ Alan Finlayson succinctly explained the distinctiveness of works concerned with the political theory of ideologies: “Often political scientists attend most to terms, ideas, and concepts found in the key texts of the official canon of great political theory. But scholars of political ideologies look also to the ‘everyday’ and ‘routine’ political ideas found in, for example, speeches, statements, debates, interviews, pamphlets, newspaper columns, websites, posters, placards, demonstrations, and performances...the political theory of ideologies is concerned to establish how political *doxa* works – how it forms, is manifested, reproduced, develops, and decays.” Alan Finlayson, “Rhetoric and the Political Theory of Ideologies,” *Political Studies* 60, no. 4 (2012): 751.

theory of ideologies focuses attention on “the political thinking *actually* taking place within political entities: the thinking produced by human beings in their political capacity as decision-makers, option-rankers, dissent and conflict regulators, support mobilizers, and vision creators.”¹⁷ As the form of political thinking that shapes and is shaped by the exercise of power, political ideologies are thus permanent, plural, and ubiquitous.¹⁸ Theorizing them requires a framework for discovering, categorizing, and arranging the concepts that give them structure and identity. Emulating anthropology, the study of political ideologies is an exercise in ‘conceptology’ – “map[ping] and interpret[ing] the strange, wonderful, and occasionally repulsive world of political ideas.”¹⁹

Utilizing Michael Freeden’s approach that views ideologies as distinct morphologies of political concepts with ‘decontested’ meanings, the dissertation seeks to more fully comprehend what the third way is and explain why and how it has endured as a dominant force in shaping Democratic Party approaches to public policy.²⁰ According to Freeden, concepts, which are the fundamental unit of political thinking, can carry a variety of meanings, but not simultaneously. The struggle to choose and legitimate one particular meaning over other possible interpretations is the primary means by which ideological domination is achieved. Freeden referred to this process of definitional delimitation as ‘decontestation’. Conceptual decontestation – placing the meaning of a concept beyond contention – is seen as the key trait defining an ideology. To create an ideology is to impose a closed understanding around the interpretation of concepts or

¹⁷ Michael Freeden, “What Should the ‘Political’ in Political Theory Explore?” *The Journal of Political Philosophy* 13, no. 2 (2005): 115.

¹⁸ This is contra the rigid versions of Marxist as well as ‘end of ideology’ theories; see the broader discussion in Chapter Two.

¹⁹ Freeden, “What Should the ‘Political’ in Political Theory Explore?” 133.

²⁰ Among many, see: Freeden, *Ideologies and Political Theory*; Michael Freeden, *Ideology: A Very Short Introduction* (Oxford: Oxford University Press, 2003); Michael Freeden, “Ideology and Political Theory,” *Journal of Political Ideologies* 11, no. 1 (2006): 3-22; and Michael Freeden, “The Morphological Analysis of Ideology,” In M. Freeden, L. Sargent, and M. Stears (eds.), *The Oxford Handbook of Political Ideologies* (Oxford: Oxford University Press, 2013).

phenomena. This dissertation theorizes the third way as a successful decontestation of what constituted legitimate center-left politics at the juncture of Keynesianism's demise and neoliberalism's rise in the context of globalization. With major political-economic changes underway both domestically and internationally, ideological reconfiguration became possible (and even necessary).

The dissertation does not seek to argue there is or can be an a priori definition of what constitutes the third way for all times and places; however, it is premised on the claim that the conceptual arrangements of third way ideology (the triad of opportunity, responsibility, and community) can be identified and mapped through a rigorous engagement with the primary texts, thinkers, and practitioners of third way politics. Through a review of the continuities and deviations that characterize these objects of study, the dissertation seeks to construct a conceptual profile of third way ideology. The concepts that provide the content for such a map or profile are not necessarily unique to the third way, but what is unique is the way they are arranged and related to one another.²¹

Whereas the left-liberalism of the Liberal-Labor and New Politics factions struggled to respond to the challenge of Keynesianism's demise, the third way formulated an agenda that was both a reaction and an adaptation to the advance of neoliberalism and the decline of the left. A new environment created a demand for a new ideology on the center-left; with the third way, the New Democrats were able to supply one.²² Policy perspectives and methods of state administration must be seen in a dynamic manner. They are the product of a simultaneous

²¹ The work draws on the example set by Rachel Turner in her conceptual morphology analysis of neoliberal ideology. Rachel Turner, *Neo-Liberal Ideology: History, Concepts and Policies* (Edinburgh: Edinburgh University Press, 2011), 11-14.

²² Sheri Berman provides a description of how 'ideological markets' operate when the political, social, and economic landscape changes. Old ideologies face fresh scrutiny once they appear to lose applicability under new conditions, thus creating a demand that competitors attempt to meet by supplying a new ideological framework. See: Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (New York: Cambridge University Press, 2006), 10-12.

interaction of the trends of ideological development internal to political parties and the impact of the broader hegemonic transformations of the prevailing or preceding political-economic regime. The contending ideological forces within the Democratic Party certainly have their own battles for agenda control and personnel placement. However, these internal disputes are fought out against and influenced by the rearrangements that go on in the external political landscape. The chances for successful ideological decontestation are impacted by the material and ideational context in which they take place. Frances Fox Piven referred to this context as the “great and constraining weight of the politics of the past,” which “comes to constitute the objective conditions which confront new generations of political actors, and also helps construct the collectivities we call political actors.”²³ Of special emphasis here for understanding the ideological battles within the party then, is the interaction of factional agency and sociopolitical context.

Parties and Factions

As a part of the analysis of the ideological re-shaping of the Democratic Party, this dissertation must be at the same time a study in the political history of party systems and factional competition. As the bearers of competing ideological outlooks, the centrist and left-liberal factions of the Democratic Party, and their supporting organizations, have been engaged in a struggle that in its contemporary form dates back to the mid-1980s. The onset of the Reagan Revolution and the shift toward a neoliberal socioeconomic policymaking framework coincided with (and largely prompted) the assertiveness of more politically moderate and business-oriented elements within the Democratic Party. With the economic fundamentals for strong trade

²³ Frances Fox Piven, “The Decline of Labor Parties: An Overview,” In F. Piven (ed.), *Labor Parties in Postindustrial Societies* (New York: Oxford University Press, 1992), 12.

unionism and a robust welfare state being undermined, these moderate elements became the foundational forces of an organizational renaissance for the long-existing centrist trend in the party. It brought together Southern Democrats who had Republicans nipping at their heels, foreign policy hawks seeking distance from a national party seen as hesitant about the projection of American force abroad, operatives who feared the strategic implications of the party's transformation into a coalition of minorities, and those who had always been more eager to court the constituencies of business and the finances that could flow therefrom.²⁴

The struggle between competing factions for control of the Democratic Party's policy agenda and public image represents the processes of ideological contestation and decontestation in operation. Appreciating the role played by factions in altering the dominant ideology of American political parties requires situating them within the larger party system. From David Hume to James Madison and beyond, factions have historically carried negative connotations, as they are believed to "subordinate the public good to private gain."²⁵ Given the cumbersome big-tent nature of American parties, however, looking beneath the labels of Republican or Democrat reveals it is the faction that is most important in setting agendas and determining outcomes. It is thus necessary to set aside the negative historical associations that the concept carries and place it at the center of the analysis of American political parties.

A faction is a party subunit generally characterized by ideological consistency, organizational capacity, and temporal durability that is capable of undertaking actions that shift the agenda priorities and reputation of a political party along the political spectrum. They are made up of a group of party affiliates who share a common identity, an awareness of the differences separating them from other party members, and who cooperate on a variety of issues.

²⁴ Baer, *Reinventing Democrats*, 34; Rae, *Southern Democrats*, 114.

²⁵ Harold Lasswell, "Faction," In *Encyclopedia of Social Sciences* 6 (New York: Macmillan, 1944), 51.

Often they acquire names or labels, create organizations, and articulate positions that diverge from the prevailing mainstream of the party.²⁶ In the American context, and as used in this study, factions are loose networks comprising members of Congress or other elected officials, candidates, party activists, pressure groups, policy entrepreneurs and think-tanks, fundraisers, ideologues, and intellectuals.²⁷

The faction is an amalgamation of the smaller subunits operating within and around a party that infuse it with direction and outlook. This is not surprising given the diffuseness of power in American federalism, characterized by the separation of powers between executive and legislative branches, an electoral system comprising two parties in first-past-the-post races, and the (historically recent) institution of a primary nomination system that removes the selection of candidates from the control of the official party apparatus. Unlike parliamentary systems that concentrate executive and legislative power and thus require coherent and disciplined parties in order to sustain majorities, the incentive for maintaining intra-party unity is not as strong.²⁸ Comparatively, American political parties are characterized by greater internal ideological variety, permeable recruitment channels with no official memberships, more open dissonance, and electoral opportunism on the part of individual candidates.²⁹ Decentralization, vague appeals, undisciplined legislative groups, and variation in local organization have been the most

²⁶ DiSalvo, *Engines of Change*, 5. This definition also draws on: David Hine, "Factionalism in West European Parties: A Framework for Analysis," *West European Politics* 5, no. 1 (1982); Ralph Nicholas, "Factions: A Comparative Analysis," In S. Schmidt (ed.), *Friends, Followers, and Factions* (Berkeley: University of California Press, 1977); and Norman Nicholson, "The Factional Model and the Study of Politics," *Comparative Political Studies* 5, no. 3 (1972).

²⁷ A slightly expanded version of the list found in: DiSalvo, *Engines of Change*, xii-xiv.

²⁸ Seymour Martin Lipset and Gary Marks, *It Didn't Happen Here: Why Socialism Failed in the United States* (New York: W.W. Norton & Company, 2000), 65.

²⁹ Maurice Duverger, *Political Parties: Their Organization and Activity in the Modern State* (London: Methuen, 1954), 418-19; Leon Epstein, *Political Parties in Western Democracies* (New Brunswick, NJ: Transaction, 1967), 264-65.

prominent traits of American parties, contrary to the hopes of reformers who advocated more ‘responsible parties’ along European lines.³⁰

Despite these characteristics that differentiate the American party system (and thus American parties) from parliamentary arrangements, it was long the case that the party was posited as the key unit of analysis in theorizations of the party system. V.O. Key, E.E. Schattschneider, and Anthony Downs all essentially envisaged the parties as competing teams.³¹ Given that the competition between the two parties is decisive for sustaining democracy and presenting voters with choice, this perspective thought the interparty relationship was key to understanding the movement of parties along the left-right spectrum.

By contrast, later scholars were emphasizing the decline of the party organization itself as a meaningful unit of analysis for understanding the political system, and interest groups, social movements, and individual candidates took the place of parties as the main political actors.³² In the most strident versions of the candidate-centered perspective, parties were seen as simply the “personal entourage of the candidate rather than a continuing partisan institution.”³³ John Aldrich characterized parties as “the creature of the politicians, the ambitious office seeker and officeholder.”³⁴ Instead of candidates, others highlighted the activities of coalitions of ‘policy

³⁰ Woodrow Wilson, *Congressional Government: A Study in American Politics* (Mineola, NY: Dover Publications, 2006 [1885]); Elmer E. Schattschneider, *Party Government* (New York: Farrar & Rinehart, 1942); American Political Science Association, “Toward a More Responsible Two-Party System: A Report of the Committee on Political Parties,” *American Political Science Review* 44, no. 3, Part 2 Supplement (1950); Leon Epstein, “What Happened to the British Party Model,” *American Political Science Review* 74, no. 1 (1980).

³¹ V.O. Key, *Southern Politics in State and Nation* (New York: Knopf, 1950); V.O. Key, *Parties, Politics, and Pressure Groups* (New York: Crowell, 1964); Schattschneider, *Party Government*; and Anthony Downs, *An Economic Theory of Democracy* (New York: Harper & Row, 1957).

³² As examples, see: David Broder, *The Party’s Over: The Failure of Politics in America* (New York: Harper & Row, 1971); Walter Burnham, *The Current Crisis in American Politics* (New York: Oxford University Press, 1984); Martin Wattenberg, *The Decline of American Political Parties, 1952-1980* (Cambridge: Harvard University Press, 1984).

³³ Norman Nie, Sidney Verba, and John Petrocik, *The Changing American Voter* (Cambridge: Harvard University Press, 1976), 346-47.

³⁴ John Aldrich, *Why Parties? The Origins and Transformation of Political Parties in America* (Chicago: University of Chicago Press, 1995), 4.

demanders’ – special interest groups, political activists, and ‘issues’ voters – operating outside of official party labels as the predominant units determining party agendas.³⁵

Focusing on the faction, which exists between the ideal unitary party and the individual politician, while subsuming many of the outside groups, allows for seeing how all these different actors are coordinated and concerted action is undertaken to control or influence the party as a whole. It makes it possible to cut across V.O. Key’s classic tripartite division of party ‘in government’, ‘in organization’, and ‘in the electorate’, highlighting the permeability and broad range of activities encompassed within American parties.³⁶ The presence of cohesive and determined factions, rather than weakening American parties, gives them more strength and durability than they are often believed to possess. Relatedly, the wide variety of public philosophies held by factions demonstrates a broader ideological spectrum in American politics than may be commonly assumed to exist. Daniel DiSalvo divides factions into two types: those seeking preservation and those seeking change.³⁷ Change factions are usually driven by ideology and work their way into government and use those positions to redefine a party from the top down, often focusing their efforts on the presidency.³⁸ This is precisely the strategy followed by the New Democrats in their remodeling of the Democratic Party. Although DiSalvo himself was ready to conclude that the New Democrats were on the verge of demise in 2008, a time when opposition to Bush and the second war in Iraq had invigorated left-liberals, this study will take a

³⁵ Marty Cohen, David Karol, Hans Noel, and John Zaller, *The Party Decides: Presidential Nominations Before and After Reform* (Chicago: University of Chicago Press, 2008).

³⁶ Key, *Parties, Politics, and Pressure Groups*.

³⁷ This distinction is made on the basis of a faction’s activities in modifying or defending party programs, seeking candidate nominations, shifting power distribution in Congress, shaping presidential strategies, and ultimately their impact on the development of the American state. See the discussion in: DiSalvo, *Engines of Change*, 11.

³⁸ *ibid.*

longer view encompassing subsequent developments, including the direction taken during the Obama Presidency, to demonstrate the continuing prominence of the third way perspective.³⁹

As mentioned, the preferences of the New Democrats' ideological remake dovetailed with the changing political-economic context brought about in the 1980s and thus they were able to benefit by portraying themselves as a modernizing trend in politics. Part of the argument in this dissertation, however, is that it was not only the economic transition to neoliberalism that provided the key opening for an insurgent centrist faction to take control of the Democratic Party. The New Politics faction of the party failed to construct a broad and comprehensive vision of progressive politics capable of responding to Reagan and commanding majority electoral support.⁴⁰ The failure of this faction, as much as the political savvy of the New Democrats, is also central to understanding the victory of third way centrism. With the New Politics faction's inability to find a unity in its diversity, the path was opened for the insurgents of the DLC to successfully take control of the party organization and enshrine a vision for the electoral left that accommodated, and at times furthered, the consolidation of the neoliberal shift in public policy.

The DLC's strident efforts to remold the Democratic Party have been explained variously as an opportunistic accommodation to the shifting of the American electoral environment, an embrace of neoliberalism and the abandonment of the Keynesian reform paradigm, and the strategic and tactical efforts of a faction vying for control of the party's political apparatus and platform.⁴¹ It is probably the case that all of these analyses capture a part of the explanation for why the Democrats moved closer to the center. The ideological reformation that the Clinton

³⁹ Daniel DiSalvo, "The Life and Death of the New Democrats," *The Forum* 6, no. 2 (2008): 2.

⁴⁰ Baer, *Reinventing Democrats*, 34-35.

⁴¹ As examples, see respectively: Donley Studlar, "The Anglo-American Origins and International Diffusion of the 'Third Way,'" *Politics and Policy* 31, no. 1 (2003); Alex Callinicos, *Against the Third Way: An Anti-Capitalist Critique* (Cambridge: Polity, 2001); and Baer, *Reinventing Democrats*.

years produced should be comprehended simultaneously, then, as a logical internal development of the factional struggle within American liberalism and as a reaction to the neoliberal project of the Reagan-Bush years.

There already existed before Reagan or neoliberalism an element within the Democratic Party that was uncomfortable with the party's move toward New Politics. Many of the adherents of this perspective, like Senators Sam Nunn and Chuck Robb and Representative Dick Gephardt, represented traditionally conservative Southern or Midwestern states and districts. But it was the lived reality of Reaganism and the rise of the New Right that made it possible for the New Democrats to become the dominant faction in a party that had been trending toward what some characterized as a surrogate social democracy. As Michael Harrington put it in the early 1970s, the party was becoming "a mass social democratic movement...in a pro-capitalist, anti-socialist disguise."⁴² The problem for New Politics though, was that the social democratic trend was gaining in influence at precisely the time when the socioeconomic foundations of Keynesian social democracy were being undermined, thus leaving the faction without a lens through which to explain or control contemporary capitalism.

It was the interaction of contextual transformation, political opportunism, and a stunning success at the maneuvers necessary to forge a coherent factional grouping that enabled the rise of the third way perspective and propelled the New Democrats to the position of agenda-setters. The perceived incoherence of the New Politics message, which combined a seemingly bankrupt proto-Keynesianism with divisive and controversial identity politics, was already being effectively used as a weapon by Republicans even before the New Democrats appeared on the scene. Deficiencies in the Reagan-Bush program, though, left an opening for a smarter group of compassionate modernizers. This was the image the New Democrats tried to portray of

⁴² Michael Harrington, *Socialism* (New York: Saturday Review Press, 1972), 110.

themselves: aware and appreciative of the challenges brought by internationalization and economic competition but more compassionate and intelligent in meeting them.⁴³

Democrats and Social Democrats

Given the global character of these socioeconomic changes, the analysis must also be situated within the larger case of how the Democratic Party in the United States has participated and played a leading role in the re-casting of the center-left internationally. The development of the third way globally moved in tandem with processes of party modernization and social democratic renewal, particularly those in Europe.⁴⁴ In dealing with these topics, this dissertation employs a number of concepts and ideas whose meaning and definition are not the subject of settled consensus. It is thus necessary to lay out in some detail the manner in which they will be used here, especially for the purposes of placing the history of the Democratic Party within the larger international context of the center-left's shift toward the third way. For instance, Chapter Three outlines a process of synthesis between European social democracy and American liberalism, but there are differences in the scholarly literature as to what the concept of social democracy should encompass. The liberalism associated with the legacy of Roosevelt's New Deal and Johnson's Great Society is understood as the uniquely American expression of social democracy while Blair's New Labour in Britain, for example, is seen as the ultimate unfolding of European parliamentary socialism's 'Americanization'.⁴⁵ American liberalism moved left

⁴³ A proposition offered by many social democrats internationally in recent decades: "[L]abor parties in most countries are deserting the field, acknowledging the necessity of adapting to international markets and of the austerity policies capital has demanded, arguing mainly their own superior technical capacity to develop and administer the neo-liberal policies that will match their market imperatives." Piven, "The Decline of Labor Parties," 18.

⁴⁴ Luke Martell, "Introduction," In S. Hale, W. Leggett, and L. Martell (eds.), *The Third Way and Beyond: Criticisms, Futures, Alternatives* (Manchester: Manchester University Press, 2004).

⁴⁵ Though Seymour Martin Lipset argued the case for the Americanization of European social democracy in 2001, as far back as 1940 the early American Communist leader Lewis Corey (Louis C. Fraina) was writing of how U.S. liberalism was the future of European socialism. Harvey Klehr summarized the prescient way in which Corey saw

toward an image reminiscent of European social democracy from the New Deal up to the 1980s while European socialism was concurrently becoming more ‘liberal’ in the U.S. sense. In converging first on the Keynesian path and then on the third way, the international center-left in Western Europe (especially the U.K.) and the U.S. can be seen as having largely synthesized into a single stream.

Before delving into a review of earlier debates about classical social democracy and the particularities of the American example, definitional clarification is needed to understand exactly what is being referred to here as ‘social democracy’ or ‘social democratic’. How broadly should social democracy be understood, and what exactly does it refer to? Is it a catch-all reformist paradigm that can encompass all or most of the postwar iterations of the Keynesian consensus? Or is it a narrower concept, specific to political parties operating in a particular time or adhering to a set of defined organizational traits? In considering the competing viewpoints over the inclusiveness of the concept, I would argue for a broader definition that allows for a comparative approach encompassing the electoral center-lefts of most of the major advanced capitalist democracies. Checklists that require specific characteristics when it comes to things such as membership in or control of the electoral left by trade unions are favored less than more inclusive conceptualizations that make for more productive comparison.

Sheri Berman argues that social democracy was “the most successful ideology and movement of the twentieth century,” but there is disagreement over who and what to include

that “rather than being an exception, America was actually the model for capitalist countries. Only the positions in the race had been changed; European socialists could see in America the image of their own unhappy future. Far from being a unique or even only slightly different case, America was the prototype for capitalism. In a curious reversal of roles, it was now the European socialists who could look across the ocean to see the future of their own movement. American development was not different than Europe’s; it was merely at a more advanced stage.” See: Seymour Martin Lipset, “The Americanization of the European Left,” *Journal of Democracy* 12, no. 2 (2001); and Harvey Klehr, “The Theory of American Exceptionalism,” (Ph.D. dissertation, Department of History, University of North Carolina, Chapel Hill, 1971), 126-30.

under the social democratic descriptor.⁴⁶ A few studies have followed a formalistic approach, whereby a party's name or membership in the Socialist International is the determining factor.⁴⁷ Others define social democracy on the basis of parties' decisions to participate in parliamentary democracy and to seek cross-class alliances.⁴⁸ This shares some similarities to Berman's ideological parameters, which are the adherence to the primacy of politics and communitarianism. A still larger group takes a heuristic approach rooted in a "multi-nation 'correlational' design" that designates whatever constitutes the electoral left in any given nation as the local incarnation of social democracy.⁴⁹

In his extensive study of postwar social democracy, Gerassimos Moschonas provides an outline of what he sees as the two primary definitional approaches that have been employed.⁵⁰ This is an alternative classification system from the triad just summarized, though some similarities can clearly be seen. The first of the two approaches is broad and highlights the reformist and gradualist character of social democracy and sees it as an integral force in the tempering of capitalism.

⁴⁶ S. Berman, *Primacy of Politics*, 201.

⁴⁷ William Paterson and Alastair Thomas (eds.), *The Future of Social Democracy: Problems and Prospects of Social Democratic Parties in Western Europe* (Oxford: Clarendon, 1988).

⁴⁸ Francis Castles, *The Social Democratic Image of Society: A Study of the Achievements and the Origins of Scandinavian Social Democracy in Comparative Perspective* (London: Routledge and Kegan Paul, 1978); Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1986); and Gøsta Esping-Andersen, *Politics Against Markets: The Social Democratic Road to Power* (Princeton: Princeton University Press, 1985).

⁴⁹ Gøsta Esping-Andersen and Kees van Kersbergen, "Contemporary Research on Social Democracy," *Annual Review of Sociology* 18 (1992): 189. This is by far the most extensive group. As examples, see: David Cameron, "Social Democracy, Corporatism, Labor Quiescence and the Representation of Economic Interests in Advanced Capitalist Society," In J. Goldthorpe (ed.), *Order and Conflict in Contemporary Capitalism* (Oxford: Oxford University Press, 1984); Geoffrey Garrett and Peter Lange, "Performance in a Hostile World: Economic Growth in Capitalist Democracies," *World Politics* 38 (1986); Larry Griffin, Philip O'Connell, and Holly McCammon, "National Variation in the Context of Struggle: Postwar Class Conflict and Market Distribution in the Capitalist Democracies," *Canadian Review of Sociology and Anthropology* 26, no. 1 (1989); Walter Korpi, *The Democratic Class Struggle* (London: Routledge and Kegan Paul, 1983); and Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990).

⁵⁰ Gerassimos Moschonas, *In the Name of Social Democracy – The Great Transformation: 1945 to the Present* (London: Verso, 2002), 15-17.

The social-democratic party was an outsider that managed to install itself at the centre of the system, without thereby becoming a centrist party. Located in a temperate zone, it is a force situated between the political extremes. In a sense, social democracy becomes synonymous with 'reformism'...their relationship would appear to be tautological... However anti-capitalist it may originally have been, it yielded a social and political regime that is generally regarded as 'reformed' capitalism, both in the methods employed and in the results obtained.⁵¹

The net is cast intentionally wide with this approach. While varying means of operation and different instruments are pursued or employed at different times, the overarching attention given to reconciling democracy and a capitalist economy serves as the unifying element of a social democratic public policy paradigm in this approach.⁵² He may be correct in denoting this as the popular understanding of what constituted social democracy (and how social democratic parties understood themselves) from the end of the war until the late 1970s, but Berman's ideological-based approach to the subject would also generally fit, even without being so specific as to the exact characteristics (i.e. the welfare state or Keynesianism). Thus, the interchangeability of the terms 'reformed capitalism' and 'social democracy' becomes a possibility in this definition. It bears closest resemblance to the heuristic model indicated above, but can also encompass the second grouping based on opting for parliamentary participation.⁵³ It is an understanding that, though not always directly acknowledged, has informed more recent studies of social democracy.⁵⁴

⁵¹ *ibid.*, 15-16.

⁵² Moschonas characterizes it as an 'Anthony Crosland' conception, wherein "social democracy = political liberalism + mixed economy + welfare state + Keynesian economic policy + commitment to equality." *ibid.*, 15.

⁵³ Esping-Andersen and van Kersbergen, "Contemporary Research on Social Democracy."

⁵⁴ In this group, see: John Callaghan, *The Retreat of Social Democracy* (Manchester: Manchester University Press, 2000); Gary Teeple, *Globalization and the Decline of Social Reform: Into the Twenty-first Century* (Aurora, Ontario: Garamond Press, 1999); Anthony Giddens, *The Third Way and its Critics* (Cambridge: Polity Press, 2001a); Anthony Giddens, "Introduction," In A. Giddens (ed.), *The Global Third Way Debate* (Cambridge: Polity Press, 2001); Andrew Gamble and Tony Wright, "Introduction: The New Social Democracy," In A. Gamble and T. Wright (eds.), *The New Social Democracy* (Oxford: Blackwell Publishers, 1999); and Michael Harrington, *Socialism: Past and Future* (New York: Arcade Publishing, 1989).

The second notion of what constitutes social democracy that Moschonas outlines is a narrower one defined by a constrained list of characteristics that determine a ‘mature’ 1960s party of the social democratic type. It might at first appear to share some of the traits of the formalistic approach discussed above, but it goes further. It is a six-point ‘social-democratic system of action’ that includes: a structured party apparatus with strong activists and finances; a privileged (often institutionalized) link with a centralized system of trade unions; an overwhelmingly working class electoral base, with significant segments of support from ‘middle classes’; a dominance of the left part of the political spectrum in their countries, with no significant competitors to their left; the sense of political legitimacy and image of competence among voters; and the institutionalization of the ‘social democratic compromise’ or a tripartite corporatist system encompassing trade unions, employers and the state aimed at averting industrial conflict and implementing incomes policies.⁵⁵

This list of defining features is more elaborate, yet also more restrictive than definitions that give prominence to social democracy’s foundational ideological principles or see it as more generically ‘the left’. While some of the six conditions can be found to characterize to a greater or lesser degree most left or reformist parties in North America and Western Europe in the postwar period, the successful implementation of a functioning tripartite corporatist arrangement severely limits the parties or movements that could be classified as social democratic.

Moschonas’s second, more restrictive definition also does not fully account for the ‘permanent revisionism’ that has characterized social democracy from the time of its break from Marxism. If social democracy is limited to only include those parties meeting the organizational and electoral requirements summarized by Moschonas, then the concept’s usefulness becomes

⁵⁵ Moschonas, *In the Name of Social Democracy*, 22.

restricted, as he admits, to the socialist electoral parties of “Scandinavia, Austria, West Germany in part, and, to a lesser extent, the Benelux countries.”⁵⁶

Because of the similarity in approaches to public policy that many of the European social democrats and the U.S. Democrats took during the times of the Keynesian ‘golden age’ and the third way respectively, employing the broader, ideological perspective of understanding social democracy is most appropriate for the purposes of this dissertation. It allows for these two electoral vehicles to be understood as functionally equivalent. They can more productively be analyzed and compared as part of a single analogous center-left paradigm during the postwar and neoliberal periods.⁵⁷ Classifying the Democratic Party as occupying the same space on the political continuum as social democracy is unorthodox. As Frances Fox Piven observed, treating the Democrats as a labor party along the lines of the European social democrats is to “take liberties.”⁵⁸ Of course, the American Democrats never had the same kind of socialist-inspired heritage or overridingly dominant union movement as did the left of many European countries. If we look at the core concepts upon which the Keynesian Compromise was based, though, the parallels between the two become clearer.

The New Deal vision of liberalism, which was embodied in the Liberal-Labor faction of the Democratic Party, was premised on concepts such as the building of a strong regulatory state, technocratic pragmatism, and political pluralism, with adjacent concepts like anti-communism

⁵⁶ *ibid.*

⁵⁷ Norman Birnbaum also follows this approach in his analysis of the Obama Presidency’s relation to the history of progressivism in the United States, which he designates “to be the American equivalent of European social democracy.” He also saw a fundamental compatibility between the Progressive regulation and antitrust movements of the early twentieth century in the U.S. and the social restructuring engaged in by European social democrats. Such compatibility is acknowledged, but for the purposes of this thesis, the main focus is on the Depression/postwar period and the third way shift of the 1990s, when the Democrats and European social democrats could be said to occupy parts of the same broad international center-left. See: Norman Birnbaum, “American Progressivism and the Obama Presidency,” *The Political Quarterly* 81, no. 4 (2010): 471.

⁵⁸ Frances Fox Piven, “Structural Constraints and Political Development: The Case of the American Democratic Party,” In F. Piven (ed.), *Labor Parties in Industrial Societies* (New York: Oxford University Press, 1992), 235.

and an internationalist foreign policy playing supporting roles.⁵⁹ The Keynesian program adopted by European social democrats during the postwar period, which was similarly based on core commitments to state regulation of capitalism, technocratic policy solutions, and a lessening of identification with one particular social class, placed them ideologically alongside the Democratic Party.

The significant differences in electoral structure between the American and European parliamentary systems produce different incentives for party discipline, as mentioned earlier, thus affecting the ability of governments to implement the various elements of Keynesian policy. Continental electoral characteristics such as proportional representation, mixed member party list systems, and fused executive-legislative functions have allowed European social democrats the political luxury of being more focused in their pursuit of corporatist economic arrangements, for instance. Though hindered by a more cumbersome electoral system and the separation of executive and legislative powers, American Democrats were no less committed to similar ideas. As Arthur Schlesinger, Jr. once remarked, “There seems no inherent obstacle to the gradual advance of socialism in the United States through a series of New Deals.”⁶⁰ Relying on such an ideological approach for comparison, it is possible to see that the Democratic Party and European social democracy shared many of the same basic philosophical commitments in the postwar period without having to necessarily possess the exact organizational characteristics proposed by Moschonas.

⁵⁹ See the description of the Liberal-Labor faction in: DiSalvo, *Engines of Change*, 52-55. The Liberal-Labor faction competed with the segregationist Southern Democrat faction in the postwar decades. Though Roosevelt had been adept at brokering conflict between the two, divisions between them became more prominent by the time the Civil Rights Movement began to grow in the 1950s.

⁶⁰ Arthur Schlesinger, Jr., “The Perspective Now,” *Partisan Review*, May-June 1947.

The two traditions, having emerged from very different pasts, began to move along a similar path of ideological development during this period. It was just as much (or even more) a case of social democracy moving rightward as it was American liberalism migrating to the left:

Democrats may have become center-left before anyone else, obliged by their different historical trajectory to build complex alliances with social groups other than the working class and to deal with unusually powerful capitalists. At the same time, from the New Deal through the 1960s, the Democrats followed many of the policy trajectories of their European brethren.⁶¹

The primary point here is that by the time of the cementing of the Keynesian paradigm, the trajectories of the European and American center-left were largely compatible, even if still separated by degrees of rhetoric or the relative influence of labor. When the New Politics faction rose to prominence in the Democratic Party in the early 1970s, their emphasis on core concepts like participatory democracy, egalitarianism, and class/group politics had corollaries in European phenomena such as the Militant tendency in British Labour or the Meidner plan in Sweden. The Keynesian Compromise produced its own left critics, most of whom were eventually routed by incipient third ways. The later joint turn toward a third way perspective, enthusiastically by some and less so by others, further confirmed the shared direction the two traditions follow.

Outline of the Study

This introductory chapter has opened discussion on the major questions and ideas to be addressed in this dissertation. Chapter Two deals with the topic of ideologies and how they should be defined. Historical methods for defining and understanding ideologies are reviewed, including Marxist, functionalist, and other hybrid attempts. It engages Michael Freeden's conceptual morphology approach to analyzing political ideologies and applies his notion of

⁶¹ James Cronin, George Ross, and James Shoch, "Introduction – The New World of the Center-Left," In J. Cronin, G. Ross, and J. Shoch (eds.), *What's Left of the Left: Democrats and Social Democrats in Challenging Times* (Durham: Duke University Press, 2011), 17.

‘decontestation’ in the creation of a morphological analysis of the third way. Particular attention is given to the central themes of opportunity, responsibility, and community that make up the New Democrats’ ideological framework.

The dissertation then proceeds in Chapter Three with an analysis of the ideological and historical roots of the international third way revisionist project, linking the contest between ‘New’ and ‘old’ Democrats within the U.S. setting to the broader and longer battle among competing left and centrist trends within the electoral center-left globally. Particular attention is focused on understanding the conflict between the left-liberal New Politics faction of the Democratic Party and the centrist New Democrat faction as an American expression of the same type of disruptions experienced by other left parties in the shift from Keynesianism to the neoliberal agenda that became hegemonic in the aftermath of the 1970s economic decline. During this period, there was an observable convergence of the policy frameworks and practices of European social democracy and the liberalism practiced by the U.S. Democratic Party. From this overview, it will be shown that what has occurred is that rather than the Democratic Party shifting more toward the European model, the latter has in fact become more like the former. American third wayism, though adapted to a European (especially British) context, has become the default position of international social democracy. Utilizing the work of recent scholars of social democracy, it will be demonstrated that this course of development was implicit in social democracy ever since its break from Marxism at the turn of the twentieth century.

Chapter Four examines in detail the rise of the New Democrat movement in the wake of the failure of the ‘New Politics’ constituencies of the 1960s and 1970s upsurges to develop a majoritarian policy agenda that could effectively respond to neoliberalism. Relying on historical research on the factional warfare in the Democratic Party in the late 1980s and combining it with

analysis of the key documents and initiatives of the DLC and its leading personnel, the reasons for the success of the moderate movement in capturing control of the party are presented. The promise that Clintonism and a supposed third way beyond both the old welfare state liberalism and the Reagan Revolution provided in a period of left despair cannot be underestimated. Additionally, the seminal role played by British social democrats in helping to codify the third way into the form it took internationally is examined, with particular attention placed on the intellectual roots of this round of social democratic revisionism. The chapter seeks to offer a critical appreciation for the third way's ideological and political argument.

In Chapter Five, the role New Democrats played in reshaping the public philosophy of the party in practice from inside the Clinton Administration is examined. From 'Reinventing Government' to welfare reform, New Democrat personnel and ideas were central to determining the direction the Clinton/Gore White House took on major policy challenges. A review of the key documents of the National Performance Review (NPR) and an evaluation of reinvention's reception in the academic literature are the basis of the chapter's first section. Documents obtained from the archives of the William J. Clinton Presidential Library in Little Rock, Arkansas, provide much of the material on which the welfare section of this chapter relies. Of particular importance are the records of the Domestic Policy Council headed by leading DLC member Bruce Reed, who also served as director of the Simpson-Bowles Commission on fiscal responsibility from 2010 to 2011 and chief of staff for Vice President Joe Biden from 2011 to 2013.

Chapter Six brings the history of the third way movement and the factional struggle up to date through the George W. Bush years and onto the eve of the Obama era. It charts the rise of what I call the 'New New Democrats' of the organization ThirdWay, which has succeeded the

DLC as the intellectual center of the moderate movement.⁶² Through analysis of news reports, position papers, and internal documents, as well as interviews, the connection of ThirdWay to the DLC and other organizations focused on challenging welfare state entitlements is charted. Presenting itself as the self-proclaimed guardian of “the ideological legacy of the modern Third Way movement founded by President Clinton and Prime Minister Tony Blair,” ThirdWay was founded and saw its fortunes rise concurrently with the DLC’s organizational decline.⁶³ It has for all intents and purposes replaced the latter as the preeminent New Democrat organization. Though a number of party liberals claimed the end of the DLC foretold the end of Clintonism and the dawn of a progressive resurgence, this chapter seeks to show that the recent period may actually represent the maturing consolidation of the third way’s dominance as the institutionalized political outlook of the Democratic Party.

The ideological allegiances of President Barack Obama and the public policy approach of his administration are the focus of Chapter Seven. A review of Obama’s own ideological self-image along with an analysis of his responses to a selection of key policy challenges, such as the economic recession and healthcare reform, make up a significant part of this chapter. In Chapter Eight, the political development of factional struggle and the direction taken by the New Democrats in the second half of the Obama Presidency are reviewed, with particular attention given to the jockeying for influence and ideological positioning that has begun among the Democratic Party’s factions as it begins to shift toward the post-Obama era. Much of this political maneuvering takes place within the very long shadow cast by a potential return of a

⁶² It is important to make a note of clarification here. Unless used in a direct quotation or title heading, third way, without capital letters, will be used throughout the dissertation to refer to the ideological trend of center-left politics; ThirdWay, capitalized and joined together as a single term, will refer specifically to the organization of that name which was founded in 2005 and succeeded the DLC. Though the organization eventually transitioned away from using the joined ‘ThirdWay’ form in their title and became ‘Third Way’, for purposes of clarity I will continue to employ the former style throughout.

⁶³ See the organizational description in: Anne Kim, Jim Kessler, Bernard Schwartz, and Adam Solomon, *The Politics of Opportunity* (Washington: ThirdWay, 2006), 21.

Clinton to the White House. ThirdWay and the centrist movement have begun positioning themselves in the hopes of playing the predominant role their predecessors in the DLC did under the first President Clinton. The more populist and left elements of the party, meanwhile, are fearful that ThirdWay will be right about the default positions of Clintonism and hold out hope of another direction, and potentially another leader, for the party.

The concluding section, Chapter Nine, reviews the findings of the dissertation and its importance for the studies of political ideology and American political parties respectively. It presents an evaluation of the New Democrat faction along four primary criteria: the extent of conceptual decontestation attained by its third way ideology; the faction's achievement in redefining the identity of the national party; the depth and breadth of the international export of that identity; and the policy evidence for the changes it sought to bring to American society.

CHAPTER TWO

MAPPING THIRD WAY IDEOLOGY

The government's responsibility is to provide opportunity for all citizens, but citizens have the responsibility to use those opportunities and give something back to the larger American community. Those three words – opportunity, responsibility, community – would define Clinton's presidency. When I joined the Clinton White House in 1998 I was instructed to invoke that trinity in virtually every speech I wrote. – Paul Glastris¹

Explaining the continued influence of third way principles of public governance among the policymaking elite of the Democratic Party, especially long after the temporal and spatial context that gave rise to them has passed, requires theorization about what ideologies are, how they develop, and the manner in which they become predominant. It brings to the fore the issue of whether the third way itself, whose advocates have regularly claimed it to be a pragmatist anti-ideology, constitutes a full-fledged ideology. This entails determining an appropriate analytical approach to the concept of ideology that is able to provide a plausible and convincing explanation of the development of center-left political thought over the last several decades.

Subjecting the third way to an analysis that draws on the theory of ideologies developed by Michael Freeden will illuminate how the relative success of the New Democrats in 'decontesting' their central concepts within the party has resulted in the predominance, or hegemony, of a consistent and coherent set of political principles that frame most Democratic approaches to public policy. Freeden's theorization will be explained in more extensive detail later in this chapter, but its broad outlines should be briefly presented as a preface to the review of ideology scholarship below.

Designating the political concept as his unit of analysis, Freeden repurposes Walter Gallie's idea of 'essentially contested concepts', or those concepts whose use and meaning are

¹ Paul Glastris, "Clintonism, Populism, and Hillary's Next Move," *Washington Monthly* 46, nos. 1/2 (2014): 4.

the subject of insoluble disagreements, to form the basis of his approach to distinguishing and mapping ideologies.² Seeing ideologies as their own distinct genre within political thought, Freedden presents a threefold method that relies on the practice of conceptual analysis used in political theory; infuses it with the empirical and contextual understandings of historical study; and examines the morphological patterns into which concepts are assembled and related, a technique derived from political discourse studies.³

In this approach, the central trait of an ideology is the rejection of the notion of the contested concept; ideologies seek to provide determinate meanings and understandings for particular concepts. They aim to ‘decontest’ the meanings of concepts in order to limit the space for debate and impose a shared understanding on a political idea. “An ideology attempts to end the inevitable contention over concepts by *decontesting* them, by removing their meanings from contest.”⁴ Ideologies attempt to make one particular characterization of a concept or cluster of concepts the commonly accepted or unchallenged view. It is the effort to crystallize the meaning of concepts like liberty, democracy, or equality: *this* is what community means and *that* is what equality entails. As an example, we can look to a paper on affirmative action written for the DLC and its affiliated think tank, the Progressive Policy Institute (PPI), by Seymour Martin Lipset in which he decontested the New Democrat view on equality by linking it to American Revolutionary traditions and simultaneously delegitimizing viewpoints that emphasized equal outcomes.

Affirmative action policies, perceived as special preferences for blacks, other defined minorities such as Native Americans, Hispanics and certain groups of Asians, and women, have introduced a new approach to promoting equality in American life. The old approach, initially voiced in the Declaration of Independence, emphasized equality for individuals, defined as equality of opportunity. The new approach focuses on

² Walter Gallie, “Essentially Contested Concepts,” *Proceedings of the Aristotelian Society* 56 (1955-56).

³ Freedden, *Ideologies and Political Theory*, 14.

⁴ Freedden, *Ideology*, 54.

equality for groups, defined as equality of result. It is the collision of these two views on equality that underlies the growing public controversy over affirmative action and quotas.⁵

By designating the view of equality associated with groups and affirmative action quotas as *new* and out of step with the *old* conception found in the Declaration of Independence, there is an inference that one is more ‘American’ than the other. Lipset’s association of “equality of income or class position” with European rather than U.S. preferences reinforced the theme.⁶ His arguments are an act of conceptual decontestation. They demonstrate how ideologies attempt to commonly define core concepts and those related to them and similarly proscribe their potential utilizations in the course of political action.

Developing an ideology, then, is the act of bestowing upon a particular cluster of political concepts a decontested meaning, and, in the process, deciding upon and legitimating a particular approach to political action. “Thus configurations of necessarily decontested concepts are the *sine qua non* of thinking rationally about politics – that is, in a minimally organized and purposive way – with a view to political action.”⁷ Applying Freedden’s approach to the U.S. third way demonstrates that its persistence can be comprehended as the result of the New Democrats’ success in first ‘contesting’ the New Politics’ collection of principles and then replacing them with their own decontested ideological concepts, namely their particular understandings of opportunity, responsibility, and community. As we shall see later, similar conceptualizations also informed the third way reorientation of European social democracy as well, particularly in the British case. Tony Blair, for instance, acknowledged the direct link of his third way ideological framework to that pioneered by the New Democrats.

⁵ Seymour Martin Lipset, *Equality and the American Creed: Understanding the Affirmative Action Debate* (Washington: Progressive Policy Institute, 1991), 1.

⁶ *ibid.*, 17-18.

⁷ Freedden, *Ideologies and Political Theory*, 5.

This chapter begins with a critical review of several of the primary historical schools of analysis concerned with the subject of ideology. They are evaluated in terms of their explanatory abilities and for the enduring aspects they contribute to the method used in this study. The central debate over whether ideology is a singular and deceptive concept, as in the original version of Marxian theory, or a plural and descriptive one, as with the functionalism common in American political science, is a thread that runs through much of this discussion. Attempts to bridge the Marxian/political science divide are then explored as a lead-in to Freedden's concept-based approach to studying ideologies.

The second part of the chapter will then present an explanation of the New Democrats' third way through an application of Freedden's framework. It will demonstrate how the approach can form the basis for understanding continued third way dominance long after the passing of both the early neoliberal context in which it was formulated and the Clinton years during which it reached maturity.

Defining Ideology

The topic of ideology (like factions) is one that has for a very long time been viewed negatively in popular American understandings of the term, while among academics it is a subject of much disagreement in terms both of how it should be defined and whether it constitutes a useful tool for analysis. There has been little consensus on how to define ideology, where it is to be found, and what role it should have within social science.

As Lyman Tower Sargent has pointed out, until the social upheavals of the late 1960s brought ideological debate to center stage, the popular American view was that the United States was mostly free of ideological influences and compromise was the defining component of U.S.

politics.⁸ Ideology was equated with the ‘isms’ that motivated America’s undemocratic opponents: fascism, Nazism, and communism. This viewpoint was given its most noted expression in Daniel Bell’s 1960 work, *The End of Ideology*, which initiated a long-running debate about whether ideological politics were or could be exhausted and transcended.⁹ Centrism and compromise were seen as the successors to the monolithic (and usually totalitarian) extremism presented as the defining feature of the conflicts of the inter-war period, the WWII Axis states, and the governments of the communist world.

In such perceptions, ideology becomes essentially fanatical, fundamentalist, and irrational. Passionate dogmatism stands in opposition to pragmatic pluralism. It is an attempt to force social reality to align with the unnatural designs of the ideologist. Francis Fukuyama’s celebration of the ‘end of history’ on the occasion of the victory of democratic capitalism in the wake of communism’s downfall was a resurrection of similar end of ideology thinking.¹⁰ Third way advocates adopted this line of thought when characterizing their opponents to the left and to the right of being wedded to inflexible ‘ideological’ worldviews while presenting their own approach as pragmatically rooted solely in ‘what works’.¹¹

For political science scholars more broadly, the disagreement has been concerned with ideology’s meaning and its importance in examining sociopolitical phenomena; as David McLellan said, ideology is “the most elusive concept in the whole of social science.”¹² In

⁸ Lyman Tower Sargent, *Contemporary Political Ideologies: A Comparative Analysis* (Belmont, CA: Wadsworth, 2003), xv.

⁹ Daniel Bell, *The End of Ideology: On the Exhaustion of Political Ideas in the Fifties* (Glencoe, IL: Free Press, 1960).

¹⁰ Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

¹¹ For instance, surveying the 1996 election, DLC/PPI leaders Al From and Will Marshall commented, “The big losers...were the extreme partisans of the left and right, whose ideological holy war made it virtually impossible for our political system to respond to the new challenges that confront America on the eve of the twenty-first century.” Al From and Will Marshall, “From Big Government to Big Ideas,” In W. Marshall (ed.), *Building the Bridge: 10 Big Ideas to Transform America* (Lanham, MD: Rowman and Littlefield Publishers, 1997), 1.

¹² David McLellan, *Ideology* (Minneapolis: University of Minnesota Press, 1995), 1.

enumerating a list of academic definitions of ideology current in the 1990s, Terry Eagleton compiled sixteen prominent ones, some with overlapping components and others with mutually exclusive precepts.¹³ John Gerring wrote that the term was employed to mean so many different and contradictory things that it could be said to exhibit “semantic promiscuity.”¹⁴ There are disagreements about whether ideology is a generic term for the political beliefs of any group or a temporally-specific descriptor for the deceptive practices of a particular class under capitalism; whether there are non-political ideologies distinguishable from exclusively political ones; and the relationship between political philosophy, political theory, and political ideology.

Scholarship of ideology is said to have begun with the coining of the word itself by French philosopher Antoine Destutt de Tracy in the late eighteenth century. Studying the rise of moral and political ideas, he designated such research *idéologie*, following on the establishment of fields such as biology or anthropology.¹⁵ He and his fellow *ideologues* sought to find an empirically verifiable foundation for rational thought and action, but instead found themselves running afoul of Napoleon Bonaparte who thought their attempt to discover a pattern for ideal methods of thought was disconnected from the reality of political practice. Thus, a pejorative quality was given to the concept almost from its very beginning. The practice of defining ideology as the scientific study of ideas has long passed from relevance, though as we shall see from an examination of two of the most prominent contemporary approaches to the subject, the negative overtones attributed to it have not.

¹³ Terry Eagleton, *Ideology: An Introduction* (London: Verso, 1991).

¹⁴ John Gerring, “Ideology: A Definitional Analysis,” *Political Research Quarterly* 50, no. 4 (1997): 957.

¹⁵ Terrell Carver, “Ideology,” In T. Ball and R. Dagger (eds.), *Ideals and Ideologies: A Reader* (New York: Longman, 2004).

Marxist and Functionalist Approaches

Rather than drawing on Destutt de Tracy, the contemporary study of ideology is overshadowed instead by the extensive work of Karl Marx and Friedrich Engels. It is the Marxist understanding of what constitutes the concept of ideology that is of interest here, rather than *Marxism* as ideology, which is usually the subject of most ideology textbooks. In much of the traditional Marxist conception, ideology takes on a pejorative connotation and is viewed fundamentally as the illusion or false consciousness of social reality under any class-dominated mode of production. Though Marx and Engels were analyzing the capitalist mode of production, the theory holds for feudalism before it or any class society. The ideas and institutions that naturalize the prevailing socioeconomic organization in capitalist society are produced, sometimes purposively but often unconsciously, in order to legitimize and make less visible the existing relations of exploitation. Ideology is deception aimed at disguising or rendering acceptable inequalities of class, and thus the centrality of power to any discussion of ideology becomes apparent. That power in the sphere of production is what makes power in the sphere of ideas possible.

The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness, and therefore think. Insofar, therefore, as they rule as a class and determine the extent and compass of an epoch, it is self-evident that they do this in its whole range, hence among other things rule also as thinkers, as producers of ideas, and regulate the production and distribution of the ideas of their age: thus their ideas are the ruling ideas of the epoch.¹⁶

¹⁶ Karl Marx and Frederick Engels, *The German Ideology* (New York: International Publishers, 2007), 64-65.

Distortion of the nature of class economic and political rule, or mystification, is the central characteristic of ideology in this definition. It is a necessity for the survival and maintenance of class domination. The oversimplified ‘base – superstructure’ model of Soviet Marxism-Leninism (itself a vulgarized ‘ideological’ construct) developed out of this conception and still enjoys widespread currency as a shorthand explanation of the Marxist understanding of ideology.¹⁷ If ideology is a distortion, it follows that it will disappear “once the material roots of the spiritual are recognized.”¹⁸ Upon the termination of class society, ideology too will lose any importance as a subject of study. The ideas of past ruling classes, long presented as being in the general interest of society, are finally exposed as particular interests.

This obsession with purposeful deception and mechanical correlations between thought and economic conditions has been complicated, however, by others working in the Marxist tradition. Writing later, Engels himself remarked of how in focusing on the economic “*derivation* of political, legal, and other ideological conceptions,” he and Marx had neglected the formal manner in which such conceptions arise. “Ideology,” he wrote, “is a process which is, it is true, carried out consciously by what we call a thinker, but with a consciousness that is spurious. The actual motives by which he is impelled remain hidden from him, for otherwise it would not be an ideological process.”¹⁹ Engels maintained the connotation of false consciousness in his characterization of ideology, but in asserting the dialectical nature of

¹⁷ In the genesis of the ‘Marxist-Leninist’ model, the perspectives of Joseph Stalin were central. Commenting on the topic of base and superstructure in 1951, he wrote: “The base is the economic structure of society at the given stage of its development. The superstructure is the political, legal, religious, artistic, philosophical views of society and the political, legal and other institutions corresponding to them. Every base has its own corresponding superstructure. The base of the feudal system has its superstructure, its political, legal and other views, and the corresponding institutions; the capitalist base has its own superstructure, so has the socialist base. If the base changes or is eliminated, then, following this, its superstructure changes or is eliminated; if a new base arises, then, following this, a superstructure arises corresponding to it.” Joseph Stalin, *Marxism and Problems of Linguistics* (Moscow: Foreign Languages Publishing House, 1954), 3.

¹⁸ Freedman, *Ideology*, 8.

¹⁹ Frederick Engels, “Engels to Franz Mehring,” In *Marx-Engels Collected Works, Volume 50* (New York: International Publishers, 2004), 164.

development he attempted to correct the rigidity with which his and Marx's earlier proclamations had been (and would continue to be) interpreted. He stated categorically that although it was rooted in spurious interpretations of the nature of social reality, ideology possessed an historical efficacy of its own, for "an historical element, once it is ushered into the world by other, ultimately economic, causes, will react in its turn, and may exert a reciprocal influence on its environment and even upon its own causes."²⁰ Later Marxist writers further undermined the simple base-superstructure understanding of ideology. Eagleton has pointed out, for instance, the similarly dialectical way in which Georg Lukacs conceived of thought, including ideological thought, as not merely reflective, but as cognitive and creative: "in the act of understanding its real conditions, an oppressed group or class has begun in that very moment to fashion the forms of consciousness which will contribute to changing them."²¹ Signaling a distinction in types of ideologies (and thus a non-singular conception of the term) Louis Althusser drew a distinction between 'theoretical ideologies', or misrecognitions of social reality constructed by oppressor classes for the purpose of political-economic obfuscation, and 'ideology in a practical state', or the thought constructs developed out of oppressed classes' actual life experiences – thus leaving open a space for a positive and non-pejorative role for ideology.²²

The enduring contribution of the classical Marxist conception of ideology is its emphasis on the centrality of socioeconomic practices and structures to the germination of human thinking and social practice. Stripped of any doctrinaire determinism, the notion that men may make their own history but not necessarily as they please has become a truism, as Freedman says. Its limitations historically, however, come from its direct (and almost sole) identification of ideology with the intellectual practices of one particular class – the ruling class of a given

²⁰ *ibid.*, 165.

²¹ Eagleton, *Ideology*, 94.

²² *ibid.*, 50.

historical epoch. Ideology thus becomes something historically-situated, ephemeral rather than ubiquitous. In feudal society there is feudal ideology and in capitalist society there is capitalist ideology. The social being of existence in a class society conditions social consciousness. The study of ideology is, in this understanding, concerned with uncovering the singular ‘truth’ of class rule. This focus on the domination and control aspects of ideology is important, but it discounts other features and functions that ideologies can and do play.

Taking a completely opposite tack is an approach centered in American political science that concentrates on the concrete expressions of ideologies rather than on the singular category of ideology. Sharing little if any common ground with the Marxist theory, it sees ideologies as social phenomena to be studied in a positivist and empirical manner. The political beliefs of the public and the behavior guided by such beliefs become the subjects of study. The focus is on analyzing and describing particular ideologies as systems of political ideas (incorporating beliefs, attitudes, opinions, and latent beliefs) that are organized, articulated, and consciously held.²³ Though the examination of any particular ideology may or may not end up characterizing it as a one-sided or biased interpretation of existing reality, the notion of a false consciousness or purposeful deception are not necessary components of the definition of ideology itself. This is a key feature distinguishing the approach from the Marxist theory. But also lost by this conceptual move is any sense of “grand political and ideational schemes,” which is traded instead for continuums of psychological and personality predispositions thought to determine ideological outlook.²⁴ The level of a person or group’s openness or resistance to change becomes the means to position them as a radical, liberal, moderate, conservative, or

²³ Freedman, *Ideologies and Political Theory*, 15.

²⁴ Freedman, *Ideology*, 40.

reactionary on a spectrum of political attitudes.²⁵ The structure and depth of ideologies in such a viewpoint become looser and shallower.

Many of the most influential of these definitions were formulated in the 1950s and 1960s. One of the common traits is the view of ideologies as ‘belief systems’ or ‘sets of beliefs’ that guide the evaluation of leaders and potential leaders, inform assessments of policies and regimes, determine political morality, and mobilize mass political activity. Karl Lowenstein defined an ideology as a “consistent integrated pattern of thoughts and beliefs explaining man’s attitude towards life and his existence in society, and advocating a conduct and action pattern.”²⁶ Another group of scholars, focused on the behavior of American voters, described ideology as “a particularly elaborate, close-woven, and far-ranging structure of attitudes,” that supplies “a manageable number of ordering dimensions that permit the person to make sense of a broad range of events.”²⁷ Robert Lane’s work on the political ideas of the ‘common American man’ is also representative of the approach. For him, ideologies were “bodies of concepts” that dealt with questions of how voters choose between political leaders, constituted arguments aimed at persuasion and opposition, embraced programs for reform or abolition of social institutions, rationalized group interests, and were “normative, ethical, moral in tone and content.” They were parts of “a broader belief system.”²⁸ Herbert McClosky’s definition was similar, seeing

²⁵ See: Leon Baradat, *Political Ideologies: Their Origins and Impact* (Upper Saddle River, NJ: Prentice-Hall, 2000), ch. 2.

²⁶ Karl Lowenstein, “The Role of Ideologies in Political Change,” *International Social Science Bulletin* 5, no. 1 (1953): 52.

²⁷ Angus Campbell, Philip Converse, Warren Miller, and Donald Stokes, *The American Voter* (New York: Wiley, 1960), 192-93.

²⁸ Robert Lane, *Political Ideology: Why the American Common Man Believes What He Does* (New York: Free Press, 1962), 14-15.

ideologies as “systems of beliefs” aimed at justifying the exercise of power, evaluating historical events, and determining political right and wrong.²⁹

This understanding of ideologies, appearing in any number of variations, very clearly distinguishes the notion of ideology from political thought more broadly. It sees ideologies as ubiquitous and, through a functionalist lens, seeks to explain their contributions to and purposes within the social and political contexts in which they are found. They are examined and classified based on the way in which they inform mass political behavior and the role they play in enabling and structuring actions. The standard left-right spectrum, or some variation of it, is often provided as a means to illustrate the range of the historically most salient and enduring ideological traditions. Typically, such studies revolve around expressions of the grand ideologies such as liberalism, conservatism, socialism, Marxism, fascism, etc., as systems of belief classifiable according to the attitude spectrum.³⁰ The emphasis is on what a liberal believes, a conservative believes, a socialist believes, and so on. As should be clear from the sampling of definitions above, this approach views the study of ideologies as an exercise in value-free social science, differing from the Marxist perspective.

The ‘end of ideology’ debate, characterized by the fear of ‘isms’, was an outgrowth of a pessimistic deviation of this functionalist, or political science, school. Daniel Bell, already mentioned, is joined in this group by Giovanni Sartori, who dismissively called an ideological approach to politics “typically dogmatic...rigid and impermeable.”³¹ Ideologies are thought of as doctrinaire systems that depart from actual observed reality and derive their motivation from

²⁹ Herbert McClosky, “Consensus and Ideology in American Politics,” *American Political Science Review* 58, no. 2 (1964): 362.

³⁰ In these sections on ideologies, the term liberal refers to classical liberalism, in contradistinction to the references to the contemporary popular usage of the word in American politics in the rest of the dissertation.

³¹ Giovanni Sartori, “Politics, Ideology, and Belief Systems,” *American Journal of Political Science* 63, no. 2 (1969): 402.

passion and emotion. Almost always attached to radical and totalitarian views (of both the right and left), ideologies are to be avoided. This viewpoint displays some similarity to the pejorative connotation that shades ideology in the Marxist viewpoint, although it does not see *Marxism* as the path to critical demystification. The end of ideology thesis was an alternative version of Marx's 'withering away', but instead of the state and capitalist ideology, it was monolithically passionate politics that would fade as a pragmatic pluralism accepting the welfare state and the mixed economy came to dominate in a new version of convergence.

The great shortsightedness of the various end of ideology theses has been their failure to see their designated endpoints for what they really were – the achievement of hegemonic status by particular ideological systems. In Bell's time, it was the postwar Keynesian social democratic order that he pegged as the termination of ideological conflict. Similarly, when history ended for Francis Fukuyama in the political events that unfolded from 1989 to 1992, what really took place was the achievement of neoliberal hegemony over Bell's supposed 'ideology-ender' of Keynesianism (as well over socialism more broadly). What united these two 'end' theorists was a downplaying of the contextual rootedness of their conclusions. Aware or not, in declaring the end of ideological conflict, they were actually engaged in decontesting the core principles of particular ideological frameworks. Much like the New Democrats of the third way, they were participating in an effort to close avenues of debate and enshrine particular conceptualizations of political thought and action as the only legitimate ones. They refused to see the conservative ideological nature of their perspective, especially in their rejection of any future-oriented social visions.³² Though it reappears on occasion, this pessimistic camp has not had the staying power or predictive validation to enjoy continued widespread support in academia.

³² Roger Scruton, "Ideology and the Environment," In K. Almqvist and A. Linklater (eds.), *Politics and Ideology* (Stockholm: Axel and Margaret Axson Johnson Foundation, 2012).

The broader functionalist approach remains important, though, for its emphasis on the ubiquity of ideology and the variety of its expressions. Contra rigid versions of Marxism, it enables the concept of ideology to have a broad applicability in analyzing the systems of political thought that motivate groups other than the dominating social class in a given era. Its great shortcoming, however, is the mirror image of Marxism's strength – its inability to highlight the effects of socioeconomic structure as a determinant in the formation of belief systems and approaches to political action.

Bridging the Two Perspectives

There have been analyses of ideology which go in the direction of a middle ground between the Marxist and political science perspectives on ideology, being more closely related to one while drawing on elements of the other. Karl Mannheim's description of ideology was close to that of Marx, but he differentiated two conceptions of ideology, the total and the particular.³³ The former described beliefs held in common by a group that limited its members to a view of the world supporting and legitimating the status quo. He saw the production of such views as attempts at thought control carried on by dominating classes aimed at protecting their rule. This is quite similar to the Marxist perspective. His 'particular conception' of ideology, though, referred to the belief that oneself or one's group has a view of the true nature of the world while the ideas of others are an illusion. It is the notion you have discovered truth while your opponents continue to be deceived. Ideology was still linked to a social genesis, but it was detached from a necessary connection with the bourgeoisie. Ideology becomes a reflection of all

³³ Karl Mannheim, *Ideology and Utopia: An Introduction to the Sociology of Knowledge* (London: Routledge, 1991), 50. See also the discussion of Mannheim in: Sargent, *Contemporary Political Ideologies*, 8.

historical and social environments, not only capitalism.³⁴ The implication in Mannheim's dual conceptions is that the singular category of ideology must become *ideologies* plural – the concrete products of social groups undergoing common experiences, enabling Marxism itself to become an ideology. Mannheim's classification of progressive or transformative systems like Marxism as 'utopias', while preserving the label 'ideology' for reactionary or conservative idea systems did somewhat limit the consistency of his theory though. The search for a 'true consciousness' was abandoned by Mannheim; but he also resisted the complete subjectivization of social knowledge that came with relativism.³⁵ His Marxist roots led him to some un-Marxist conclusions, but he did not veer into the positivist tradition.

As briefly discussed above, a number of similar conclusions are found within the works of those who directly identified with the Marxist tradition as well. Antonio Gramsci's notion of hegemony retained the conception of ideology as a safeguard for the ideas and interests of a dominant class, but challenged the ephemerality that had characterized the original version. He challenged the 'denatured' character of ideological analysis carried on by doctrinaire Marxists.³⁶ For him, ideology takes on a ubiquitous character, plays an integrative role, and is the conscious product of intellectual elites while often being the unconscious product consumed by the mass public. The dominant social class, however, is not the only group capable of producing an ideology. He distinguished between "historically organic ideologies", or the 'form' of the *historical bloc* whose 'contents' are the primary social classes of class struggle within capitalism, and those ideologies that were "arbitrary, rationalistic, or 'willed'."³⁷ These were the peripheral

³⁴ Freeden, *Ideology*, 12.

³⁵ Freeden, *Ideologies and Political Theory*, 26.

³⁶ Antonio Gramsci, *Selections from the Prison Notebooks* (New York: International Publishers, 1971), 376.

³⁷ *ibid.*, 377.

idea systems created by individuals or which motivated certain movements and polemics; they were no less important though in analyzing the balance of political forces.

As mentioned earlier, Althusser too emphasized ideology's dominance function but held it to be a permanent objective phenomenon that all social classes produced. As an 'imaginary' representation of the actual world and a 'lived' relation between individuals and the social conditions in which they found themselves, he designated it a 'cultural apparatus' that 'interpellated', or gave individuals identity, and served an integrating function. Generally, this integration was one of adaptation to the capitalist state, but not necessarily so.³⁸

Similar developments are apparent in anthropological scholarship as well. Claude Lévi-Strauss, while differing from Althusser in seeing ideology as a 'thought-of' order created external to objective reality rather than a 'lived-in' order, similarly saw it imposing logical forms of understanding and identity onto individuals, often unconsciously.³⁹ Clifford Geertz, too, discussed the integrative role of ideology, though he emphasized its cognizant construction over processes of unconscious absorption.⁴⁰ Psychological analysis of ideology picked up the centrality of cognition and choice as well – cognitive selection in the development of shared patterns of belief overrides the notion of illusion and deception.⁴¹

The work of such scholars highlighted the importance of the tension between the conscious and the unconscious to the analysis of ideologies. Each of them represented some combination of the respective strengths (and weaknesses) of the two primary traditions of ideological analysis, but the task of creating a more productive synthesis has fallen to contemporary scholars of ideology.

³⁸ Louis Althusser, "Ideology and Ideological State Apparatuses," In *Essays on Ideology* (London: Verso, 1984), 39.

³⁹ Claude Lévi-Strauss, *Structural Anthropology Volume I* (Harmondsworth: Peregrine Books, 1977), 312-13.

⁴⁰ Clifford Geertz, "Ideology as a Cultural System," In D. Apter (ed.), *Ideology and Discontent* (New York: Free Press, 1964).

⁴¹ Freedon, *Ideologies and Political Theory*, 21-22.

Conceptual Morphology and Decontestation

Synthesizing elements from these perspectives allows for the enumeration of the framework that guides Freedén's conception of ideologies. First, ideologies are always attached to social groups, but such groups do not have to be socioeconomic classes necessarily. They are produced by, directed at, and consumed by a wide variety of social groups. Second, ideologies perform the wide range of tasks necessary for social functioning emphasized in most of the previous perspectives: legitimation, integration, socialization, ordering, and action-orientation. Third, they are ubiquitous forms of political thought, not the ephemeral deceptions of one particular dominating group. They include perceptions, misperceptions, and conceptualizations of the existing or of alternative societies. Fourth, ideology is inevitably associated with power. This power may or may not be threatening or exploitative, but it is necessarily aimed at influencing and directing human action. And fifth, they are "thought-products" or "actual arrangements of political thinking" deserving investigation and analysis that goes beyond the simple descriptive approaches that characterized the political science approach.⁴²

The 'arrangements of political thinking' referenced in the fifth point highlight the central premise that distinguishes Freedén's theory of ideologies, namely that concrete ideologies are "formed out of unmistakably distinct configurations of political concepts."⁴³ The political concept is seen as the common analytical unit in both political philosophy and ideology, the two forms of political thought. Whereas philosophy is concerned with demonstration and relies on continuous reflection and self-criticism, Freedén emphasizes that ideologizing is about making truth claims and legitimating particular interpretations and courses of political action; it is more

⁴² *ibid.*, 22-23.

⁴³ *ibid.*, 48.

concerned with assertion.⁴⁴ It is the morphology of the concepts assembled for the purpose of such an exercise that gives an ideology its distinctive and recognizable character. Ideologies are “a distinguishable and unique genre of employing and combining political concepts.”⁴⁵

Freeden acknowledges his debt to Ferdinand de Saussure’s semiology revolution in linguistics, whose focus on symbolism in language and the connection between thought and word brought forward a number of insights relevant to his own designation of the concept as the basic analytical unit for political thought.⁴⁶ The realization that “a minor tweaking of the words and phrases” utilized by ideologies allowed for a multiplicity of meanings made the internal complexity of ideologies more apparent.⁴⁷ The unconscious manner in which grammar informs a native speaker’s use of a language was found to have a parallel in the way that ideological assumptions could also be held unknowingly. This allowed for seeing political thought in a manner quite different from both philosophers, who insisted on its reflective and purposive manner, and empirical scholars, who generally assumed ideologies were cognitively held.⁴⁸

Though he draws on the study of semiology founded by Saussure, Freeden is also well aware of the shortcomings of this school of thought which has become so closely associated with postmodernism.⁴⁹ By asserting the “inevitability of history,” he cautions against going down the path of ‘strong relativism’ opened by Saussure’s sole focus on the relationship between word and concept, rather than at “the triple relationship between word, concept, and referent.”⁵⁰ Engaging

⁴⁴ *ibid.*, 28.

⁴⁵ *ibid.*, 48.

⁴⁶ *ibid.*, 49.

⁴⁷ Freeden, *Ideology*, 46.

⁴⁸ *ibid.*

⁴⁹ He remarked that the ‘linguistic turn’ associated with postmodernism, despite its “essential destructiveness” and “skeptical and frequently nihilist epistemology,” was beneficial in facilitating “a redecontestation of political concepts,” providing a necessary corrective to tendencies toward economism. But, he continued, “the existence of historically long-term families of ideological interpretation” suggested that the contingency of meaning was not as extensive as some post-structuralist theories held. Freeden, *Ideologies and Political Theory*, 94-95.

⁵⁰ *ibid.*, 94 and 54.

Eagleton's warnings about this 'Saussurean trap', Freedden's model asserts that the political concepts which structure an ideology are "neither arbitrary, nor simply stipulative, models that the theorist invites us to adopt, but constructs that reflect social and historical usage."⁵¹ Historical, cultural, and social contexts provide the boundaries for plausible decontestations – they provide a part of the third component of the triple relationship – the referent. In addition to the economic system for instance, the ideological character of certain aspects of national social formations, such as a country's political party system, enter the equation at this point. To quote Stuart Hall, such a perspective understands determinacy "in terms of setting of limits, the establishment of parameters, the defining of the space of operations, the concrete conditions of existence, the 'given-ness' of social practices."⁵² The other concepts assembled by an ideology, and their accepted meanings, serve as further referents.⁵³ This means that an interpretation of an ideology must have diachronic as well as synchronic aspects, i.e. it must be analyzed in terms of its place in a historical continuity as well as in its contemporary expression(s).

By requiring that the understanding of political concepts be informed by an assessment of the impact of past history on their elaboration and usage, Freedden avoids the semiotic proposition that would imply political/ideological conceptualizations are the determinants of social/economic reality.⁵⁴ But neither does he embrace a solely economic understanding of ideology as necessarily belonging to the "material structure of society as a whole."⁵⁵ Concerned more with "what ideology is as a form of political theory than with what it is good for," Freedden's model maintains a focus on ideologies' "dual existence" as idea patterns that are used both for

⁵¹ *ibid.*, 52.

⁵² Stuart Hall, *Critical Dialogues in Cultural Studies* (London: Routledge, 1996), 45.

⁵³ Freedden, *Ideologies and Political Theory*, 50.

⁵⁴ See the discussion of this 'post-Marxist' error in: Eagleton, *Ideology*, 213.

⁵⁵ *ibid.*, 30.

understanding and for (re-)shaping the political world.⁵⁶ Though it takes account of the influence of culture and history on ideological construction, its primary purpose is the analysis of individual ideologies rather than the critical evaluation of the subject of ideology itself, as was Eagleton's goal. It therefore concerns itself with discovering the unique idea patterns that, via their temporal and spatial endurance, give ideologies identity, with the political concept serving as analytical unit.

The focus on the centrality of certain political concepts, and then the related concepts which branch off or are connected to them, allows ideologies to be seen as patterns of political thought and political assumption instead of only as lists of consciously-held beliefs and attitudes. The possibility of concepts having different (but contextually-conditioned) meanings and interpretations also permits the same words, or symbols, to be valued and understood differently when employed in relation to other concepts or in other patterns. For instance, the concept equality can take on different connotations depending on its situation in either a liberal or socialist discourse. It may imply the need to ensure equal educational or employment access in one use or the necessity of income leveling in another – meritocracy or equity. It is only the relation a concept has to other concepts that stabilizes its meaning within a particular ideology.

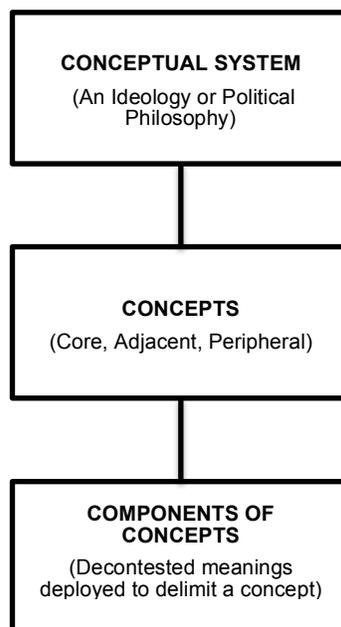
Ideology is thus located at the intersection of meaning and form, representing a sampling of the wide variety of possibilities from the range of political thinking, but assembled into and contained in a pattern that can be communicated and is capable of inspiring action. Concepts drawn from political thought are the building blocks out of which actionable patterns are created. "Ideologies...are the complex constructs through which specific meanings, out of a potentially unlimited and essentially contestable universe of meanings, are imparted to the wide range of

⁵⁶ Freeden, *Ideologies and Political Theory*, 97 and 51.

political concepts they inevitably employ.”⁵⁷ They are the means by which the indeterminacy of political society can be organized and evaluated. They select, privilege, and prioritize certain social meanings among those available, and then attempt to enforce the resulting interpretation.⁵⁸

A three-tiered system of analysis is thus constructed.⁵⁹ Different concept components, or decontested meanings, define a concept. In turn, the concept is then combined with other similarly delimited concepts. As the fundamental unit of analysis, the concept becomes the middle tier, defined by its components and then deployed in connection with other concepts to form a systematic pattern. These systems of concepts, or concept clusters, are the structures that provide the morphological body of political philosophies and ideologies. They are differentiated by which political concepts are designated as the cores around which they are developed, and by the adjacent and peripheral concepts they attach to that core.

Figure 1. Three-Tiered Model of Ideological Analysis



⁵⁷ Freeden, *Ideologies and Political Theory*, 54.

⁵⁸ Freeden, *Ideology*, 50.

⁵⁹ Freeden, *Ideologies and Political Theory*, 75.

It is important to keep in mind that specific expressions of an ideology are rarely defined by one single core concept, though it is sometimes common practice to characterize them in this way. For example, it would be hard to imagine a version of liberalism that did not have the concept of liberty at its core, but the ideology cannot be reduced to that concept alone. The same could be said of conservatism's relation to tradition, or socialism's to equality. In looking at the arrangements of concepts in the third tier, it is useful to think of a cluster with a number of core concepts at its center out of which numerous branches link elements of various importance, though not necessarily in a hub and spoke fashion.⁶⁰

Given that both political philosophies and political ideologies are arrangements of concepts, the morphological distinction between them then is the manner in which they deal with essential contestability. As mentioned in the introductory section of this chapter, the idea of essential contestability employed by Freeden is an adaptation from Gallie. Political concepts were characterized as essentially contestable by Gallie primarily because they were appraisive, or expressions of value.⁶¹ Freeden probes deeper into the structural explanation for such ineliminable characteristics.

While the appraisive character of political concepts is important, it is not the central reason for essential contestability; rather it is the variety of contents that can be placed into a concept which give them this character. In Freeden's model, essential contestability consists of two propositions. First, the norms and values of a concept must be contestable, that is incapable of factually correct evaluation. For instance, it cannot be verified that freedom is good or that social hierarchy is better than equality. There is no universally accepted system of values that would permit such an assessment; these are ethical judgments. Second, every concept contains

⁶⁰ William Connolly, *The Terms of Political Discourse* (Lexington, MA: Heath, 1974), 14.

⁶¹ Freeden, "The Morphological Analysis of Ideology," 119.

more potential components than can be included in one definition or use of the concept. Freedden characterizes this as each political concept having “manifold conceptions.”⁶² To return to the example of freedom, it may be deployed to mean the absence of restraint, or negative freedom, or conversely as positive freedom, possessing the ability to fulfill one’s potential. There is no means of determining which conception of the concept is a necessary part of defining it. Its polysemy, or capacity to signify multiple meanings, does not allow for a settlement of the dilemma.⁶³

Political philosophies deal with essential contestability by attempting to explore all the logical components of a concept and trace an argument about the incompatibility of particular cultural connotations or variances to their argument. They can make reflective or rational cases for choosing among components. Ideologies, by contrast, seek the elimination of indeterminacy rather than acknowledging it and making an argument for why one conception should be preferred over another. They want to “maximize or optimize determinacy” contrary to the exploration of indeterminacy that characterizes philosophizing.⁶⁴ Rather than making a case for rational selection, they “allow a socially situated and partisan value-arbitrated choice among adjacent components” and rely on a mix of rational criteria, emotional inclination, and cultural value-preferences.⁶⁵

The goal is to convert a variety of options and possibilities into the certainty that is required of political decision, which is the basis of political identity. The link between contestability and determinacy is at the same time the bridge between political thought and

⁶² Freedden, *Ideology*, 53.

⁶³ David Collier, Fernando Daniel Hidalgo, and Andra Olivia Maciuceanu, “Essentially Contested Concepts: Debates and Applications,” *Journal of Political Ideologies* 14 (2006).

⁶⁴ Freedden, *Ideologies and Political Theory*, 75.

⁶⁵ *ibid.*

political action. Whereas philosophers or linguists “challenge the one-to-one relationship between signifier and signified,” ideologies seek the reverse:

They aim at cementing the word-concept relationship. By determining the meaning of a concept they can then attach a single meaning to a political term. Ultimately, ideologies are configurations of *decontested* meanings of political concepts, when such meanings are ascribed by methods at least partly foreign to those employed in currently predominant approaches of scientists, philosophers, linguists, or political theorists.⁶⁶

The connection with power is clear. Decontesting the meaning of a concept is an act of decision, of foreclosing alternative options. It is the forging of political identity, of power-wielding, though not necessarily in a pejorative sense. “Because ideologies involve concerted action, they relate to the sphere of organization; because they relate to decisions, they relate to control; and because they involve language, they relate to the attempted injection of certainty into indeterminacy.”⁶⁷ The competition of ideologies is the struggle over which meanings of concepts and concept systems will be accepted as legitimate and established as the ‘correct’ usage. As much as ideologies are competitions over plans for public policy, they are also competitions for control of political language. In fact, the latter is often the conduit through which the former takes place. Decontestation is a way of dealing with the ambiguity and indeterminacy of political language.⁶⁸

The question of why one decontestation prevails over another is where “morphology is underwritten by culture and history.”⁶⁹ The time and space in which an ideology is anchored shapes the range of logical interpretations that its conceptual arrangements may make.

⁶⁶ Freedden, *Ideologies and Political Theory*, 76.

⁶⁷ *ibid.*, 77.

⁶⁸ It is important to acknowledge that indeterminacy may sometimes be embraced by the bearers of an ideology, especially if avoidance of a particular political decision is sought. The vagueness that sometimes characterizes political parties and their platforms is an example. Facing a pluralism of preferences among the consuming public with no clear benefit for embracing a determinate position, parties may opt for no decision.

⁶⁸ Freedden, *Ideologies and Political Theory*, 76.

⁶⁹ *ibid.*

Approaching the question of rights to property in land, for instance, will have different logical possibilities in the United States in the aftermath of its War of Independence against Britain than in Soviet Russia immediately following the Bolshevik Revolution. Cultural and historical factors in particular nations, groups, or parties bracket the logical possibilities ideologies can take. The conventions, symbols, values, practices, and fashions of an ideology are always rooted in specific cultural and historical settings, even when they portray themselves as universalist in their appeal. Thus, ‘successful’ ideologies attempt to synthesize their bearers’ objectives with “the themes that have arisen out of the original and unique history” of their setting.⁷⁰ For the purposes of this study, this would mean the institutional settings of the nation-state and, at a more detailed level, the political party.

Taking account of institutional setting requires attention also to the act of ideological production carried out by and within parties. While the next chapter deals in more detail with the question of parties and factions, at least a few words on the role of political organizations in ideological formation and promotion should be said here. As Freedman’s model implies and Sheri Berman has written, “ideologies exist at the juncture of theory and practice.”⁷¹ And within the marketplace of political ideologies, it is the political party that has long been viewed as one of the primary ‘carriers’ of ideologies. As Berman said:

Ideologies do not achieve political prominence on their own; they must be championed by “carriers” capable of persuading others to reconsider the ways they think and act. This is...one critical role played by many political parties...they promoted or diffused ideologies to a mass audience and provided the political vehicle through which true believers strove to implement particular political projects.⁷²

Similarly, B. Guy Peters has designated political parties as the “carriers and promoters of ideological values,” and Francesca Vassallo and Clyde Wilcox described parties as the

⁷⁰ Roger Simon, *Gramsci’s Political Thought* (London: Lawrence and Wishart, 1982), 61.

⁷¹ S. Berman, *Primacy of Politics*, 10-11.

⁷² *ibid.*, 11.

“repository of ideologies,” bodies into which ideas and preferences may be inserted by various social movements, interest groups, research institutes, think-tanks, and the like.⁷³ The institutional specificities of the American party system, broached in Chapter One and discussed further in Chapter Three, have resulted in party factions fulfilling the role of vehicles for the development of many of the most prominent political ideologies – “factions inject ideas into the parties.”⁷⁴

While parties serve as venues of ideological contestation, Freedon states that “ideologies are rarely formulated by political parties” themselves and that the function of parties is to present ideologies in a form efficiently consumable by the general public. They operate, he says, “at the mass production end of the long ideological production line,” with the actual development of ideological frameworks being carried out by groups *within* a party or operating outside of it.⁷⁵ This recalls Gramsci’s focus on the ‘organic intellectual’ element of a political party – his ‘Modern Prince’ – as the elaborators of new ideological frameworks to compete for hegemony.⁷⁶ In analyzing the New Democrats, we are similarly focusing on the efforts of a particular factional element within the Democratic Party who elaborated and decontested the third way ideology.

Ideological Morphology – Arranging and Ranking Concepts

Returning once more to the morphological approach, the three-tiered vertical structure of components-concepts-concept system elaborated above must now be expanded horizontally to analyze the arrangements of the third tier and the typology of concepts that make up the second. The structure of the concept clusters has to be examined in order to distinguish one ideology

⁷³ B. Guy Peters, *Institutional Theory in Political Science: The ‘New Institutionalism’* (London: Continuum International Publishing Group, 2012), 145; and Francesca Vassella and Clyde Wilcox, “Party as a Carrier of Ideas,” In R. Katz and W. Crotty (eds.), *Handbook of Party Politics* (London: Sage, 2006), 414.

⁷⁴ DiSalvo, *Engines of Change*, 33.

⁷⁵ Freedon, *Ideology*, 78-79.

⁷⁶ Gramsci, *Selections from the Prison Notebooks*, 129-56.

from another and, just as important, to illuminate the variations of expression within an ideological family or tradition over time and space. It is the relationship of the concepts and their positioning relative to one another that gives an ideology its anatomy. In order to map out the morphologies of the third tier, it is necessary to first distinguish the different types of concepts – core, adjacent, and peripheral – that go into them from the second tier.⁷⁷

Concepts designated ‘core’ are those with long-term durability, present in most known expressions of an ideology. They are “indispensable to holding the ideology together, and are consequently accorded preponderance in shaping that ideology’s ideational content.”⁷⁸ As mentioned earlier, core concepts would be those ineliminable ideas such as equality in socialism, liberty in liberalism, or tradition in conservatism, without which the identity of an ideology is lost. These are not necessarily the sole core concepts that define these respective ideologies, but their absence would call into question whether a professed form of socialism is really socialist, for instance. Every expression of an ideology will almost certainly have these in their core, but other concepts may also be present. Designation of the concepts that make up the core is not determined in some metaphysical fashion, but by observing and mapping the concepts that hold centrality in the written and oral expressions of an ideology’s adherents and their critics. The designation of multiple and changing core concepts gives Freeden’s model greater strength and adaptability than approaches which identify an ideology with a single central concept.

The internal mix of the core is affected by the second and third order concepts and the way they are positioned relative to it. At the second level, connecting out from the core, are adjacent concepts, which link the core into “a more determinate and decontested semantic

⁷⁷ Freeden, “The Morphological Analysis of Ideology,” 124.

⁷⁸ *ibid.*, 125.

field.”⁷⁹ They function to shrink the room for multiple interpretations and pull an ideology toward a more defined location within the ideational field. In Freedén’s model, adjacent concepts will not appear in all observed instances of an ideology, but they anchor the core in a particular direction. As an example, progress and liberty may be seen as core concepts for liberalism, but an emphasis on entrepreneurship as an adjacent concept will produce a more market-oriented liberalism whereas a privileging of mutual responsibility may result in a focus on welfare state policies.⁸⁰

At the third level of ideological morphology are peripheral concepts, which are generally the most specific and detailed concepts or positions of an ideology. They are the point where theory and political practice meet. The periphery, though, can be conceptualized as possessing a dual nature, one marginal and the other perimeter. There are concepts that Freedén designates as marginal, which are more ephemeral emphases of an ideology. Being insubstantial to the core of the ideology, they will come and go, may reduce in importance, or even disappear altogether depending on need and utility. Conversely, they could migrate closer to the center and take on a more defining role in specific contexts. Freedén gives the examples of the waning and waxing importance of violence in various expressions of fascist ideology or of nationalization in social democracy.⁸¹ They remain absolutely important for understanding specific observed instances of an ideology, but are not a necessary condition for definition.

Whereas the abstractions expressed in core, adjacent, and marginal-peripheral concepts enable ideologies to have flexibility and wide appeal across space and time, the manner in which they react to the events, institutions, and attitudes of specific societies enables them to have contextually-specific currency. Existing on this dimension of time and space, perimeter-

⁷⁹ *ibid.*

⁸⁰ See the discussion in: Freedén, “The Morphological Analysis of Ideology,” 125; and Freedén, *Ideology*, 81-83.

⁸¹ Freedén, *Ideologies and Political Theory*, 78-9.

peripheral concepts reflect the reality that core and adjacent concepts “are located in historical, geographical, and cultural contexts.”⁸² The perimeter concepts are the application of generality to existing social reality; they are where social relevance is determined. These perimeter components are often more specific policy proposals or political positions rather than full concepts, given that they focus on the less generalizable features of a specific political setting.⁸³ A liberal favoring the institution of a system of school vouchers to facilitate choice for parents and students would be an example of a perimeter expression of more generalizable adjacent concepts like individualism and market allocation, which in turn connect to important core concepts like liberty and progress.

Although peripheral concepts are placed in the third order of the morphological structure, such positioning should not be interpreted as hierarchical. Though they are the most contingent part of an ideology’s structure, for open ideologies they are also the point where relevance to political practice is greatest. And in examining the policy outputs of the New Democrat faction, they are where this dissertation will spend the most time. Whereas philosophies and more doctrinaire ideologies are organized with much less reference to peripheral applications, open and influential ideologies are periphery-driven to a significant degree.⁸⁴ Peripheral components are the “vital gloss” of an ideology, the piece of the structure that gives it life and appeal within a specific sociocultural context.⁸⁵

Critiques of the Morphological Approach and Concept Contestability

The model developed by Freeden conceptualizes the analysis of ideologies as an exercise in mapping, in which the anatomy of ideologies is drawn based on the decontested concepts and

⁸² *ibid.*, 79.

⁸³ *ibid.*, 80.

⁸⁴ *ibid.*, 81.

⁸⁵ *ibid.*, 78.

practices of their adherents. As he says, analysis must proceed “from the concrete inspection of political practices and through them (re)constructing the larger, often implicit, core and adjacent morphology.”⁸⁶ His theorization and method, which together have become one of the most prominent contemporary schools of ideological analysis, proceed on the basis of principles that have been the subject of criticism. Critiques of the approach can be grouped into three perceived shortcomings: ideological mapping amounts to little more than common description; no map will be able to account for every component or expression of an ideology; and the essential contestability of concepts is doubtful from a philosophical perspective.

Gerald Gaus questioned whether mapping exercises go beyond the reliance on attribute listing that characterizes most simple compendia of ideologies. Such itemizations of beliefs are quite good at description, but do not venture deeply into analysis or explanation. “Conceptual cartography,” Gaus writes, “remains essentially descriptive.”⁸⁷ He says that theorizing about concepts must include either an explanation, critique, or defense of a concept in order to be philosophical, otherwise it is just ‘lexicographical’ and consumed with describing the words used by a concept and their relation to one another. This criticism would be misapplied in the case of Freedman’s model, however. While it may be true that, unlike political philosophers, mappers of ideology are less focused on delineating ‘the desirable’, this does not therefore automatically reduce it to mere description. Ethical or moral evaluation of an ideology is not a necessary component of analysis, contrary to what Gaus implies. Mapping is a method for interpreting the political possibility and institutional consequences of a desired policy or political action – an illumination of the ideological character of particular instances of political thought. Thus Gaus’s dismissal of conceptual mapping is rooted in a misconception about what the practice is aimed at

⁸⁶ Freedman, *Ideologies and Political Theory*, 81, Footnote 54.

⁸⁷ Gerald Gaus, *Value and Justification: The Foundations of Liberal Theory* (Cambridge: Cambridge University Press, 1990), 5.

doing; it is neither philosophizing nor is it only reflecting an ideology's existing usage through listing. Thus ideological analysis is not simply the "handmaiden to philosophical projects" as Gaus would have it, but supplies a middle range theory that links "abstract generalizations with concrete instances."⁸⁸

The second critique, also made by Gaus, is that the practice of mapping is inherently defective and limited because "it is impossible to construct conceptual maps that coherently relate and explain all the relevant features of a concept."⁸⁹ This perceived shortcoming flows directly from the misconception that characterized the previous one. By assuming the purpose of conceptual mapping is purely descriptive, the obvious inability of such a map to capture every detail or expression of a concept would put into question its usefulness. However, given that this assumption of Gaus was upended, so too is the necessity for a map to meet the stringent descriptive hurdle he would place upon it. Conceptual mapping is geared toward understanding specific instances within the larger field of political thinking. Since the focus of ideological analysis is to illuminate the range of political thought guiding and/or informing political action, it is not necessary for a map to capture every link for every concept. There is undoubtedly an unavoidable subjectivity in the creation of an ideological map, and every map will always fail to capture some component or perimeter influence that another map might have granted greater importance. This, however, is not a sufficient reason to dismiss the endeavor itself.

Finally, the essential contestability of concepts has been questioned from a philosophical standpoint. Peter Morriss's designation of dispute resolution and logical clarity as the central purposes of philosophy is the best representative of this camp.⁹⁰ In analyzing the concept of power, Morriss contends that he does "not believe that there are unresolvable conceptual

⁸⁸ Freeden, *Ideologies and Political Theory*, 129.

⁸⁹ Gaus, *Value and Justification*, 5.

⁹⁰ Peter Morriss, *Power: A Philosophical Analysis* (Manchester: Manchester University Press, 1987), 202, 206.

disputes” and that “with a lot of hard thinking we can get the logic of our concepts sorted out.”⁹¹ This overlooks the fact that concepts in political thinking do not function on a purely logical basis and that cultural and historical factors can and do have just as much to do with contestability as logic – probably more. Analysis of political concepts, just like the subject matter itself, is inevitably characterized by indeterminacy and selectivity. The assumption that there is always a logical resolution between conflicting viewpoints or conceptualizations is an unrealistic one in the extreme.

Having thus anticipated some of the objections to the morphological approach and the notion of essential contestability, it is now necessary to utilize Freeden’s model and attempt a mapping of the third way in its United States expression.

Mapping the Third Way – Opportunity, Responsibility, Community

Later chapters will delve in greater detail into the primary documents, manifestos, and programs of the New Democrat movement and the policy actions of its adherents. The historical and institutional context from which the third way arose both internationally and domestically will also be explored. In this section of the current chapter, though, the task is to sketch out a morphological map of the American third way that draws on Freeden’s method. Such a map will provide a framework through which the central ideas and events of the New Democrats’ history can be comprehended. The presentation of a third way map *before* the document analysis and interview data of the later chapters should not be interpreted as representing the sequential process at work in the dissertation’s research, however. As a matter of order, data collection and analysis came first, and then the map was constructed. But for the purposes of better illustrating the process of decontestation at work, the final product is presented here before the evidence that

⁹¹ Morriss, *Power*, 206.

comprises its contents. It will serve as a tool for understanding the endurance of third way ideas and for evaluating the level of influence they still hold within the Democratic Party into the Obama era and possibly beyond.

Embarking upon the construction of such a morphological map, though, assumes that the third way constitutes an ideology – a proposition that is not universally endorsed. As has been stated, third way advocates have long presented themselves as non-ideological, preferring the image of pragmatists unbound by doctrine. Such a position of course follows on the Bell/Sartori thesis in equating ideology with dogmatism. Within third way scholarship, there have also been differences on whether it has earned the designation of ideology.

Daniel Béland et al., for instance, expressed doubt about whether the third way forged during the Clinton years “created any ideological space for a future Democratic president.”⁹² David Kusnet and Ruy Teixeira wrote in 1999 – already near the end of the Clinton Presidency – that if the third way was going to outlive its “buzzword phase” it would have to become more than a “clever short-term marketing slogan.”⁹³ Jeff Faux concluded that the third way was not “a new principle that can lead us to a dimension of the political cosmos that is *beyond* left and right...[but] a rationalization for political compromise *between* left and right, in which the left moves closer to the right.”⁹⁴ More agnostic about the third way’s position vis-à-vis traditional notions of left and right, in an analysis of New Labour’s adaptation of Clintonism, Freedon pointed out the eclectic nature of third way thinking and emphasized that it was “emphatically not ideologically dormant.”⁹⁵ Stephen Driver, too, saw the third way as a set of ideas that

⁹² Daniel Béland, François Vergniolle de Chantal, and Alex Waddan, “Third Way Social Policy: Clinton’s Legacy?” *Policy and Politics* 11, no. 1 (2002): 28.

⁹³ David Kusnet and Ruy Teixeira, “The Third Way and the Future of Social Democracy,” *Dissent* 46, no. 3 (1999): 63, 58.

⁹⁴ Jeff Faux, “Lost on the Third Way,” *Dissent* 46, no. 2 (1999): 75.

⁹⁵ Michael Freedon, “The Ideology of New Labour,” *The Political Quarterly* 70, no. 1 (1999): 43.

crossed ideological lines with recognizable social democratic elements that clearly precluded a “straightforward ‘neo-liberal convergence’ thesis.”⁹⁶ Though it tends to be a more open ideational system that draws from multiple traditions and belief systems, the third way fulfills the definitional requirements of ideologies to be “patterned and situated combinations of political concepts that temporarily define our understanding of the political and that compete with alternative configurations over political support and over the central control of the political.”⁹⁷ It possesses its own set of core concepts that constitutes a holistic social outlook and presents a generalizable approach to political action.

So what are the core concepts that make up third way ideology in the United States? From the earliest DLC texts in the late 1980s and early 1990s on up through the 2000s, there are at least three key concepts that stand out as being central to New Democrat thinking: opportunity, responsibility, and community.⁹⁸ They are to be found, in one form or another, in most of the primary documents and declarations of the movement and figure prominently in most academic analyses as well. Stuart White has referred to the three concepts as “the central rhetorical trinity of Third Way politics.”⁹⁹ As with most political concepts, they are broad terms capable of accommodating a variety of interpretations. In their usage by the third way, though, they are signifiers of particular approaches to public policy. Together, they encapsulate the

⁹⁶ Stephen Driver, “North Atlantic Drift: Welfare Reform and the ‘Third Way’ Politics of New Labour and the New Democrats,” In S. Hale, W. Leggett, and L. Martell (eds.), *The Third Way and Beyond: Criticisms, Futures, Alternatives* (Manchester: Manchester University Press, 2004), 31.

⁹⁷ Michael Freeden, “Ideology and Political Theory,” *Journal of Political Ideologies* 11, no. 1 (2006):14.

⁹⁸ See the following DLC documents: *The New Orleans Declaration: Where We Stand* (1990); *The New American Choice Resolutions* (1991); *The New Progressive Declaration: A Political Philosophy for the Information Age* (1996); *The Hyde Park Declaration* (2000); and *The New Democrat Credo* (2001). Also from the DLC but issued as authored by Al From: “Understanding the Third Way,” *The New Democrat*, September-October 1998; and *Who Owns the Third Way* (1999). From the Progressive Policy Institute: Al From and Will Marshall, “Preface,” In W. Marshall and M. Schram (eds.), *Mandate for Change* (New York: Berkley Books, 1993). Two documents from Bill Clinton also are of importance: “Remarks Announcing Candidacy for the Democratic Presidential Nomination” (1991), and “Address Before a Joint Session of the Congress on the State of the Union” (1995).

⁹⁹ Stuart White, “Welfare Philosophy and the Third Way,” In J. Lewis and R. Surender (eds.), *Welfare State Change: Towards a Third Way* (Oxford: Oxford University Press, 2004), 28.

fundamentals of third way ideology. Opportunity provides a coherent view on the purpose and role of government and its relationship to the market; responsibility places a sense of duty and obligation as the centerpieces of third way public ethics; and the promotion of community is indicative of the third way's beliefs about the nature of society. When reviewed in the context of the factional warfare in the Democratic Party, it is also clear that they indicate what they oppose as much as what they favor. The manner in which these concepts were defined and how they informed the policies promoted and implemented by the New Democrats is explored in greater detail throughout the coming chapters. Here, a short exposition of their key content will serve our purposes in the construction of the third way's morphological map.

The concept of opportunity was repeatedly utilized as a contrast to the focus on a redistributionist version of equality by the New Politics faction and left-liberal elements within the Democratic Party.¹⁰⁰ The third way embraced equality as well, but it was equality of a particular kind – “equal opportunity, not equal outcomes.”¹⁰¹ A theme closely connected with the New Democrats' obsession with welfare reform, there is an overriding commitment to the belief that government has the duty to ensure all citizens are given equal chances to prepare themselves for participation and success in the labor market. There is the connotation of giving everyone an equal chance at the starting line while letting the rest of the economic race run its course unimpeded. The more social democratic concern with remedying the outcomes of the market, which characterized components of New Deal and Great Society style left-liberalism, is rejected. Investments in education or job training programs, for instance, would be privileged over income supports or redistribution schemes. There is a meritocratic streak which runs through the concept as well as an in-built assumption about the basic fairness and efficiencies

¹⁰⁰ Baer, *Reinventing Democrats*, 34.

¹⁰¹ Democratic Leadership Council, *The New Orleans Declaration: Where We Stand*.

that markets are capable of if governments can just get the inputs right. As long as citizens are provided the opportunity to prepare themselves without discrimination or other procedural impairments, then the outcomes that result from the market are perceived as fundamentally just.

The new progressives emphasize economic growth generated in free markets as the prerequisite for opportunity for all. They define equality in terms of opportunity, not results. Hence, progressives reject the recent liberal emphasis on redistribution in favor of pro-growth policies that generate broad prosperity. They equally reject the Right's notion that wealthy investors drive the economy, believing that government's role is not to favor the privileged, but to set fair rules of market competition for everyone.¹⁰²

There is the implication, then, that much of the welfare state bureaucracy is focused on the illegitimate mission of trying to manipulate outcomes which are not only harmful to the functioning of the economy but actually do little to help the disadvantaged achieve independence. Equality of opportunity is promoted – decontested to use Freedman's term – while at the same time the legitimacy of policies aimed at remedying market inequalities is undermined. A framework is being constructed through which all welfare and state investment policies are to be evaluated with opportunity as the criterion. In practice, this resulted in the long-running focus on 'government reinvention' and administrative reform on the part of New Democrats. At its base, the focus on opportunity is an attempt to impose a constricted view of the role of government. The state is to play an enabling role vis-à-vis the market, not a remedial one – it is to be a social *investment* state, not a social *welfare* state.

Intimately bound with this conception of the purpose of government, the concept of responsibility encapsulates a particular system of public ethics that should govern behavior. It further tempers the role of the state and places access to the privileges and rights provided by society into a transactional relationship dependent on the fulfillment of duty. *The New Progressive Declaration*, a DLC statement of principles from 1996, emphasized the sanctity of

¹⁰² From and Marshall, "Preface," xvi.

obligation as a component of membership in a society. “As a moral matter,” it stated, “we cannot rightly benefit from any association to which we are not prepared to contribute our fair share.”¹⁰³ Al From and Will Marshall couched the concept within the notion of reciprocity:

Progressives favor a new governing compact between citizens and government based on reciprocal obligation. Under such a compact, government’s responsibility to stimulate growth, equal opportunity, and upward mobility must be matched by citizens’ willingness to work, support their families, play by the rules, and give something back to their communities and country. The new politics of reciprocity is an alternative to the Right’s politics of social neglect and the Left’s politics of entitlement.¹⁰⁴

Though both the ‘Right’ and ‘Left’ come in for criticism here, the primary target was the latter. Aimed at both the notion of entitlement that was seen to characterize the dependents of the welfare state as well as the inherent individualism of the identity politics constituencies that made up the Democratic Party’s New Politics faction, the concept of responsibility entails the removal of unconditional access to social and economic rights. Although the DLC’s national service requirements were an early embodiment of this principle, Clinton’s welfare reform of the mid-1990s is the example *par excellence*.

The later consecration of the ‘no rights without responsibilities’ mantra placed the imperative of work (preferably in the private marketplace) and individual responsibility (for one’s own and one’s family’s economic well-being) at the heart of the third way approach to ethics. A good citizen was one who gave something back to the community, rather than just seeking privileges from it. Primarily, this meant the requirement to be self-sufficient and not rely on public largesse in the form of welfare payments, food stamps, or prolonged unemployment benefits. If one does not work or look for work, then they are to have no claim on social assistance. To become economically independent and support one’s family was the first step in

¹⁰³ Democratic Leadership Council, *The New Progressive Declaration: A Political Philosophy for the Information Age*.

¹⁰⁴ From and Marshall, “Preface,” xvii.

fulfilling one's obligation to society. The notion of entitlement, of unqualified right, was the responsibility concept's chief target.¹⁰⁵

Community is the third core concept of American third way ideology. Whereas the previous two concepts were largely concerned with the role and behavior of the government and citizens respectively, the third one is an expression of the third way's overall view of what is, or should be, the nature of social relations. It is a statement about how people should view their connection to one another and the kind of values and practices that should be privileged. The term, as White points out, is one of the vaguest of political concepts, having been adopted by "ideologists across the political spectrum from anarchists to fascists."¹⁰⁶ Although not always as clearly fleshed out as the previous two, community has been present in the New Democrat lexicon from the beginning and received its clearest articulations in the writings of third way communitarians like William Galston and Amitai Etzioni.¹⁰⁷ People can be cooperative, but they may need the disciplining of the community to make them act as such. From and Marshall boiled the concept down to an expression of American national character.

Progressives believe that America's strength ultimately resides in our families and communities, where the character and values of our citizens are formed. Unwilling to frame every public question in terms of a choice between government provision and market competition, progressives place new emphasis on the voluntary associations and institutions of community... Community also means taking care of citizens in need and affirming the common civic values that unite us as Americans.¹⁰⁸

Community is employed as a way of delegitimizing the particularistic claims of groups designated as special interests. Class struggle trade unionism and postmodern individualist identity politics are downgraded in favor of an appeal to a national community – to traditional

¹⁰⁵ Baer, *Reinventing Democrats*, 34.

¹⁰⁶ White, "Welfare Philosophy and the Third Way," 29.

¹⁰⁷ William Galston, "The Promise of Communitarianism," *National Civic Review* 82, no. 3 (1993); William Galston, *Liberal Purposes: Goods, Virtues, and Diversity in the Liberal State* (Cambridge: Cambridge University Press, 1995); Amitai Etzioni, *The Spirit of Community: Rights, Responsibilities, and the Communitarian Agenda* (New York: Crown Publishers, 1993).

¹⁰⁸ From and Marshall, "Preface," xvii.

American principles adapted to a modern era. “Common beliefs and broad national purposes,” take primacy over “promises to disparate interest groups.”¹⁰⁹ Rather than highlighting differences, as the New Politics constituencies tended to do, the New Democrats favored “the broad movement of minorities into America’s economic and cultural mainstream.”¹¹⁰ After more than three decades of challenges to the social status quo by the civil rights, anti-war, feminist, and LGBT movements as well as the more militant trade union movement, the third way basically called for a moratorium. Civil rights advances are still accepted, but they should be framed as efforts to gain acceptance as legitimate parts of mainstream society instead of critiques of or challenges to it.

Adaptation and conformity are enshrined as the social deconstruction and alternative visions of the 1960s generation of activists are contested. The connections of the obligatory contractualism of the responsibility concept and the opportunity focus of the state to this communitarian philosophy are clear. Labor market participation and support for the family unit are the highest forms of duty to the community. It is the job of government to craft policies that encourage and support such behavior. In this regard, according to From and Marshall, “Government’s role is to empower families, voluntary organizations, and institutions to solve their own problems, not try to replace them with public programs or institutions.”¹¹¹

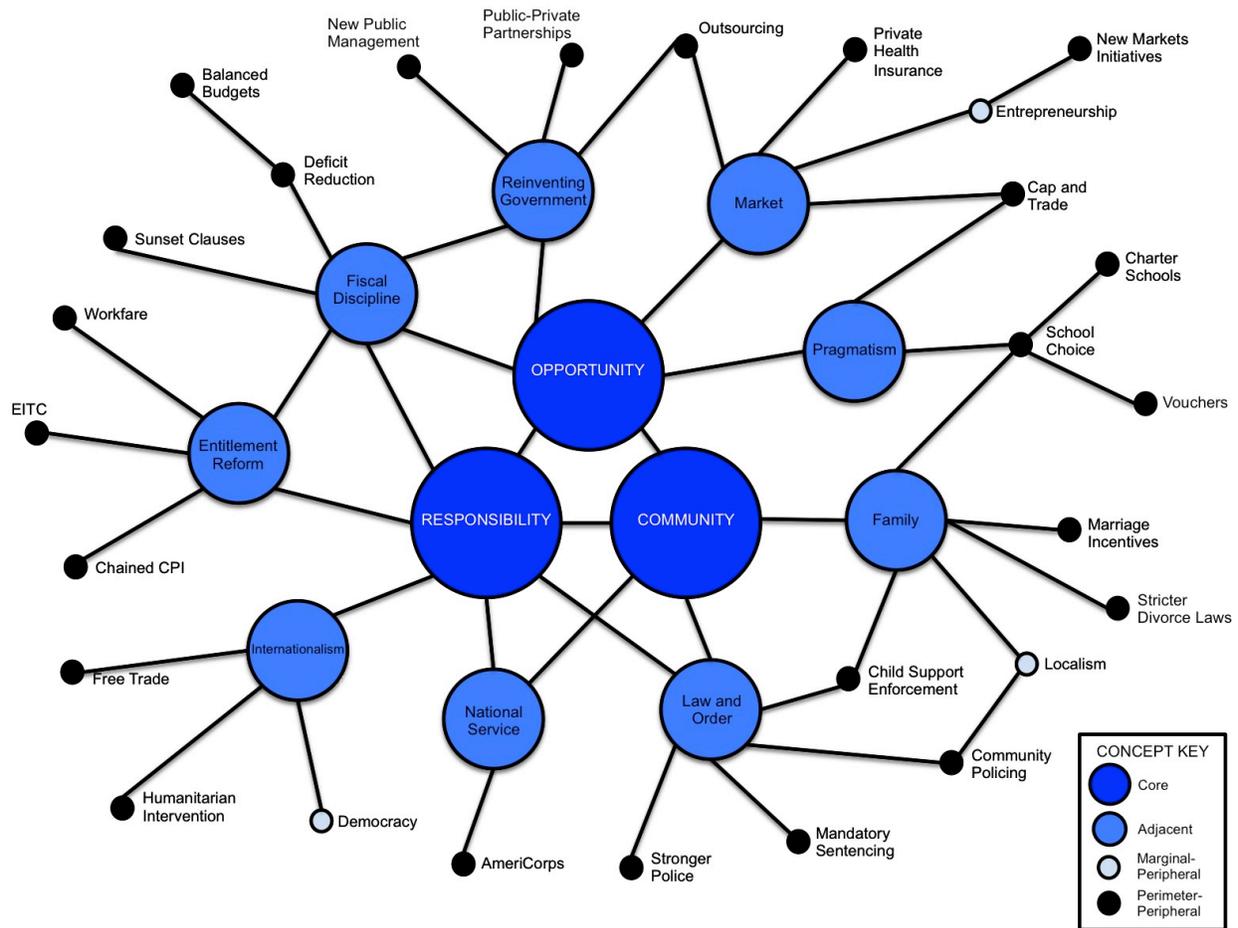
With the conceptual core of the third way now enumerated, it is possible to begin expanding the morphological map. By linking outward from the core concepts common to most expressions of third way ideology toward adjacent and then peripheral concepts, the specific location of the New Democrats’ framework in U.S. politics gives the map greater definition and character.

¹⁰⁹ Democratic Leadership Council, *The New American Choice Resolutions*.

¹¹⁰ Democratic Leadership Council, *The New Orleans Declaration*.

¹¹¹ From and Marshall, “Preface,” xvii.

Figure 2. Third Way Conceptual Morphology



Emanating out from the core concepts of opportunity, responsibility, and community are the second and third order concepts that increase the level of determinacy and contextual rootedness of the New Democrat faction's third way ideology. Due to their location in more particular semantic and cultural/historical fields, adjacent and peripheral concepts give the ideology a more defined location relative to other ideational clusters. Adjacent concepts are those which pull an ideology toward a certain direction and can indicate how core concepts may be ranked by particular practitioners. For instance, though there have been observed expressions of third way ideology in the U.S., U.K., Germany, Australia, Sweden, Canada, and other

countries, it looks different in all these places.¹¹² Similar core beliefs are shared, but which of them receive emphasis varies from party to party.

In the American third way, as elaborated and implemented in policy by the New Democrats, a number of concepts can be highlighted. Always at the top of the New Democrat agenda, the focus on entitlement reform structures third way social policy and further decontests the core concept of responsibility. Pragmatism and the professed commitment to ‘what works’ is an important corollary of this abandonment of the vision-driven, equality-seeking welfare state mission. Internationalism is expressed consistently as a preference for free trade and intermittently for humanitarian intervention in military affairs. It sits uneasily alongside a mild localism that is detectable in preferences for a focus on the family and community, with a parallel devolution of federal power and the downsizing of central bureaucracy. Fiscal discipline is the application of the opportunity and responsibility concepts to the state and is expressed in the commitment to sunset clauses, deficit reduction, and balanced budgets. Closely related is the adjacent concept of reinventing government, or the constant need for administrative reform and the search for efficiency. Connected to this, market allocation receives priority over government production, distribution, or regulation. Entrepreneurialism is praised in both governmental and business settings. The concept of family becomes reified as the basic unit of society and the building block of a strong community and nation – an idea that informs not only welfare policy, for instance, but education policy, child-rearing, and (when combined with a focus on law and order) policing. And in a commitment to the principle of national service, the concepts of reciprocal responsibility and community are joined to promote a sense of duty among citizens.

¹¹² For a comparative overview of seven different national expressions of the ‘new social democracy’, see: Bryan Evans and Ingo Schmidt (eds.), *Social Democracy After the Cold War* (Edmonton: Athabasca University Press, 2012).

Peripheral concepts, as stated earlier, are less fully-fledged concepts, but rather more specific positions and policies that flow from the application of core and adjacent concepts to specific settings of time and space. Such practices are sometimes of a marginal nature and more ephemeral in their impact on an ideology's main beliefs, such as the promotion of democracy abroad at the end of the Cold War. They may tend more toward abstraction, like some of the core and adjacent concepts. While they can become defining issues or positions for a time, marginal-peripheral concepts generally are not essential to the nature of the third way as a whole.

More direct applications of third way ideology in public policy are found in the perimeter – the point at which political thought translates most directly into political action. This is where choices are made, alternative avenues are closed, and particular approaches become legitimated and privileged – it is the point of decontestation in practice. In this category, all the primary third way public policy proposals and practices could be listed: institution of charter schools, three strikes laws for repeat felons, 100,000 new police officers, workfare requirements for welfare recipients, implementation of private health insurance exchanges rather than single payer, market-based pollution controls like cap and trade, institution of voluntary national service programs such as AmeriCorps, privatization of government functions and/or agencies, subsidizing low-wage private sector employment, the Earned Income Tax Credit (EITC), devolving some social services to charities and faith-based services, and tax credits for education and training expenses. These are the practices and ideas that define an ideology in the eyes of the public; they give life to the abstract concepts that structure political ideologies. Success in making an ideology's perimeter concepts widely accepted is a measure of the decontestation of its core and adjacent beliefs. This perimeter is what gives an ideology a living existence in the realm of political action.

Conclusion

An outline conceptual morphology of American third way ideology has now been constructed. At its center are a distinct view about the purpose of government, a system of public ethics, and a conception of what should be the nature of social relations. Revolving around it are adjacent principles that ground the abstract notions of opportunity, responsibility, and community in more limited ideational fields. At the point of application in the perimeter, the ideology takes on its most concrete form and bridges the gap between thought and action.

The contentious nature of the conceptualizations that New Democrats provide for these ideas is indicative of the intensely ideological nature of factional struggle in U.S. parties in general. The conflicts that are fought out over general political orientation and the acceptability of particular terms in platforms and manifestos are episodes in the struggle for control of a party's broader political program – i.e. the actual public policies that its elected officials will seek to implement upon election. The struggle for the control of language is directly related to struggle for power in the party (and state) and the authority to make decisions. Closing off avenues for conceptual contestability is but another means of closing off avenues for policy contestability. Thus, it is important to remember that the creation of political ideologies is always aimed at political action – either inspiring it or stopping it.

The core concepts of the third way, as I have sketched them, have a reactionary character in a dual sense. They are formulated in opposition to what the New Democrats perceived as a left-liberal ideology of redistribution, entitlement, and special interests of an individual and class nature. At the same time, the third way was also a response to the changing socioeconomic context of neoliberalism, economic transition, and globalization. Their arrangement and the ordering of the related adjacent and peripheral concepts give the American third way a coherent

and rooted character tied closely to the period following the end of the Keynesian welfare state and the rise and consolidation of the neoliberal period in the U.S. The third way constitutes both a roadblock to left-liberalism as well as the opening of an alternative policy direction more amenable to prevailing conditions.

As such, it is a product of its time. But like many ideologies, it has continued to develop along with the changing course of events. The ups and downs of electoral outcomes and the influence of socioeconomic changes may have altered the emphases of the third way from time to time, but its core principles have exhibited an enduring salience that has not only kept the ideology alive long after its founding, but has helped it maintain itself as the predominant ideology among Democratic policymakers. Suggesting that the third way is not only a coherent ideological system, but also that it continues to play a central role in center-left policymaking differs with conclusions that it “lacks the coherence of established ideologies” or that it was “too full of ambiguities to be seen as having established a sustained and coherent new philosophy of governance.”¹¹³ The third way, though increasingly challenged, remains the political common sense for most of the Democratic policymaking elite. The rest of this dissertation explores the course of its development over the last thirty years. The framework assembled here will serve as a lens through which to understand the third way, its application in key public policies, and its fate as a competitor in the field of party factionalism.

¹¹³ Andrew Leigh, “The Rise and Fall of the Third Way,” *AQ: Journal of Contemporary Analysis* 75, no. 2 (2003): 15; and Waddan, *Clinton’s Legacy*, 160.

CHAPTER THREE

THE WAY WE WERE: THE CENTER-LEFT BEFORE THE THIRD WAY

The past was neither as good nor as bad as we suppose; it was just different. – Tony Judt¹

Analyzing the ideological development of the Democratic Party requires an examination of the past from which left-liberalism and the third way emerged – a past which is as international as much as it is domestic. In the U.S. case, this means examining a history characterized by factional struggle. While the next chapter will explore in more detail the political environment and electoral dilemmas from which the DLC arose, the focus here is on the preceding era, stretching from the interwar period up to the emergence of neoliberalism. Significant attention will be given to the international dimension of the left and center-left's ideological development during these years. As acknowledged earlier, the Democratic Party is an organization very much shaped by its American institutional context and does not neatly fit into the traditional model of the European social democratic party, but situating it as a part of the broad electoral 'left' globally allows for a clearer view of the later debates that informed the transformations of the 1980s and 1990s.

In her sweeping retelling of the nineteenth and twentieth centuries' battle of ideologies, Sheri Berman argued that the new order that emerged in the late 1940s was fundamentally a "solution to the problems unleashed by capitalism and modernity" following the failure of liberal, Marxist, and fascist/national socialist attempts to rectify the imbalances in social life that the market had brought. Drawing on Karl Polanyi's view of the self-regulating market as a "stark utopia," Berman examines the advance of the regulatory state as a counteracting 'double movement' of self-protection by society in response to the social atomization of the laissez-faire

¹ Tony Judt, *Ill Fares the Land* (New York: The Penguin Press, 2010), 41.

economics of classical liberalism.² Thus, in this view, the post-WWII order was one based on “a belief that political forces should control economic ones” and that “the ‘needs’ or ‘good’ of society must be protected and nurtured.”³ The American expression of this phenomenon was the New Deal order constructed by Roosevelt and consolidated by the Liberal-Labor faction of the Democratic Party. For European socialists, the period signaled the completion of their turn away from the “scientific and deterministic version of Marxism” which had characterized traditional social democracy, with historical materialism and class struggle at its core.⁴ With the revisionist left’s twin emphases on the primacy of politics and communitarianism, the postwar order was “fundamentally a social democratic one,” rather than the ‘embedded liberalism’ that is widely assumed.⁵ While Berman’s focus is primarily on the European experience, the historical development of this particular non-Marxist vision of social democratic ideology is important for illuminating the overlapping key concepts that put the latter and U.S. Democrats on paths of convergence in the years after the war and again at the end of the twentieth century as they reacted to the imposition of neoliberal hegemony. In what follows, the two primary expressions of this social democratic era are analyzed in turn – the American Democratic Party, and its multiple factions, and European social democracy.

This chapter will provide an overview of the factional struggle that enabled an American social democratic equivalent to rise within the Democratic Party, rooted first in the Liberal-Labor alliance that developed out of the New Deal and later in more radical form with the New Politics faction. The alliance between the leadership of the Democratic Party and the trade union bureaucracy that was first consolidated during the Great Depression came under increasing

² Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001 [1944]), 3.

³ S. Berman, *Primacy of Politics*, 6.

⁴ *ibid.*, 12.

⁵ *ibid.*, 5-7.

challenge by the late 1960s as the economic foundations of the postwar consensus were strained and new social movements for equality entered Democratic politics. The European social democratic tradition, meanwhile, is examined with particular attention to the revisionist episodes that made possible its eventual convergence with the Democrats. Two main periods of political-economic development, namely Keynesianism and neoliberalism, and their relations to the ideological outlook of the center-left are examined in the sections that follow. We will look at the general characteristics of Keynesianism, the public policy paradigm most closely associated with the ‘classical’ social democracy of capitalism’s ‘golden age’ from the late 1940s to the 1970s. Attention is focused here because it is during the era of the Keynesian welfare state that the policy goals of the Democratic Party and European social democracy most closely came to resemble one another, such that they formed the basis for the international Keynesian consensus. When this consensus collapsed under the pressures of neoliberalism, the American and European center-lefts (especially the British) converged again – this time on the third way.

This review of social democracy and its approach to public policy will serve as an important backgrounder for further illuminating the nature of left-liberalism in the Democratic Party, in both its Liberal-Labor and New Politics varieties. Although it can be argued that the Democratic Party represents a “uniquely American version of European social democracy,” the two possessed very different origins, and these past traditions color the shade of ideological debate within each.⁶ The links are being emphasized to show that what is popularly understood as liberalism in America and as electoral socialism in Europe have at key junctures occupied

⁶ Alan Wolfe, “Has Social Democracy a Future? – A Review Article,” *Comparative Politics* 11, no. 1 (1978): 103. In addition to the distinctive past histories that separate the American and European lefts, it is also important to acknowledge that European social democracy, which we will be treating in more generalized terms, is characterized by a diversity of ideological configurations based on the many national and cultural settings in which it has evolved.

neighboring (or even overlapping) positions on the ideological spectrum as demonstrated by the similarity of their core concepts.

Democrats

In the late 1980s, Robert Kuttner observed that “the history of the modern Democratic Party begins with Roosevelt.”⁷ He refers to the fact that it was during the long years of the Roosevelt Presidency that the party, long known as an ever-changing amalgam of interests and groups, became a more organized (if still internally divided) entity with an identity as a party of left-leaning reform. From 1933 to 1945, Democrats solidified their reputation as “the party of the people,” associated with massive public works projects, job creation, Social Security, and industrial unionism.⁸ Previously, the party had been known as many things, but not necessarily as a party of the left. While Kuttner is correct to identify the Roosevelt era as the genesis of the contemporary view of the Democrats as the ‘left’ party in America, examining their long history of internal division illustrates the fact that a variety of ideological systems and factional networks have been at work. As discussed in Chapter One, the struggle between factions belies a much more ideologically diverse political environment in the United States than its two-party system might otherwise imply.

First founded as an alliance between Southern agrarians and Northern urban politicians in the early years of the nation’s history, the party emerged from the anti-Federalist wing of the George Washington Administration and was initially known as the Republicans, then as the Democratic-Republicans. By the 1820s, the party had settled on referring to itself as the

⁷ Robert Kuttner, *The Life of the Party* (New York: Elisabeth Sifton Books, 1987), 3.

⁸ Lance Selfa, *The Democrats: A Critical History* (Chicago: Haymarket Books, 2008), 38.

Democrats, re-appropriating what had been a term of derision.⁹ At this time its main bases of support were sections of Northern merchant capital and the Southern slaveholding aristocracy.¹⁰ The party's voting base, meanwhile, was overwhelmingly working class.¹¹ This heterogeneity of interests gave the party a somewhat "polyglot and formless" image during elections and often led to a division between the priorities of its presidential candidates and the congressional caucus, leaving the party as a whole dependent on unifying personalities.¹²

Although in theory and aspiration the party of the majority – most often defined as the 'common people' – the Democrats historically have had difficulty mobilizing that majority in presidential contests. Yet without control of the presidency – in the hands of a charismatic leader with a strong sense of direction – the party has frequently seemed to be less than the sum of its parts, lacking in ideological (or policy) coherence and more devoted to forming firing squads in a circle than to attacking the presumed common enemy.¹³

This internal conflict is a characteristic that of course did not begin or end with Roosevelt. Through the lens of the factional perspective we can see that internal division is not uncommon in American political parties; in fact, the struggle between factions is what gives parties direction and identity. It is illustrative of the fact that when the multidimensional nature of ideological thinking is forced to operate within the "two-dimensional" space of partisanship in the United States, inevitably the two political parties themselves will each be a coalition of

⁹ *ibid.*

¹⁰ Harry Braverman, writing as Harry Frankel in 1946, provided an excellent summary of the class alignments that characterized the Democratic Party at this time: "We must recall that the policy of the Jeffersonian party had been to take the reins of the national government and draw into cooperation with the planters, sections of the Northern capitalist class... The eastern planters grew accustomed in this so-called 'era of good feeling' to secure their rule by means of this alliance at the cost of some concessions to the New England merchant capitalists. However, the fundamental antagonism between the two systems could not forever be repressed. In the North an aggressive manufacturing bourgeoisie was supplanting the merchant class. Paralleling this was the rise of an aggressive cotton slavocracy in the Southwest. Here were the chief contenders in the coming irrepressible conflict." Harry Braverman (Frankel), "The Jackson Period in American History," *Fourth International* 7, no. 12 (1946): 367.

¹¹ Selfa, *The Democrats*, 40.

¹² Alonzo Hamby, "The Democratic Moment: FDR to LBJ," In P. Kovler (ed.), *Democrats and the American Idea: A Bicentennial Appraisal* (Washington: Center for National Policy Press, 1992), 247.

¹³ *ibid.*

interests sometimes opposed to one another.¹⁴ As DiSalvo has argued, “to properly understand American political parties one must look beneath their labels” to the factions vying for control of the party agenda.¹⁵ James Burns characterized the phenomenon as America’s ‘four-party system,’ in which the two main political parties are subject to battle not only with each other but also to civil war between their competing wings. He characterized the system as “Madisonian politics” – consumed with “competition among struggling groups” and “multi-party factions” that leave presidents and party heads as brokers of divided coalitions.¹⁶

Table 1. Primary Historical Democratic Party Factions and Their Ideological Concepts¹⁷

FACTION	CORE CONCEPTS	ADJACENT CONCEPTS
Populist Democrats	economic security, statutory state, agrarianism	bimetallism, Protestant ethics, anti-monopoly, legalism, redistribution, anti-trust
Liberal-Labor Democrats	welfare, interventionist state, pluralism	pragmatism, technocratic expertise, planning, internationalism, full employment, economic security, government-business-labor cooperation
Southern Democrats	limited government, small enterprise, tradition	states’ rights, economic modernization, free trade, agrarianism, white supremacy, charity, anti-unionism
New Politics Democrats	equality, entitlement, solidarity	participatory democracy, civil rights, anti-imperialism, anti-racism, feminism, identity politics
New Democrats	opportunity, responsibility, community	reinventing government, market allocation, fiscal discipline, entitlement reform, internationalism, law and order, family, pragmatism

¹⁴ Gary Miller and Norman Schofield, “The Transformation of the Republican and Democratic Party Coalitions in the U.S.,” *Perspectives on Politics* 6, no. 3 (2008): 433.

¹⁵ DiSalvo, *Engines of Change*, xii.

¹⁶ James Burns, *The Deadlock of Democracy: Four-party Politics in America* (Englewood Cliffs, NJ: Prentice-Hall, 1963), 337.

¹⁷ The list of designated factions used in this chapter draws on DiSalvo, *Engines of Change*, but differs from him in that it sees the Southern Democrats operating over a longer time period (he designated their period of dominance beginning in 1938 for instance) and will connect Roosevelt more closely to the genesis of the Liberal-Labor faction (DiSalvo had focused mostly on its postwar activities). Further differentiating my approach is the attention placed on the ideological character of each party faction. It roots analysis of them in a conceptual morphology model. The lists of concepts enumerated here are restricted to the first- and second-order levels of core and adjacent concepts. Peripheral concepts, which consist of the most direct policy-bound applications of an ideology’s principles, are not included. The information presented for each of the factions in this table is therefore not nearly as exhaustive as the in-depth conceptual map produced for the third way in the previous chapter, but the broad ideological outlines that distinguish their outlooks should be sufficiently clear.

In the immediate aftermath of the Civil War, which made Northern industrial capital predominant in the U.S. economy, the Democratic Party became the vehicle of Southern resentment for a number of years as it first stood opposed to Reconstruction and then concerned itself with the institutionalization of the Jim Crow system.¹⁸ This was tempered, though, by the rise of the Populist faction that shaped the Democratic agenda during the first two decades of the twentieth century. This group was led by William Jennings Bryan, a three-time Democratic presidential candidate (1896, 1900, and 1908) and kingmaker for Woodrow Wilson in the nomination battle of 1912. Generally hostile to social and economic elites of both the Northern business and Southern plantation varieties, the Populist faction relied on evangelical Protestant rhetoric in its calls for an enlargement of the federal state and the broadening of law-driven governance (distinguishing them somewhat from the expert-driven bureaucratic outlook of the Progressive Republicans).¹⁹ Bryan is most remembered for his ‘Cross of Gold’ speech at the 1896 Democratic National Convention in which he attacked the country’s adherence to the gold standard for benefitting the banks and industries involved in foreign trade while acting as an inflationary restriction on the supply of money for farmers and workers. He challenged the Democratic Party to decide upon whose side it would fight, to choose between “the idle holders of idle capital and the struggling masses who produce the wealth and pay the taxes of the country.”²⁰

Bryan and the Populists laid the foundation for the Democratic Party’s departure from the Jeffersonian roots that had made it suspicious of central government power and opened it up to

¹⁸ As argued by DiSalvo, in studying the factional history of the Democratic and Republican Parties, the period around the Civil War (and especially its aftermath) serves as a logical starting point. It is during this era that the organizational instability which had characterized the U.S. two-party system receded, leaving the Democratic and Republican Parties as the dominant electoral vehicles in the country. DiSalvo, *Engines of Change*, 11.

¹⁹ Richard Bense, *Passions and Preferences: William Jennings Bryan and the 1896 Democratic National Convention* (New York: Cambridge University Press, 2008); and DiSalvo, *Engines of Change*, 49.

²⁰ William Jennings Bryan, “Address to the Democratic National Convention,” July 8, 1896. <http://www.americanrhetoric.com/>.

an identity that would eventually hinge on commitment to the expansion of the federal state.²¹ Focusing on the inequalities between strong and meek, the faction was among the first to instill the concept of economic security as a core principle of the Democratic Party, three decades before Roosevelt and the Liberal-Labor Democrats placed the construction of a welfare state on the agenda. So even before the New Deal, the core concepts of the statutory state and economic security already enjoyed a level of legitimacy in the prevailing ideological outlook of the Democratic Party.

Democrats in the South, meanwhile, embraced elements of the Populist program when they benefitted Southern economic development, but their devotion to preserving white supremacy in their region clashed with the wishes that Bryan and others had for a strong federal state. Through the 1920s and into the first years of the Depression, the Democratic Party lacked any defining policy perspective nationally. The Populists were weakened as a factional force, but the Southern Democrats did not command enough support to control the party. So when Roosevelt was elected for the first time in 1932, he was not identified with any particular ideological faction in the party. Though he played the role of broker in the party, with the institution of New Deal reforms and the strengthening of organized labor through the Wagner Act and other bills, Roosevelt was instrumental in the creation of a new party faction – the Liberal-Labor Democrats – which would dominate the Democratic Party nationally until the late 1960s.

During the Depression and those initial postwar decades, the elements that unified around Roosevelt into the so-called ‘New Deal coalition’ gave the Democratic Party a discernible center-left character, with the construction of an interventionist state aimed at preventing market failures and ameliorating material inequality as its defining trait. This was accomplished

²¹ DiSalvo, *Engines of Change*, 13, 48-49.

sometimes in conjunction with, but often in defiance of, the Southern Democrat, or ‘Dixiecrat’, faction of the party and in league with the leadership of the major industrial unions. Though it was never exclusively a party of labor, during these years the Democratic Party’s split between its mostly white, rural, and Protestant Southern segment and its educated, working class, multiracial, and urban Northeastern and Midwestern constituencies broke more decisively in favor of the latter at the level of national policymaking. With legislation that not only legitimated the organization of labor but also sought its integration into the governance of economic regulation, the Liberal-Labor Democrats’ adherence to a proto-corporatist version of political pluralism is clear.²² Economic crisis served to dampen some of the disputes between the party’s two wings and allowed the more interventionist, welfarist, and pluralist qualities of FDR’s policy response to lend a greater semblance of unity to the party, though divisions remained. The Liberal-Labor Democrats were more powerful in the presidential arena, while Southern Democrats continued to exercise considerable influence in Congress.²³ Passing legislation thus often required alterations to satisfy the conservative Southern faction. For instance, of the four Democratic presidents during the period 1933 to 1968, it has been said that all but Kennedy had “one foot below the Mason-Dixon line.”²⁴

Alonzo Hamby classified the Southern sector of the party under the malleable term ‘Jeffersonian’, a reference to the way it maintained elements of the Democratic Party’s founding

²² The National Industrial Recovery Act of 1933, which was the cornerstone of much of the New Deal legislation that followed, has been characterized as the “most manifestly corporatist legislation ever enacted in the United States” by Howard Wiarda: “Roosevelt and his advisers recognized that without the incorporation of labor as a balance to the power of capital, the contradictions in the U.S. economy – already in crisis because of the depression – would only deepen. So both employer groups and labor – along with government representatives – were incorporated on the various boards that were to develop codes of conduct for each industrial sector.” See: Howard Wiarda, *Corporatism and Comparative Politics: The Other Great “Ism”* (Armonk, NY: M.E. Sharpe, 1997), 134-40.

²³ DiSalvo, *Engines of Change*, 128-29.

²⁴ William Leuchtenberg, *The White House Looks South: Franklin D. Roosevelt, Harry S. Truman, and Lyndon B. Johnson* (Baton Rouge: Louisiana State University Press, 2005), 2.

outlook.²⁵ Its core principles consisted of small, frugal government; a view of the small enterpriser as society's linchpin, and a commitment to traditional social (and racial) relations. Surrounding these core concepts was a network of supporting adjacent ones: a loose conception of federalism built around the notion of states' rights; agrarianism with the family farm as its ideal; economic modernization of the South characterized by hostility toward the corporate and financial power of the Northeast; and a belief in free trade and opposition to protective tariffs. Some clues explaining the later turn of this segment of the electorate toward the Republicans are already evident. The overriding characteristic of the Southern Democrats' disparate set of beliefs was a conservatism oriented toward tradition. The fact that such a collection of principles could lead one to support state regulation of trusts or banks and prohibition while at the same time decrying 'big government' interference in local traditions of racial segregation was characteristic of the tension that held the Democratic Party together during this time. This meant leaders who relied more on the Liberal-Labor faction, like Roosevelt, Truman, Kennedy, and Johnson, often had to seek Southern support through a compensatory strategy employing federal largesse to buy off support for their policies.²⁶

One of the primary concerns of the Southern faction's traditionalism was the maintenance of white racial domination in their region. Any policy which threatened white supremacy was opposed, while egalitarian measures implemented nationally were gamed for what they could offer working class whites. In 1950, V.O. Key wrote: "The politics of the South revolves around the position of the Negro," and "the whites of the black belt have the deepest and most immediate concern about the maintenance of white supremacy."²⁷ The influential position that

²⁵ Hamby, "The Democratic Moment," 248.

²⁶ Bruce Schulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South 1938-1980* (Durham: Duke University Press, 1994), 116-17, 123-31.

²⁷ V.O. Key, *Southern Politics*, 5, 345.

Southern Democrats held within the party was weakened, however, after Johnson's 1964 landslide victory. With his legitimacy and political capital strengthened after winning the largest popular vote percentage of any presidential candidate before or since, Johnson was empowered and employed strong-arm tactics to push a Liberal-Labor platform – the Great Society – through Congress. The battle over racial equality, with Johnson taking the role of enforcer against entrenched Southern Democrats, would ultimately be the fight that split the party between the latter faction and the Liberal-Labor Democrats, creating an opening for the rise of New Politics. The strengthening left profile and reputation assumed nationally under the leadership of the Liberal-Labor faction was a crucial variable in the eventual defection of many Southern Democrat voters and politicians to the Republican Party.²⁸ This was a process that accelerated after the rise of the New Right faction in that party, and efforts to reverse it were a key focus of the later New Democrat faction.

Given these shifts in factional power, defining the overall character of the Democratic Party's approach to public policy in the immediate decades of the post-WWII period requires a focus on the make-up of the Liberal-Labor faction, which was concentrated in the urban and industrial areas of the Northeast and Midwest. This segment of the party, which came to be its most prominent element, was not as geographically or culturally defined as were the Southern Democrats, but they had a sociological and ideological content that was quite distinct. In terms of the constituencies upon which it relied, there was a clear parallel with the class demographics and makeup of the West European social democratic parties at this time, which were broadening

²⁸ “Between 1932 and 1964, the Democrats had a vast preponderance among the white working-class electorate and, on that basis, dominated the political arena. In 1948 they took more than 75 percent of white working-class votes; though dropping to 58 percent in 1960, the figure rose again to 75 percent in 1964... But when the Democrats took up the civil rights agenda, pushing through court-enforced integration of schools, housing and jobs, as well as social-spending programmes that primarily benefited poor blacks – at a time of black urban rebellion, as well as women's liberation and the anti-war movement – the Democrats' share of the white working-class vote plunged to 45 percent in 1968, and to 38 percent when McGovern ran in 1972.” Robert Brenner, “Structure Vs. Conjuncture: The 2006 Elections and the Rightward Shift,” *New Left Review* 43 (2007), 45.

their focus and shifting toward becoming catch-all ‘people’s parties’ rather than the almost exclusively labor-based organizations they had earlier been. The Liberal-Labor Democrats had strong connections with the experience of the working class and their industrial voting base possessed greater class awareness than did the rural electorate of the Southern Democrats. Hamby suggests that these Democrats “tended vaguely toward social democracy”, “had fewer qualms about an activist state”, and put wages, hours, conditions, and welfare at the center of their politics rather than the opportunity of the small enterpriser.²⁹ Some policymakers and intellectuals in the orbit of this faction even “had a foot in various ideological camps just to the left of the party structure, primarily in the democratic socialism of...Norman Thomas, and labor leaders like David Dubinsky, and Sidney Hillman” with a predilection for extensive regulation and economic planning, though usually not extending to nationalization.³⁰ In many instances, such ideological leanings can clearly be recognized as a very ‘soft’ form of social democracy.

The intellectuals affiliated with this faction also inherited the confidence in bureaucracy and administrative expertise that had first appeared during the Progressive era and was strengthened during the New Deal.³¹ A pragmatic, moderate, and pluralist state was believed to be capable of “muddling through” policy challenges and systematically remedying social problems.³² The faith in the state’s ability to manage social development extended also to the economy, where a Keynesian technocratic strategy erased the need to worry about capitalism’s excesses.³³ A theory of governance was advanced in opposition to the Southern Democrats that called for greater centralization in the relationship between the federal government and the states

²⁹ Hamby, “The Democratic Moment,” 249.

³⁰ *ibid.*

³¹ Ronald Pestritto, *Woodrow Wilson and the Origins of Modern Liberalism* (Lanham, MD: Rowman and Littlefield, 2005).

³² Arthur Schlesinger, Jr., *The Vital Center: The Politics of Freedom* (Boston: Houghton-Mifflin, 1949), 186.

³³ John Kenneth Galbraith, *American Capitalism* (New York: Houghton-Mifflin, 1952).

and an expansive welfare regime to be implemented step-by-step. Arthur Schlesinger Jr.'s foretelling of a "series of New Deals" to implement an American form of socialism (referred to in Chapter One) was indicative of the outlook among Liberal-Labor intellectuals.³⁴

In his historical review of American social democracy, Herman Rosenfeld expanded the sociological analysis of the Democratic Party's constituent parts in a manner giving an even greater emphasis to class and the resulting ideological outlooks expressed by the party. Though classifying the Democratic Party overall as a "bourgeois party," he enumerated a number of reasons why it became the vehicle of choice for social democrats in the United States.³⁵ Several of these have been mentioned earlier, particularly the constitutional division of powers in the federal system of government, a winner-take-all election system, and the culture of individualism which is central to the popular mass notion of American identity. Special attention, however, is placed on the fact that the U.S. has a comparatively strong capitalist class and a working class which largely identifies with "American hegemony and the interests of capital" in areas of foreign policy.³⁶ In such a context, which makes the emergence of a specifically labor-based social democratic party with any chance of political success an effective impossibility, the left-liberal wing of the Democratic Party became the place where social democracy found practical expression. Thus, a Liberal-Labor form of social democracy was lodged within the same party as certain sections of capital – mostly 'productive' Northern capital in this period.³⁷ What this

³⁴ Schlesinger, Jr., "The Perspective Now," 242.

³⁵ Herman Rosenfeld, "American Social Democracy: Exceptional but Otherwise Familiar," In B. Evans and I. Schmidt (eds.), *Social Democracy after the Cold War* (Edmonton: Athabasca University Press, 2012), 99 and 102-05.

³⁶ *ibid.*, 104.

³⁷ Norman Lichtenstein, "From Corporatism to Collective Bargaining: Organized Labor and the Eclipse of Social Democracy in the Post-war Era," In S. Fraser and G. Gerstle (eds.), *The Rise and Fall of the New Deal Order* (Princeton: Princeton University Press, 1989), 126-27.

produced was a party coalition held together by its commitment to economic growth and a regulatory role for the state in ensuring the conditions for that growth.³⁸

Though it had connections to the Populists, the primary foundations for this form of American social democracy were laid in the Depression era: a moderation of the free market's excesses and cycles, a more robust social welfare state, government action aimed at demand stimulation, and a strong labor movement. Indeed, the relationship between unions and the Democrats during the Roosevelt years and after would become so close that it was said the two "operated within a political coalition" for all practical purposes.³⁹ In many Western European countries, since the late nineteenth century, the strongest and most successful expressions of left politics were the parties and movements of social democracy. In the United States, however, a very different institutional context prompted labor and left intellectuals to embrace the Democratic Party and foreclose the possibility of third-party organizing indefinitely.⁴⁰ It signaled the acceptance by much of the left that social democratic policies, if they were to come, would materialize through the Democratic Party.

With its two-party electoral arrangement, anti-statist political culture, fragmented federalism, comparatively weak trade unions, and a heterogeneous working class split by racial divisions, the United States did not share many of the characteristics that defined postwar Western European political systems, but labor and left electoral politics still found a home in the established mainstream. Indeed during the high-tide of organized labor's influence and pull

³⁸ Mike Davis, for instance, argued "both New Deal Democracy and its satellite, Dewey Republicanism, were firmly anchored in the institutionalized class collaboration made possible by the political economy of Fordism." Mike Davis, *Prisoners of the American Dream: Politics and Economy in the History of the U.S. Working Class* (London: Verso, 1999), 302.

³⁹ J. David Greenstone, *Labor in American Politics*, Phoenix Edition (Chicago: University of Chicago Press, 1977), 318. See also: Peter Francia, "Assessing the Labor-Democratic Party Alliance: A One-sided Relationship?" *Polity* 42, no. 3 (2010): 293.

⁴⁰ Doug Rossinow, "Partners for Progress? Liberals and Radicals in the Long Twentieth Century," In J. Bell and T. Stanley (eds.), *Making Sense of American Liberalism* (Urbana: University of Illinois Press, 2012), 27.

within the Democratic Party, there were even suggestions that the latter became a “surrogate social democracy” or that FDR’s New Deal was a “functional equivalent of social democracy.”⁴¹ Such an advance for the left was only made possible in the United States through a contestation for ideological control of the Democratic Party.⁴²

Social Democrats

The origins and language that defined the debates which shaped European social democracy at its founding(s) clarify the very different nature of the ideological system from which it emerged compared to the fractured environment that the Liberal-Labor faction had to navigate in the Democratic Party. Discussions of socialism and the strategies for achieving it were central to the identities of the left and center-left in Europe from the start, rather than being carried out at the fringes as in the United States.

The ideological roots of many of these European parties can be traced back to the debates on the evolution of socialism that took place within the continental left around the turn of the twentieth century. Fundamentally, the discussions of that time were about determining the most effective strategy and tactics that could transform the capitalist system into a more humane and equitable social order. The politics of socialism in this time, rooted as they were in classical Marxism, were the politics of the transcendence of capitalism. Among the disagreements that divided socialists was the question of whether to pursue their goals through the existing processes and structures of parliamentary democracy or to opt for more revolutionary and insurrectionary solutions through extra-parliamentary means. As with all ideologies, there can be tension between and among core concepts, but one of socialism’s fundamental tensions was

⁴¹ Discussed in: Mike Davis, “The Barren Marriage of American Labour and the Democratic Party,” *New Left Review* 1/124 (1980): 69; and Harrington, *Socialism*, 25.

⁴² Lipset and Marks, *It Didn’t Happen Here*, 264.

on this issue of strategy and timing. Founded on both a critique of the present and a vision of the future as yet unverifiable, Freeden characterized socialist ideology as being “peculiarly prone to a dual temporal existence.”⁴³ It was torn by a conflict over whether its advance was to come through conscious and accumulative political action or through a revolution made inevitable by growing contradictions between the forces of economic development and the social relations of production.

The debate over strategy was also at the same a conflict about what constituted the end goal of the socialist movement. In essence, the central question was not just about how to get to socialism, but essentially a divide over what constituted socialism itself.⁴⁴ In highlighting the split evoked by its utopian aspirations, Freeden described the ideology as entailing “a massive leap of faith and imagination, an emotional as well as intellectual effort to claim that what has never been, or what belongs to conjectural history, is nevertheless normal and proper to human beings and their societies.”⁴⁵ At their core, all the visions of socialism shared a belief in the constitutive (or group) nature of human relations, the desirability of human welfare, a view of human nature as productive and creative, the fundamental equality of human beings, and the all but inevitability of historical progress.⁴⁶ Divergences occurred within socialism, though, because of dueling conceptualizations of some of these core concepts: communitarianism versus class identity; improving welfare vis-à-vis the elimination of material poverty or the transcendence of economic alienation; and cognitive political evolution versus economically-determined revolution as the vehicle of historical progress. These tensions make it more difficult to draw up

⁴³ Freeden, *Ideologies and Political Theory*, 417.

⁴⁴ As Donald Sassoon has noted, this debate was characterized by disagreements over not just the strategic choice of reform or revolution, but also around the continued salience of particular precepts of orthodox Marxism, namely the inevitability of capitalism’s eventual economic collapse and the progressive immiseration, or pauperization, of the working class. Donald Sassoon, *One Hundred Years of Socialism* (London, I.B. Tauris, 1996), 16-18.

⁴⁵ Freeden, *Ideologies and Political Theory*, 418.

⁴⁶ *ibid.*, 425-26.

an agreed cluster of core concepts to cover most known expressions of socialism. Instead, it becomes necessary to delineate different socialisms from one another based on their different understandings of some of these core concepts.⁴⁷

These opposing core conceptualizations were the basis of the well-known debate between revolutionary Marxism with its radical vision of a post-capitalist social order to come about through social upheaval and the evolutionary approach of pre-WWII social democracy that foresaw a socialist future emerging gradually through legislative control over capitalism's own development. As the focus in this section is on the broad trajectory of social democracy's evolution as an ideology and a political orientation, the debates between orthodox Marxism and revisionist social democracy in the late 1800s and early 1900s will not be explored in intimate detail. Rather, by focusing attention on a few key points and positions, it is possible to sketch the outlines of a generic form of modern social democracy capable of showcasing those traits that put it on the path to convergence with the American center-left. These strategic debates at the turn of the century took place when new avenues of democratic politics placed "questions of purity or compromise, maximalism or constructive participation, revolution or reform" onto the agenda of social democratic parties.⁴⁸ It is enough to know that for the split in socialism, the die was already cast when some social democrats accepted "the need to live and work in a capitalist world that was demonstrably *not* on its last legs" as codified orthodox Marxism (especially that of Engels and Kautsky) had projected.⁴⁹ The divisions that these questions engendered were

⁴⁷ "[I]f socialism is to be used as an overarching term, it must embody some common denominators. If no such shared features exist, the surveyor of the family of socialisms must reassess the membership of some of its constituent parts, and possibly effect an ideological breakup." *ibid.*, 419.

⁴⁸ Geoff Eley, *Forging Democracy: The History of the Left in Europe, 1850-2000* (New York: Oxford University Press, 2002), 87.

⁴⁹ Judt, *Ill Fares the Land*, 73.

only pushed along by the various socialist reactions to events like the First World War and the Russian Revolution of 1917.

Though it was often denied by those responsible at the time, the evolutionary revision of socialist strategy was also a pragmatic redefinition of the end goal of socialism itself. It was not only a decision to challenge socialist orthodoxy, but also a choice to privilege “struggle through political institutions” over, and often to the exclusion of, “direct confrontation between the world of workers and the world of capital.”⁵⁰ With the move toward electoral participation, the transformation to a post-capitalist order began a long, slow decline in importance. The rhetoric of a socialist future would continue to characterize the slogans of social democrats for decades to come and theories of utopia continue to occupy intellectuals to this day, but the recasting of the mainstream socialist movement was underway.⁵¹ It signaled a trading-in of economic determinism for a new faith – the power of the social democratic state to effect historical change. It was what Sheri Berman called the “primacy of politics...rejecting the economism and passivity of liberalism and orthodox Marxism.”⁵² This was the historical moment when the electoral, or parliamentary, socialist movement first began phasing out its commitment to any sort of foundational transformation of the capitalist economic system. This process of giving up on utopia would stretch well into the postwar period, but the decision to opt for participation in the institutions of capitalist democracy was the first act of what Tony Blair would much later call social democracy’s penchant for “permanent revisionism.”⁵³

⁵⁰ Przeworski, *Capitalism and Social Democracy*, 7.

⁵¹ This was the case not only among social democrats, but in many West European nations it also eventually held for the Communist Parties who embraced a Gramsci-inspired ‘Eurocommunist’ strategy consisting of a broad coalition of different classes and forces to engage in political, cultural, and electoral struggle aimed at bringing about social transformation. The paradigmatic text of this trend was: Santiago Carillo, *Eurocommunism and the State* (Westport, CT: Lawrence Hill and Co., 1978).

⁵² S. Berman, *Primacy of Politics*, 6.

⁵³ Tony Blair, *The Third Way: New Politics for the New Century* (London: Fabian Society, 1998), 4.

One of the early key architects of the reformist turn of social democracy was Eduard Bernstein, a leading personality in the German Social Democratic Party (SPD). Encapsulating the sentiment of the revisionist project, he said he possessed “extraordinarily little feeling for, or interest in, what is usually termed ‘the final goal of socialism’.” This goal, whatever it may be, is nothing to me, the movement is everything.”⁵⁴ Commenting on this core principle of revisionist social democracy and the controversies between “Leninists, revisionists, and their ‘bourgeois critics’,” Gøsta Esping-Andersen would later note “socialism cannot be empirically defined,” thus making “the historical mission impossible to verify.”⁵⁵ With an undetermined (and undeterminable) final goal, a gradualist approach to social and economic transformation became the implied route for left parties, especially in complex societies with highly developed economies and a tradition of democratic politics. In such a conception it becomes much more appropriate to talk about social-*ist* principles and values than about social-*ism* in the sense of a systematized whole or alternative socioeconomic order, i.e., to focus on a social democratic conceptual morphology.⁵⁶ Class and national community continue to spar for pre-eminence, but evolution becomes the preferred means of historical progress toward an ever-further away future

⁵⁴ Eduard Bernstein, “The Theory of Collapse and Colonial Policy,” In H. Tudor and J. Tudor (eds.), *Marxism and Social Democracy: The Revisionist Debate 1896-1898* (Cambridge: Cambridge University Press, 1988 [1898]), 168-69.

⁵⁵ Esping-Andersen, *Politics Against Markets*, 3.

⁵⁶ Rosa Luxemburg, one of Bernstein’s opponents in the debate over socialist strategy, also noted this shift. She declared: “...people who pronounce themselves in favor of the method of legislative reform *in place and in contradistinction* to the conquest of political power and social revolution, do not really choose a more tranquil, calmer and slower road to the *same* goal, but a *different* goal. Instead of taking a stand for the establishment of a new society they take a stand for surface modifications of the old society. If we follow the political conceptions of revisionism, we arrive at the same conclusion that is reached when we follow the economic theories of revisionism. Our program becomes not the realization of *socialism*, but the reform of *capitalism*; not the suppression of the wage labour system but the diminution of exploitation, that is, the suppression of the abuses of capitalism instead of suppression of capitalism itself.” Rosa Luxemburg, *Reform or Revolution and Other Writings* (Mineola, NY: Dover Publications, 2006), 58. For an expanded discussion of this debate, see: Lucio Colletti, “Bernstein and the Marxism of the Second International,” In *From Rousseau to Lenin: Studies in Ideology and Society* (New York: Monthly Review Press, 1972).

society. Esping-Andersen provided a clear explanation of the social democratic rationale for pursuing the parliamentary path of reform over a sudden revolution aimed at an unknown future:

The notion of a social democratic ‘road to power’ is premised on the assumption that class formation under democratic parliamentary conditions can provide the strength and solidarity needed to transform capitalism. It is also premised on another assumption: that electoral politics and reformist accomplishments will enhance social democratic progress.⁵⁷

This is a modern restatement of Bernstein’s original program for a democratic, electoral path to transformational reform put forward in 1899 in the midst of the ‘revisionism’ debates:

Universal suffrage is the alternative to revolution. However, universal suffrage is only a part of democracy, albeit a part which must in due course, draw the other parts to it as a magnet draws bits of iron. It does indeed proceed more slowly than many would wish, but it is nonetheless at work. And Social Democracy cannot further this work better than by taking an unqualified stand on the democratic doctrine of universal suffrage, with all the resulting consequences for its actions.⁵⁸

This reform-oriented path of social reform, or what Michael Harrington called “visionary gradualism,” emerged as the most prominent perspective in many social democratic parties.⁵⁹

These divides over questions of strategy were further exacerbated by the WWI-era splits on the left which saw the formation of Leninist communist parties in many countries following the Russian Revolution.⁶⁰ For the reform-oriented parties, this signaled the beginning of their departure from Marxist philosophy. The break from certain Marxist precepts on the functioning of the capitalist economy and from the phraseology of ‘scientific socialism’ would be a bit longer in coming for some, with the process stretching into the 1960s.⁶¹

Following Bernstein’s advice, a number of social democratic parties managed to participate in or even form government across Europe during the 1920s and 1930s. Social

⁵⁷ *ibid.*

⁵⁸ Eduard Bernstein, *The Preconditions of Socialism* (Cambridge: Cambridge University Press, 2002 [1899]), 145.

⁵⁹ Harrington, *Socialism*, 248

⁶⁰ Albert Lindemann, *A History of European Socialism* (New Haven: Yale University Press, 1983), 217.

⁶¹ The 1959 Godesburg Program of the German Social Democratic Party was emblematic of this final farewell to any pretensions of Marxist faith.

democrats' uncertain response to the Depression in many places cost them support with their working class electorate, though, and opened a political space for its challengers on the left and right. Having looked forward to the unknown future of socialism, social democrats found themselves at a loss when forced to manage a capitalist economy in crisis. They had ideas about the kind of policies they might institute once the changeover to socialism occurred, but having not yet fully imbibed the consequences of Bernsteinism, many leaders believed the iron laws of capitalism prevented any tinkering with the way that system corrected itself. Remnants of economic determinism and their Marxist heritage still shaded the social democratic response to the Depression. Harrington quoted Austrian socialist Otto Bauer, who remarked in the early 1930s:

In 1929 as the crisis broke out, the British Labour Party ruled in Britain and the Social Democracy led a coalition in Germany. Socialist parties bore responsibility for the state; *but the economy was ruled by the natural laws of capitalism*. The socialist-led regimes could not ward off the crisis or halt its stormy march... The disillusionment of the masses turned them against socialism.⁶²

The German example is most emblematic of the social democratic paralysis that characterized the 1930s.⁶³ There, SPD leaders such as Rudolf Hilferding actively worked to subvert proposals made by other social democrats for intervention in the economic cycle with stimulus measures. The attacks were aimed particularly at Wladimir Woytinsky, who urged social democrats to adopt a policy of public works programs to create jobs and head off the appeal of the Communist and National Socialist Parties.⁶⁴ Proto-Keynesians like Woytinsky

⁶² Harrington, *Socialism*, 92.

⁶³ Unlike the Swedish SAP (which is discussed below), Sassoon says the SPD and other socialist parties in Europe “did not produce anything remotely resembling a model or credible alternative to capitalism.” He said this was “not difficult to understand, given that in virtually all cases socialist parties appeared to enter government without knowing what to do... as if, because the time had not come for a socialist government, they felt they should not be in power at all.” Sassoon, *One Hundred Years of Socialism*, 47.

⁶⁴ S. Berman, *Primacy of Politics*, 109-15.

grasped the existential challenge facing social democracy at the time. He warned Hilferding and others:

The flood of unemployment is rising, the people are at the end of their patience. The workers, holding us responsible for their misery, are deserting the party to join the Communists and Nazis. We are losing ground. There is no time to waste. Something must be done before it is too late. Our plan has nothing to do with any particular value theory. Any party can execute it. And it will be executed. The only question is whether we take the initiative or leave it to our enemies.⁶⁵

Their policy inaction exacted a high cost on social democrats. After Hitler and the Nazis achieved power in 1933, the SPD as well as the German Communists were annihilated politically, and in many cases physically. Social democracy would not have a chance at governing in Germany again until after the war. National Socialism and fascism were defeated in Europe, but at the cost of millions of lives and total economic ruin. The imposition of Soviet state socialism in Eastern Europe and the growing strength of the Western European Communist Parties in the aftermath of the war served to strengthen social democrats' appreciation for economic management within the framework of parliamentary democracy. The experiences of fascism, war, and the threat from Communists on their left served to inject a greater dose of pragmatism into the outlook of continental social democrats.

In one place where they achieved majority status during the Depression years though, social democrats had pursued the type of proto-Keynesian policies that Woytinsky had tried to force on the SPD. As we shall see in the next section, socialists in Sweden began sketching the first outlines of the public policy paradigm that would eventually come to define the postwar era left. They moved parallel to similar experiments then going on in the United States under the leadership of Roosevelt and the emerging Liberal-Labor faction of the Democratic Party. It was in this period that the foundations of the Keynesian welfare state were laid.

⁶⁵ Wladimir Woytinsky, *Stormy Passage* (New York: Vanguard Press, 1961), 471.

Convergence I: The Keynesian Consensus

The New Deal and the building up of the modern American welfare state in the 1930s represented the institutionalization of the Liberal-Labor faction's dominance of the Democratic Party. A number of influencing factors conjoined during this time that shaped the character of the Democratic Party for the next three decades. Doug Rossinow argued that this period represented a high point of a "left-liberal tradition in U.S. politics" which has been long sidelined by New Left historians who came of age in the radical 1960s and 1970s.⁶⁶ The distinction between the Liberal-Labor and New Politics factions would mark the boundary between the social democrats of earlier and later generations. Trained in the cultural and political conflicts of the Vietnam War period, these historians have depicted liberal reform and left-wing radicalism "as separate, incompatible, and intrinsically hostile to one another."⁶⁷ The Democratic reformers who had shaped the New Deal and postwar era were often effectively viewed as conservatives by the radical left activists of the Vietnam era. In contradiction to such viewpoints, Rossinow draws attention to the importance of the political relationship between organized labor and the Democratic Party, a relationship that was cemented into a solid alliance during the Depression. He highlights the role that Popular Front radicals in the 1930s and 1940s had played in creating a left-liberal pole in the Democratic Party that helped push it to embrace the politics of reform, racial justice, and the interventionist state. This orientation would outlast Roosevelt and largely define the party at the national level in the decades that followed. It was during the Depression that a section of the Democratic Party finally gave expression to the "common ancestry" of Enlightenment ideals and shaped a progressive outlook that was shared by "leftist radicalism and

⁶⁶ Rossinow, "Partners for Progress," 17.

⁶⁷ *ibid.*, 19. The 1968 Democratic National Convention symbolized the division between these two generations – the 'Old Left' of the 1930s-40s and the 'New Left' of the 1960s.

liberal reform.”⁶⁸ Though McCarthyite anti-communism hived off some left elements from the party, J. David Greenstone described the postwar decades as the high point of the relationship between labor and the Democratic Party as unions began to identify with the Democratic Party as the institutional representative of their political interests in a way that lasted into the 1960s.⁶⁹ Andrew Battista concluded that its “strengthened working-class base and urban liberalism” guaranteed the Democratic Party majority status during the era and made it more committed to activist governance.⁷⁰ But Roosevelt and the Liberal-Labor Democrats were not the sole authors of the postwar model.

A successful prototype for European social democracy’s transition from Bernsteinism to the ‘classical social democratic’ state of the 1950s and 1960s began taking shape in Sweden in the decade prior to the war. Already from the late 1920s, Sweden’s Social Democratic Workers’ Party (SAP) pioneered a form of innovative economic policy, a kind of “Keynesianism before Keynes.”⁷¹ The shift away from the paralytic determinism of the SPD’s codified version of Marxist theory and toward the economic managerialism that later became a key component of social democracy was precipitated by SAP leaders like Per Albin Hansson and Nils Karleby. During this time, the party’s base was schooled in a more national and non-class vision of socialism. The notion of building a *folkhemmet*, or ‘people’s home’, signaled the political move from class struggle to communitarian, or ‘national’, socialism. At the same time, the doctrinaire residue that characterized the SPD’s approach to politics was rejected by the Swedes in favor of open and unapologetic reformist pragmatism. The state and political practice were elevated above economic determinism as the driving forces for social development. The SAP instituted a

⁶⁸ *ibid.*, 32.

⁶⁹ Greenstone, *Labor in American Politics*, 357.

⁷⁰ Andrew Battista, *The Revival of Labor Liberalism* (Urbana: University of Illinois Press, 2008), 30.

⁷¹ S. Berman, *Primacy of Politics*, 169.

‘work-creation’ program after 1932 aimed at boosting demand by increasing purchasing power in the midst of the Depression. After cementing an alliance with the farmers and solidifying its own electoral hold, social democracy’s hegemony in Sweden began in earnest.⁷²

The transformational experiences that people lived through during the war and the tangible examples of the New Deal and the Swedish ‘people’s home’ combined to produce a new consensus that united Democrats and social democrats in a program of economic management and welfare state development after 1945. Cold War opposition to communism further strengthened these ties. In the years following World War II, as Keynesianism took hold, capitalism in the West seemed to gain a new lease on life. The economies of many countries recorded higher growth each year and both big business and the working class seemed to be benefitting. Profits for capitalists were soaring higher as productivity notched upward. In Europe, the massive necessity for reconstruction along with Marshall Plan aid eventually meant hundreds of thousands of jobs were being created. The left came out of the war far stronger than it had been earlier. Social democratic parties emerged in many European nations as the dominant political forces.

In the U.S., the political picture became more complicated for certain elements of the left, but the Keynesian perspective gained hegemonic status. The Taft-Hartley Act and McCarthyism stripped labor of some of its most capable organizers and leaders in the postwar CIO purge, but even those attacks on the left did not destroy all the gains unions had achieved working with the Democrats in the New Deal years. The Liberal-Labor faction of the Democratic Party, especially

⁷² In addition to its roots in the American New Deal and the Swedish *folkhemmet*, Berman also reminds us that the fascist and national socialist states of the 1930s implemented or promoted a number of practices that characterized the transition in the state-market relationship during this period. Like the social democrats and New Deal reformers, the fascists and national socialists embraced the use of political power to re-engineer society and the economy. Theirs was a politics of communalism and statist ideology that exhibited a skeptical and sometimes controlling attitude toward the market economy. Berman sees this emerging middle ground view of capitalism as a ‘third way’ that believed “the state could and should control markets without destroying them.” S. Berman, *Primacy of Politics*, 16-17.

as represented in the organization Americans for Democratic Action (ADA), became more stridently anti-communist, but it embraced social democratic themes consistent with those promoted by the European electoral left at this time.⁷³ Corporatist relations between state, business, and labor (often through price controls or negotiated income policies) guaranteed relative stability, especially in Western Europe.⁷⁴ The working class (or at least sectors of it) was enjoying some of the gains of this period that came to be known as capitalism's 'golden age'. Incomes were rising and inequality between the richest and poorest groups in society was actually reversing for the first time in most of the OECD countries.⁷⁵ The state was playing a very active role in the economy with several countries having substantial parts of their industry under public ownership (though the United States largely avoided the trend toward expanded public enterprise). Some political analysts were starting to speculate that the boom-and-bust cycle of capitalism that Karl Marx had analyzed was now a thing of the past. A few even prematurely questioned whether or not capitalism itself still existed.⁷⁶

At the core of these successful years, as has been pointed out, was a new emphasis on the role of the state in the provision of social welfare and in the direction of the economy – what has now become known as the era of the Keynesian welfare state. From roughly the 1950s to the 1970s, the public provision of welfare – primarily in areas such as healthcare, education, pensions, unemployment insurance, and other social services – enjoyed an unprecedented stretch of expansion and consolidation.⁷⁷ Key to welfare state expansion, as well as to the electoral success of the social democratic parties that implemented much of it, was the strength and

⁷³ Steven Gillon, *Politics and Vision: The ADA and American Liberalism, 1947-1985* (New York: Oxford University Press, 1987).

⁷⁴ Wiarda, *Corporatism and Comparative Politics*, 43.

⁷⁵ Andrew Glyn, *Capitalism Unleashed: Finance, Globalization, and Welfare* (Cambridge: Polity Press, 2006), 157.

⁷⁶ Anthony Crosland, *The Future of Socialism* (New York: Schocken Books, 1963).

⁷⁷ Glyn, *Capitalism Unleashed*, 156-57.

influence of the organized labor movement in many of the advanced capitalist countries. In Europe, the trade unions were often intertwined with the social democratic parties. In the U.S., it was the Democratic Party's Liberal-Labor faction that pushed forward the expansion of the American welfare state.

Married to the new growth of public welfare provision – and to a large extent making it all possible – was the postwar dominance of the economic theories of J.M. Keynes referenced earlier. Keynes believed the government could (and should) manage effective demand in the economy through outlays of public funds during the downward curve of the economic cycle in order to maintain equilibrium and ensure continuous expansion of production and full employment. He had begun laying out his ideas for how public expenditure could be employed to spend against the winds of crisis in a capitalist economy and ensure greater stability for the entire system during the years of the Great Depression. As the crisis dragged on year after year, it had “become clear to many...that the myth of the self-adjusting market had outlived its ideological usefulness.”⁷⁸ That long-held foundation of neoclassical economic theory – the totally free and uninhibited market as regulator of economic activity – had become “a threat to the very existence of capitalism.”⁷⁹ The beginning of World War II and the need for planned and predictable output for war production (particularly in the United States) had moved Keynes's ideas from theory into the laboratory of real life. They were a natural fit for the Liberal-Labor faction's belief in technocratic expertise, planning, and policy experimentation. By 1945, the success of the managed economy during the war had made Keynesianism the new orthodoxy. For Liberal-Labor Democrats, it enabled a consolidation of their New Deal image as the party of competent economic management and defender of the social safety net.

⁷⁸ E.K. Hunt, *History of Economic Thought* (Armonk, NY: M.E. Sharpe, 2002), 403.

⁷⁹ *ibid.*

Though Keynes himself was no socialist, many social democrats latched on to his theories as their own, placing them at the center of their economic policies. The idea of overcoming capitalist crisis through the socializing forces of the state appealed to the reformist tradition of social democracy. Though he resisted the actual proto-Keynesianism of Woytinsky, even Hilferding had talked of socializing the ‘organized capitalism’ that he thought had replaced crisis-prone laissez-faire capitalism as far back as the 1920s. “The problem is posed to our generation,” he said at an SDP congress in 1927, “with the help of the state, with the help of conscious social direction, to transform the economy organized and led by capitalists into an economy directed by the democratic state.”⁸⁰ Though Hilferding of course turned out to be terribly wrong about the end of crisis, as 1929 would so shockingly demonstrate, for many socialists and social democrats, Keynesianism seemed to finally provide them with a real way to bring the constant ups-and-downs of capitalism to an end, or at least confine them within a manageable range.

The Keynesian welfare state became firmly entrenched throughout the developed capitalist countries over the two decades following the war. Even when left and center-left parties were not in government, the interventionist social democratic public policy paradigm was the predominant one. Republican Presidents during the time acknowledged the hegemony that the New Deal legacy had achieved among not only the American public, but in the realm of public policy possibility among elected officials. This was exemplified by Eisenhower’s remark in 1954 that anyone who wished to “abolish social security, unemployment insurance, and

⁸⁰ Quoted in: Harrington, *Socialism*, 57.

eliminate labor laws” was “negligible” and “stupid,” and by Nixon’s 1971 declaration that he too was a Keynesian when it came to economics.⁸¹

And across Europe, even with all the national variations, the set of policies that had come to constitute social democracy also commanded consensus support in the postwar decades, characterized by a commitment to a vision of equality defined by redistribution and shared prosperity, devotion to what Sheri Berman called the ‘primacy of politics’ symbolized by the interventionist and regulatory state, and a political strategy aimed at cementing communitarian ties through the rhetoric of solidarity.

Table 2. Liberal-Labor Core Concepts and Postwar Social Democracy Compared

Liberal-Labor Democrats	Postwar Social Democracy
Welfare Interventionist State Pluralism	Equality Primacy of Politics Solidarity / Communitarianism

Social democracy had come of age in the form of the Keynesian welfare state. The interventionist state would advance to different degrees in the United States and Europe, but it proceeded along the same general path of development in both places.⁸² The U.S. government’s

⁸¹ Dwight Eisenhower, “Letter from President Eisenhower to Edgar Eisenhower, 11/08/1954,” National Archives, Dwight D. Eisenhower Papers. <http://research.archive.gov/>; and *New York Times*, “Nixon Reportedly Says He is Now a Keynesian,” January 7, 1971, 19.

⁸² In addition to a different institutional setting, the factionalism in the Democratic Party is also a major explanatory factor for why the U.S. did not advance as far down the social democratic road as the nations of Western or Northern Europe. The strong correlation between issues of race and inequality in the U.S. slowed the pace of action on the part of the Democratic Party due to the need to preserve electoral support in the South. Though the ideology of the Liberal-Labor Democrats was generally aligned with that of postwar European social democracy, their ability to translate that ideology into policy was hobbled by the need to maintain party unity with Southern Democrats who resisted many social reforms on the grounds of race. Once the Liberal-Labor Democrats chose to more openly defy the Southern Democrats, the New Deal coalition between the two factions broke down, jeopardizing the party’s electoral possibilities and opening the path for the development of a new faction, the New Politics Democrats.

share of GNP increased from 10 percent in 1929 to more than 30 percent by the 1970s, with most of this directly traceable to Liberal-Labor Democratic policy achievements such as Social Security, Medicare, and Medicaid. Averages in Europe demonstrated an even stronger impact, with public GNP share approaching or exceeding 50 percent by the 1970s.⁸³ John Kenneth Galbraith, perhaps the most influential of Liberal-Labor intellectuals, commenting on the character of the American economy in 1967, believed that “in the wake of the Keynesian Revolution,” the state had perfected its ability to control aggregate demand and ensure sufficient purchasing power so as to mitigate capitalism’s inherent instabilities.⁸⁴ The development of what he called the American “industrial system” had basically achieved the institution of “a largely planned economy.”⁸⁵ By 1970, Galbraith was encouraging the Democratic Party to “henceforth use the word socialism. It describes what is needed.”⁸⁶ Whether in the guise of European social democracy or American Liberal-Labor reformism, it appeared capitalism had largely been tamed.

Things Fall Apart: The Neoliberal Challenge

By the 1970s, this mythical era of a new crisis-free capitalism started to unravel though. The economic growth that had been the glue holding together the class settlement of the postwar period stalled and stagnation set in. The mass output of consumer and industrial goods in the 1950s and 1960s began outstripping effective demand, and the Keynesian framework seemed only to exacerbate the problem by driving up inflation. Prolonged prosperity had dramatically altered the bargaining power of labor, turning it from “a largely nonunionized, passive group,

⁸³ Robert Heilbroner, *Twenty-First Century Capitalism* (Toronto: House of Anansi Press, 1992), 64.

⁸⁴ John Kenneth Galbraith, *The New Industrial State* (Princeton: Princeton University Press, 2007), 3.

⁸⁵ *ibid.*, 434.

⁸⁶ Quoted in: Conrad Waligorski, *John Kenneth Galbraith: The Economist as Political Theorist* (Oxford: Rowman and Littlefield Publishers, 2006), 263.

grateful for an offer of work” to “a well-organized, generally aggressive participant in wage negotiations.”⁸⁷ The oil shock of 1973 further added to the inflationary pressures brought by tight labor markets. Labor unrest increased, threatening the stable class relations that were a necessity of the Keynesian compromise.

The abilities of government planners to influence demand and guide investment weakened. All the social democratic tools that had been deployed since the end of the war were losing their effectiveness. With the foundations of the Keynesian consensus becoming shakier, the business component of the tripartite state-labor-business relationship began to waver. As profit rates started to trend steadily downward, the search was on for new solutions and new ideologies among the business elite and the groups that represented their political interests.⁸⁸ Part of the solution that capital came to pursue was a process that has become known as financialization.⁸⁹ Over time, more and more capital investment was gradually moved out of the ‘real’ economy – those industries where people actually make and sell material goods and services – to the financial sector of the economy, or what is often called the ‘paper’ economy.

Occurring simultaneously with this structural shift in the economy was an ideological attack on the foundations of the postwar social order. The declarations by free market fundamentalists that government had no place in the economy started to have resonance with a

⁸⁷ Heilbroner, *Twenty-First Century Capitalism*, 64.

⁸⁸ For a short and excellent summary of the challenges of the 1970s, see: Glyn, *Capitalism Unleashed*, ch. 1.

⁸⁹ Among the earliest scholars to recognize the emergence of financialization were Harry Magdoff and Paul Sweezy, writing in the journal *Monthly Review* in the 1970s. They connected it to monopoly capitalism’s efforts to overcome stagnation. An overview of their contribution and the subsequent history of the concept can be found in: John Bellamy Foster and Harry Magdoff, *The Great Financial Crisis: Causes and Consequences* (New York: Monthly Review Press, 2009), ch. 4. Writing later, Robert Pollin similarly linked financialization to an inability to resolve the 1970s profitability crisis: Robert Pollin, *Contours of Descent: U.S. Economic Failures and the Landscape of Austerity* (New York: Verso, 2003). A more recent explanation of the process of financialization and the economics of derivatives and the ‘paper economy’ was provided in: Jim Stanford, *Economics for Everyone: A Short Guide to the Economics of Capitalism* (Halifax: Fernwood Publishing, 2008), ch. 18. And finally, a more historically detailed account focusing on the specifics of financialization in the U.S. economy and its impacts on globalization can be found in: Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London: Verso, 2012), chs. 6-8.

public frustrated by the bureaucracies that had come to characterize the welfare state. Privatization of public companies and services was urged. The removal of government oversight of banks and corporations was said to be the best way to restore profitability and economic growth. Taxes were too high and valuable money was being wasted on programs that fostered dependence and extinguished initiative and creativity. Labor unions were strangling companies into bankruptcy. The free market would solve all of these problems if only the state would get out of the way. Such claims were packaged into winning electoral platforms by resurgent conservative parties led by the personalities associated with the New Right in both the United States and Europe.⁹⁰

The politicians of the New Right looked to the heritage of Friedrich Hayek, Ludwig von Mises, and Milton Friedman as the inspiration for their neoliberal programs. Utilizing Freedman's conceptual morphology framework, Rachel Turner constructed a generalized ideological map of neoliberalism that located its core concepts in decontested meanings of the market, welfare, the constitution, and property.⁹¹ For neoliberals, the market's connection of liberty and efficiency was held to maximize welfare better than government attempts at economic meddling. Welfare in this formula is understood in terms of negative liberty, individual opportunity, and the absence of government restrictions on personal achievement. A strictly-defined constitutionalism, meanwhile, is aimed at the construction of a legal environment that can prevent government from interfering in the efficient functioning of markets. And the sanctity of private property and

⁹⁰ In the U.S. case, the neoliberal advance was led by the New Right faction of the Republican Party, associated most closely with Ronald Reagan. Its first expressions were visible, however, in the 1964 Goldwater campaign. For an overview of the ideological outlook of this faction, see DiSalvo, *Engines of Change*, 44-48.

⁹¹ Turner, *Neo-Liberal Ideology: History, Concepts and Policies*, 4-5, 13.

the right to dispose of it as an owner may wish is the fourth core concept highlighted by Turner and was the neoliberals' safeguard against the collective power of the interventionist state.⁹²

In the United States, the New Right was ironically helped along in their critique of Keynesianism by the very success of the Democratic Party's previous policies. Such a broad middle class had been created that the means-tested American welfare state became one that now taxed the majority for the benefit of the few. Rather than redistributing from the top down to the middle and lower classes, it was feasible to argue that the middle was being soaked for the benefit of a minority that refused to work (an argument the New Democrats would later take up). The racial tensions that had for so long characterized the Democratic coalition also rose once again during this time. The transition to a post-industrial economy was underway and the Liberal-Labor Democrats were on shaky ground as they tried to grapple simultaneously with socioeconomic transformation, the expanding war in Vietnam, and an explosion in race relations.

Attacking the Keynesian consensus from their flank were the activists of the New Left. The mass movements that developed in the wake of the civil rights and peace upsurges criticized what they saw as the conservatism of the Democratic establishment, evidenced by ongoing support to the military campaigns in Southeast Asia and a reluctance to challenge the roots of racism and other forms of oppression. The specter of the New Right challenge and the economic dislocations that were just beginning to become evident combined with the growth of activist politics and calls for expanded participatory democracy to upend the political coalition built during the Roosevelt years.

The 'Democratic establishment' at this time was the Liberal-Labor faction, with the AFL-CIO and urban Democratic politicians providing the lead. By the late 1960s, the faction had now defined the contours of Democratic Party politics for three decades. The relationship between

⁹² *ibid.*, 115, 163, 188-89, 212.

organized labor and the party proper was so tight that, according to Greenstone, the trade unions constituted “the most important nation-wide electoral organization for the Democratic Party.”⁹³ At the presidential level, their bond was the “centralizing mechanism in the Democratic Party’s presidential campaigns,” and the AFL-CIO’s primary role in mobilizing voters meant that (at least up until 1972) the party was ever-conscious of the need to secure union approval for its candidates.⁹⁴ In the candidate selection rules in place at the time, state party leaders had the authority to choose the majority of convention delegates. This further strengthened labor’s hand, given its power in the state party organizations. It guaranteed Hubert Humphrey, Liberal-Labor’s choice, the Democratic nod at the contentious 1968 party convention. This act, which snubbed the mass activist base that had supported anti-war candidate Eugene McCarthy (or Robert Kennedy before his assassination), was a demonstration of labor’s overriding power in the Democratic Party. Although they did not know it at the time, it was also the apogee of the Liberal-Labor faction’s dominance.

The McCarthy and Kennedy delegates inside the convention hall, along with many of the protesters facing off with Chicago Mayor Richard Daley’s police force on the streets outside, and civil rights, peace, and other activists in cities across the nation, came together to forge a factional force that within four short years would push Liberal-Labor aside and pull the Democratic Party further to the left. The decision to force the nomination of Humphrey “alienated other factions within the Democratic Party, including the newly insurgent forces of youths, minorities, women, and the opponents of the Vietnam War.”⁹⁵ Many of these groups had already been pushing back against Liberal-Labor’s control and resented, for instance, the role that United Auto Workers leader Walter Reuther and Hubert Humphrey had played in limiting

⁹³ Greenstone, *Labor in American Politics*, 70.

⁹⁴ DiSalvo, *Engines of Change*, 80.

⁹⁵ Taylor Dark, *Unions and the Democrats: An Enduring Alliance* (Ithaca: ILR Press, 2001), 74-75.

the efforts of Fannie Lou Hamer's anti-segregationist Mississippi Freedom Democratic Party to unseat their state's all-white delegation at the 1964 convention.⁹⁶ Frustrated with the pace of legislative advance, some in the civil rights movement, like the Black Panther Party, spurned efforts at legal integration, while others continued to work from within the Democratic Party to challenge Dixiecrat recalcitrance. The events of 1968 and after, including the Kennedy, King, and Malcolm X assassinations, pushed the New Deal coalition further down the path of disintegration.

Alongside the growing demands of the civil rights movement, calls for a new direction in foreign policy also took up residence within the Democratic Party. Johnson's intensification of the war in Vietnam, which he had inherited from Kennedy, furthered divisions within party ranks. Moving in parallel to the expansion of the war effort was a dramatic growth of the anti-war movement, with demonstrations of tens of thousands becoming regular scenes. It was not just the youth and activists, however, who were turning against the war. A potent signal of the breadth of anti-war feeling was the condemnation of the United States' 'arrogance of power' by Southern Democrat and Arkansas Senator J. William Fulbright, then head of the Senate Foreign Relations Committee.⁹⁷ As a powerful figure in the national party leadership, when Fulbright bolted from supporting a war that he had helped authorize with the Gulf of Tonkin Resolution, it was clear that the Liberal-Labor faction was in trouble.

Finally, the upsurges of the civil rights and anti-war efforts coincided with the rise of a number of other equality-seeking movements, elements of which would also ensconce

⁹⁶ Citing an internal memo of Americans for Democratic Action (ADA), Lance Selfa revealed that the Freedom Democratic Party movement was targeted for cooptation by ADA. The organization, whose board included Humphrey and Reuther, urged Democrats to quickly legislate a voting rights act in order to undercut support for the Freedom Democratic Parties. "So while the Democratic Party machine was trying to accommodate the racists in the party," according to Selfa, "its liberal wing was trying to figure out how to corral the civil rights movement into the Democratic fold." Selfa, *The Democrats*, 144.

⁹⁷ J. William Fulbright, *The Arrogance of Power* (New York: Random House, 1967).

themselves within the internal politics of the Democratic Party. In 1966, the National Organization for Women (NOW) was founded as “a kind of feminist version of the NAACP,” with the bulk of its early efforts focused on securing passage of an Equal Rights Amendment to the U.S. Constitution.⁹⁸ Given this legislative focus, lobbying among Democratic politicians (as well as granting endorsements and eventually funding to those candidates who backed them) was characteristic of NOW’s political tactics. Another star in the women’s liberation constellation was the National Association to Repeal Abortion Laws (NARAL), which was advocating for the legalization of abortion even before the Supreme Court’s 1973 *Roe v. Wade* decision. Both became powerful forces within the Democratic Party.

After the police raids on the Stonewall Inn bar in Greenwich Village in June 1969, the modern gay and lesbian liberation movement also exploded onto the scene with protests and riots lasting several nights. Out of Stonewall emerged the Gay Liberation Front (GLF), a short-lived militant group aimed at a total transformation of sexual and gender relations in society. Splitting from it was a separate group “more interested in reforming the system than overthrowing it,” the Gay Activists Alliance (GAA), which pioneered a strategy for gay politics focused on securing non-discrimination legislation and winning the support of candidates and politicians to their cause.⁹⁹ In the 1970s and 1980s, the National Gay and Lesbian Task Force (NGLTF) and Human Rights Campaign (HRC) took up this tradition within the orbit of the Democratic Party. Movements for recognition and rights similar to the African American, women’s, and gay and lesbian movements also erupted among Mexican Americans, Puerto Ricans, Native Americans, and others during this crucial period.

⁹⁸ Alterman and Mattson, *The Cause*, 191.

⁹⁹ Selfa, *The Democrats*, 154.

Inside the Democratic Party, the influence of these movements for change dramatically altered how the party functioned and the way its candidates were nominated. Following the controversy of the 1968 convention and Humphrey's coronation thanks largely to the AFL-CIO leadership, a commission was established by the DNC to reform the rules for delegate selection. The dissatisfaction among McCarthy and Kennedy supporters prompted demands for an expansion of the primary system of delegate selection, a method which, while limited in the past, had increased grassroots participation in the party's local organizations.¹⁰⁰ The Commission on Party Structure and Delegate Selection was created to overhaul the party rules, with Senator George McGovern, and later Representative Donald Fraser, chairing. The practice of allowing state party leaders to select delegates was largely discontinued in favor of open selection and a quota system to ensure proportionate representation by gender and race. Additionally, the 'unit rule', which had allowed leaders to require all members of their state delegation to vote as a bloc, was abolished. Eric Alterman and Kevin Mattson have ominously designated the McGovern-Fraser Commission's rule changes as the beginning of "the 'New Politics' takeover of the Democratic Party":

The "rights" revolution was spreading, inviting activists to carve up what remained of the Democratic Party in the name of narrow, often conflicting identities, many of whose members believed they were playing a zero-sum game. Where once stood a Democrat or even a liberal now stood a black, a woman, a Hispanic, a gay, among others. Liberalism began to look less like a coherent political vision than a crazy quilt of angry constituent groups making impossible demands on the system...¹⁰¹

Taken together, these equality movements and the rule changes of the McGovern-Fraser Commission represented a challenge to the Liberal-Labor Democratic establishment. They complicated the consensus that had been built in the 1930s and held together in the form of the

¹⁰⁰ Byron Shafer, *Quiet Revolution: The Struggle for the Democratic Party and the Shaping of Post-Reform Politics* (New York: Russell Sage, 1983), 14-16.

¹⁰¹ Alterman and Mattson, *The Cause*, 238.

New Deal coalition. The selection of McGovern as the 1972 nominee on the basis of the new delegate quota rules represented the full absorption of what Theodore Lowi called ‘interest group liberalism’ into the Democratic Party.¹⁰² The power of the New Politics faction was demonstrated at the convention that year by its refusal to seat the Illinois delegation, which was headed by Mayor Daley, due to its failure to meet the minimum quota for female and Black delegates. Instead, an alternative delegation headed by the Reverend Jesse Jackson was credentialed to represent the state of Illinois. Baer commented that there was perhaps “no better symbol of the...transfer of power to the New Politics faction than the ouster of the Daley delegation.”¹⁰³

Though it would be an exaggeration to say that the veterans of the equality movements had migrated *en masse* into the Democratic Party, significant chunks of activists and politicians who were influenced by them did do so in the early 1970s and would continue to throughout the decade and into the 1980s. As Thomas and Mary Edsall concluded, “The new rules shifted the power to nominate presidential candidates from the loose alliance of state and local party structures...to the reform activists aligned with the anti-war, women’s, and other rights movements.”¹⁰⁴ Their commitment to a politics of equality, participatory democracy, and solidarity ended Liberal-Labor dominance and eventually pushed many Southern Democrats and uncomfortable white middle and working class voters from the party.

Mainstream Liberal-Labor Democrats like Humphrey did not know how to grapple with the pressures for diversity that the new constituencies put on the party. Others, like McGovern, attempted to accommodate all demands and prevent further disintegration, but ended up

¹⁰² Theodore Lowi, *The End of Liberalism: The Second Republic of the United States* (New York: W.W. Norton, 1969).

¹⁰³ Baer, *Reinventing Democrats*, 24.

¹⁰⁴ Thomas and Mary Edsall, *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* (New York: W.W. Norton, 1992), 92.

presiding over a fracturing of the Democratic coalition at precisely the moment it was becoming more diverse and representative of the U.S. population. The white working class was peeling away, the emerging New Politics groups were consumed with identity and cultural issues, and the Liberal-Labor establishment was left in the middle. The rise of the New Politics faction, though it empowered many previously sidelined and oppressed groups, also presented a dilemma for the Democratic Party, especially in the South and the suburbs. All of the new constituencies now competing for influence in the party, even if all of their voters were combined, did not yet represent a majority of the American electorate. Paired with the straw-man caricatures that were so easily drawn of the 1960s radicals, the Democratic Party of the New Politics era had a serious image problem. Ruy Teixeira summarized the dilemma effectively:

[I]f race was the chief vehicle by which the New Deal coalition was torn apart, it was by no means the only one. White working class voters also reacted poorly to the extremes with which the rest of the new social movements became identified. Feminism became identified with ‘bra burners,’ lesbians, and hostility to the nuclear family; the antiwar movement with appeasement of third world radicals and the Soviet Union; the environmental movement with a Luddite opposition to economic growth; and the move toward more personal freedom with a complete abdication of personal responsibility. The New Deal mainstream that dominated the Democratic Party was confronted with a challenge. The uncomplicated commitments to government spending, economic regulation, and labor unions that had defined...progressivism for over thirty years suddenly provided little guidance for contending with an explosion of new constituencies for the party. Their demands for equality, and for a better as opposed to merely richer life, were starting to redefine what progressivism meant, and the Democrats had to struggle to catch up.¹⁰⁵

For Reagan and the New Right Republicans, it would be ‘morning in America’ after the New Deal Democratic coalition exemplified by the Liberal-Labor faction slowly unraveled over the course of the 1970s, with the early defection of portions of the Southern Democratic voting

¹⁰⁵ Ruy Teixeira, “The Evolving Democratic Coalition: Prospects and Problems,” In J. Cronin, G. Ross, and J. Shoch (eds.), *What’s Left of the Left: Democrats and Social Democrats in Challenging Times* (Durham: Duke University Press, 2011), 176.

bloc and the rise of New Politics.¹⁰⁶ Under President Jimmy Carter, the Liberal-Labor faction's last swan song came with the passing of the Humphrey-Hawkins Full Employment Act (officially the Full Employment and Balanced Growth Act) in 1978. The bill, which represented the uncertain direction of economic policymaking in the period of transition from Keynesianism to neoliberalism, committed the country to pursuing full employment, primarily through the private sector, but if necessary through a public employment reservoir. But contradictorily, it also mandated adherence to the principles of balanced budgets, monetary policy aimed at controlling inflation, and balanced trade. The 'employer of last resort' provision was weakened by the stipulation that, due to growing deficits, no new job creation programs should be implemented until the end of 1980 at the earliest.¹⁰⁷ By then, Carter was already on his way out of the White House to make way for Reagan.

The New Right sought to refashion the state with a new set of policies rooted in the core concepts of the free market, welfare as negative liberty, constitutionally-restricted government, and private property – neoliberalism.

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills with an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police, and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture.¹⁰⁸

¹⁰⁶ For accounts of the New Right's historical origins in the U.S., see: Jerome Himmelstein, *To the Right: The Transformation of American Conservatism* (Berkeley: University of California Press, 1990); and George Nash, *The Conservative Intellectual Movement in America Since 1945* (New York: Basic Books, 1976).

¹⁰⁷ Panitch and Gindin, *The Making of Global Capitalism*, 166; and William Berman, *America's Right Turn: From Nixon to Clinton* (Baltimore: The Johns Hopkins University Press, 1998), 46-47.

¹⁰⁸ David Harvey, *A Brief History of Neoliberalism* (New York: Oxford, 2005), 2-3.

Unions were pinpointed as one of the chief culprits behind economic disruption and the inability of markets to flexibly respond to fluctuations in demand. In the U.K., Thatcher battled it out with the coal miners; in the U.S., Reagan crushed the air traffic controllers in a demonstration of his administration's attitude toward organized labor. Even before Reagan, though, as we have seen, Carter had already demonstrated that, within the Democratic Party, Keynesianism's star was fading. In 1979, interest rates had been sent upward to squeeze out inflation and restore the power of the U.S. dollar in the world economy – the so-called “Volcker coup,” named for the head of the U.S. Federal Reserve under Carter at the time.¹⁰⁹ As intended, the move triggered a recession. Combined with this neoliberal approach in the economy was a heightening of Cold War tensions with the Soviet Union. The new emphasis on security was one perversion of neoliberal ideology that preserved a form of ‘military Keynesianism’ by pouring money into the arms race. These increases in military budgets raised debt and deficit levels, contradicting the tight money maxims of the New Right. The trend of decreasing inequality that had characterized the ‘golden age’ also began to stall as working class incomes failed to keep up with rises in the cost of living.¹¹⁰ Women entered the workforce in higher numbers and millions of families started to rely on credit to maintain living standards.

By the early 1990s, the economic and political problems of the Soviet bloc states in Eastern Europe had resulted in the collapse of the governments there and the discrediting of communist parties around the world. Though they had always disavowed themselves of Soviet-style socialism, the social democratic parties in the West, as if their own dilemmas were not enough, also suffered from the implosion in the East. The neoliberal ideologists and much of the mass media declared that the battle between capitalism and socialism was over. According to

¹⁰⁹ *ibid.*, 23-25.

¹¹⁰ *ibid.*, 168-69.

them, the advocates of state intervention and planned economics had failed and the invisible hand of the free market had triumphed. The postwar project of social democracy centered on the Keynesian welfare state was in disarray. An identity crisis soon set in for the left.

Convergence II: Out of Ideas

The scale of this transformation in the political economy of capitalism, and its impact on the center-left internationally, is difficult to overestimate. Extensively altering the setting in which discussions of public policy and strategic choice took place, the shift fundamentally undermined the basis of social democratic politics, which had pivoted around Keynesian economics and a growing welfare state. In Europe, and especially the U.K., it forced the electoral left to question its role in a changed economy no longer characterized by demand management and expanding welfare provision. For American Democrats, the effects of economic transformation were compounded by other social and political developments. The Liberal-Labor Democrats had reached their fullest social democratic expression precisely at a time when the party was beginning to split over the issues of race and the Vietnam War. Their domination of the party was challenged and eventually eroded by the rising New Politics faction. Parallel to the Democratic Party's shift to the left under New Politics, European social democracy had also undergone similar left departures from the post-war Keynesian welfare consensus. Various strategies of socialization (like the Swedish wage-earner funds or increased nationalizations in Britain for example), a new emphasis on greater workplace democracy, and a rapprochement between social democrats and communists in some countries (particularly France) seemed to herald the possibility of successful left renewal. In Britain, the 'Labour Left' under Tony Benn struggled with mainstream Labour Party leaders for the ideological soul of that

party.¹¹¹ With the center-left divided and seemingly out-of-step with the context being created by the New Right, the ideological market eventually opened for the emergence of a new round of revisionism in Europe and a new faction in the Democratic Party in the U.S.

It was in this context of ideological uncertainty and electoral isolation during the neoliberal ascent that a number of Democrats and social democrats alike embarked on a search for new directions. The most well-known product of this process of renovation is the ideology called the third way. This is the name that was eventually adopted in the United States by Bill Clinton's New Democrats and in Britain by Tony Blair's New Labour.¹¹² Similar processes of development and refinement of third way principles in other countries were carried out under various labels. In Germany, for instance, Gerhard Schröder and the SPD talked about the politics of "the new center/*die neue mitte*."¹¹³ In Italy, former Communist politician Massimo D'Alema led the social democrats to power in 1998 and declared his intention to build what he called a "normal" country with a "genuinely competitive market."¹¹⁴ In the Netherlands, Wim Kok's 'polder model' was touted as the Dutch version of the third way.¹¹⁵ And in Sweden, the birthplace of proto-Keynesian social democracy, SAP leader Göran Persson continued a third way style program of governance that had gotten its start as far back as 1981.¹¹⁶ By the end of the twentieth century, the third way debate became truly international with advocates and critics alike acknowledging the ideology's agenda-setting potential for the center-left globally.¹¹⁷

¹¹¹ Leo Panitch and Colin Leys, *The End of Parliamentary Socialism* (London: Verso, 2001).

¹¹² Democratic Leadership Council, *The Hyde Park Declaration*; and Blair, *The Third Way*.

¹¹³ Bodo Hombach, *The Politics of the New Centre* (Cambridge: Polity Press, 2000).

¹¹⁴ Quoted in: Donald Sassoon, "European Social Democracy and New Labour: Unity in Diversity?" *The Political Quarterly* 70, no. 1 Supplement (1999): 21.

¹¹⁵ Ive Marx, "The Dutch 'Miracle' Revisited: The Impact of Employment Growth on Poverty," *Journal of Social Policy* 36, no. 3 (2007).

¹¹⁶ Jenny Andersson, *Between Growth and Security: Swedish Social Democracy from a Strong Society to a Third Way* (New York: Manchester University Press, 2006), 17.

¹¹⁷ See: Phillip Gould, *The Unfinished Revolution* (London: Little, Brown and Co., 1998), 256; and Callinicos, *Against the Third Way*, 1.

Though there were many national roads to the third way, it is the American and British examples that have garnered the most attention in English language analyses of the third way. Much like neoliberalism did in the two countries, the American and British third ways intellectually influenced one another in a synergistic fashion that was unmatched by the connections they each had to continental third way efforts.

As outlined earlier in the discussion of the rise of Thatcher and Reagan, the center-left in both Britain and America were still out of power and, it seemed, out of ideas by the middle of the 1980s. Bruce Reed, a key figure in the development of the New Democrat credo and later top official in both the Clinton and Obama Administrations, said many within the Democratic Party thought the party was at a point where it had to “reinvent itself or risk going out of existence.”¹¹⁸ Al From said that without the third way, the Democratic Party may “have gone the way of the Whigs.”¹¹⁹ Commenting on the crisis of the British left, Blair said “its intellectual confidence was sapped by its own inner doubts.”¹²⁰ Much of this hand-wringing over the failure of social democratic and Liberal-Labor/New Politics policy frameworks was exaggerated to be sure, but there was no denying that the world was indeed a changed place with little room for the Keynesian state model that had predominated among the electoral center-left in the postwar period.

Though they mostly held their own in Congressional elections, the Democrats by 1988 had faced five defeats in six presidential contests – “a sequence which was difficult to put down to bad luck.”¹²¹ The GOP was doing an effective job of portraying the Democratic Party as the representative of ineffective ‘tax-and-spend big government’. They derided the Democrats as

¹¹⁸ Hale, “The Making of the New Democrats,” 219.

¹¹⁹ Al From, Interview, October 28, 2014.

¹²⁰ Tony Blair, *Socialism* (London: Fabian Society, 1994), 1.

¹²¹ Waddan, *Clinton’s Legacy*, 2.

the party of the 1960s generation of hippies, deviants, and elitist intellectuals detached from the everyday lives of Americans.¹²² Seemingly incapable of effectively combating the Republican attacks, the Democratic Party was clearly in a rut, lacking the “political means and the agenda” to challenge the new Reagan conservatism.¹²³ It was out of this prolonged period of electoral failure and economic transformation that a new Democratic commonsense eventually emerged.

The New Democrat creed was a product of the political soul-searching among a particular segment of the party and would end up being, in many ways, a reflection of the ideological and socioeconomic trends that had become dominant during the neoliberal rebuke of the Liberal-Labor/New Politics legacy. Though the Democrats in the U.S. and Labour in the U.K. underwent their philosophical and political makeovers at roughly the same time, it was the former party that first mapped out the primary elements of the third way in practice and provided the main outlines of its conceptual morphology, which was presented in the previous chapter.

Although much emphasis is placed on the Clinton years in analyses of the third way (and rightly so), it must not be forgotten that Clinton himself is just one personality in what was a much broader political and economic shift in the outlook and practice of the international center-left. In the discussion of the third way that follows in the rest of the dissertation, appreciating the international backdrop of socioeconomic change connected to neoliberalism is necessary for understanding the ideas and policies that came into play. The third way should be understood as both a reaction to the period of change led by the New Right as well as the product of the internal divisions of the parties of the center-left.

Here, I am arguing that the reformation the Clinton years produced in the Democratic Party should be comprehended simultaneously as a logical internal development of the

¹²² *ibid.*, 6-7.

¹²³ William Berman, *From the Center to the Edge: The Politics and Policies of the Clinton Presidency* (Lanham, MD: Rowman and Littlefield Publishers, 2001), 1.

ideological struggle between the various factions of American liberalism *and* as a reaction to the neoliberal project. As emphasized earlier, policy perspectives and methods of state administration must be understood in a dynamic manner. As the product of the simultaneous interaction of trends already playing out within parties and the broader hegemonic transformations of neoliberalism, third way ideology was able to contest the left-liberalism of the Liberal-Labor and New Politics factions in the U.S. There was an opening in the center-left's ideological marketplace and the factional dispute over philosophical orientation was fought out against the backdrop of the rearrangements that had gone on in the external political landscape. The internal divisions within the ideologically diverse Democratic Party may have preceded the emergence of the third way, but the outcome of the factional fight of the 1980s and 1990s was affected by the hegemonic changes in the political culture wrought by the Reagan Revolution. The bounds of what constituted acceptable public policy had been altered in the intervening years since the party was last in power. The time spent in the opposition wilderness allowed time for navel-gazing to be sure, but this occurred during a period in which the paradigm of policy was being transformed.

Conclusion

In their long history pre-dating the third way, the Democratic Party in the United States and social democracy in Europe were both characterized by internal ideological division. In the U.S., ideologically-motivated party factions competed for control over the policy agenda, while in Europe key differences over socialist strategy produced distinctive political orientations. Liberal-Labor Democrats emerged as the predominant faction during the New Deal era and reigned as the ideological compass of their party for thirty years with an outlook defined by the promise of economic security and social welfare, an interventionist state, and a pluralistic

recognition of the multiple class and group interests at work in the American economy. In Europe, an electoral form of social democracy premised on equality, the primacy of politics, and communitarian solidarity came to the fore during this same period. Converging on similar ideological frameworks, together these two forces constructed what history has come to know as the Keynesian welfare state.

When that system fell apart, the center-left in both places faced an ideological crisis. The rise and consolidation of neoliberalism opened up a new market for ideas in these parties. Many Democrats and social democrats began to question their heritage and searched for ways to rescue their parties from what they saw as a decline rooted in intellectual bankruptcy. In the United States, a new period of factional struggle emerged between the New Politics, successors of the Liberal-Labor faction, and the New Democrats. The latter faction was able to decontest a new ideological framework more in tune with neoliberal times that would be embraced and adapted by social democrats across the globe – the third way.

Having broadly discussed the historical developments that led to the crystallization of the Keynesian/welfarist tradition in the United States and Europe, it is now necessary to focus more narrowly on the ideological debates that took place in the 1980s which set the stage for the third way's emergence and consolidation. In the next chapter, the content of the third way response to the 'new times' brought about by neoliberalism will be analyzed in greater detail. The ideological map formulated previously in Chapter Two will be supplemented by a richer historical context focused on the impact that neoliberalism had on the factional warfare taking place within the Democratic Party. The ideological debate in Britain that preceded the appearance of New Labour, particularly around the notion of 'new times' and the character of the economic change occurring in the 1980s, will be reviewed to demonstrate the antecedent role it

played in relation to the third way. As we shall see, although it would be a mischaracterization to say that the third way was simply a set of “half-way compromises and cooptations of neoliberalism,” it is undeniable that the neoliberal paradigm bounded the atmosphere in which it developed.¹²⁴

¹²⁴ Nancy Fraser, “Clintonism, Welfare, and the Antisocial Wage: The Emergence of a Neoliberal Political Imaginary,” *Rethinking Marxism* 6, no. 1 (1993): 22.

CHAPTER FOUR

THE NEW CHOICE: DECONTESTING THE THIRD WAY

In the second chapter, the various conceptualizations of what constituted an ideology were reviewed and the case was made for understanding the third way as a fully-fledged ideology with particular views about the purpose of government, a system of public ethics, and a conception of what should be the nature of society. These were located and expressed in the core third way concepts of opportunity, responsibility, and community. The focus then shifted in Chapter Three to placing the third way within the long history of factional struggle and ideological revisionism that has taken place within and among the parties of the international center-left over the twentieth century. Having constructed an ideological map of third way morphology and situated it contextually within the history of revisionism, this chapter will now analyze some of the primary intellectual sources that contributed to the formation of the third way and the decontestation of its concepts.

It begins by detailing the context in which the Democratic Leadership Council was founded and came to prominence from the mid-1980s up to 1992. The chapter then proceeds to examine some of the primary contributors to the emerging third way ideology in the U.S., with particular focus on the work of William Galston and Elaine Kamarck, who wrote the first clear manifesto of the DLC's critique of the Democratic Party. The very important role of socioeconomic change and the strategic responses to it are highlighted as particularly important in the development of third way thinking as it was influenced by the debate over globalization and the 'new economy' in the writings of figures such as Robert Reich. Because of the seminal role their works played in defining the third way on the world stage, the latter part of the chapter also gives attention to the codification of the third way by British practitioners and theorists such

as Tony Blair and Anthony Giddens. The Gramsci-inspired analyses of emerging neoliberalism and globalization associated with the British journal *Marxism Today* are also highlighted for the role they played in preparing the intellectual ground for the third way in the U.K.

What will be demonstrated is that the third way was neither simply opportunistic electoral spin nor an adoption of the neoliberal program by the politicians of the center-left. It was partially both of these, to be sure, but it also possessed its own ideological pedigree and constituted a distinctive response and alternative program to both the New Right and the various center-left ideologies that preceded it; in this respect, it truly was a *third* way.

The Rainbow, the DLC, and the Roots of ‘Clintonism’

The policy and ideological framework of what has become known as the third way had its earliest organizational expression in the U.S. in the efforts of discontented Democrats to change the image of their party after the disappointments of the 1980 and 1984 presidential elections.¹ The centrist faction that eventually consolidated under the leadership of the DLC was an incubator for the personalities and policies that defined the third way in the 1990s. A combination of factors has been highlighted for why an organization like the DLC emerged when it did. The monumental defeat suffered by Walter Mondale in the 1984 election against Ronald Reagan illustrated for many the inability of the national party to craft a coherent and timely policy response to the New Right. The Mondale disaster, however, was more the outcome of dynamics already playing out within the Democratic Party than a point that signaled some new decline. The fractious nature that characterized the party had by the 1980s led to it becoming more a collection of interests than a coherent whole. With the feasibility of Keynesian policies (even in their abbreviated American form) declining and the ebbing of the civil rights mission

¹ From, Interview; Will Marshall, Interview, October 24, 2014.

that the party had embraced in the latter part of the 1960s and early 1970s, the internal cohesion of the party was weakened. There was a process of gradual abandonment of the Democratic Party underway by voters in the South, but even with the weakening of the Southern Democrat faction and the departure of the Dixiecrat electorate, tensions remained.

After the decline of the Liberal-Labor faction and the entry of many New Left activists into the party, an internal culture of ‘solidarity’ politics resulted in election platforms that contained long lists of issues and interests, but which lacked a central guiding philosophy of government or principles for state action. This was the era of the New Politics, a disparate party faction that stood for equality (variously defined by its many groups) and an entitlement view of their constituencies’ claims on the state. Within the loose New Politics coalition were organizations claiming to represent the interests of African-Americans, feminists, gays and lesbians, Latinos, and other identity groups as well as the issue-based organizations around peace, welfare rights, nuclear energy, abortion, and environmental concerns, among others. These new advocacy constituencies joined others already operating in the crowded Democratic base of interest groups, particularly the unions who still commanded considerable influence in the party. As the previous chapter demonstrated, the Democratic Party has long been a combination of varied and competing interests, but the scale and diversity of group activity in the party escalated in the 1970s and 1980s. Thomas Edsall noted that the diffuse collection of groups and loyalties within the Democratic Party, those that comprised the New Politics, left the party as a whole “ideologically ambivalent.”² This void of a coherent and organized message produced by New Politics’ ‘interest group liberalism’ was what the DLC’s founders hoped to fill with a ‘new’ moderate content.

² Thomas Edsall, *The New Politics of Inequality* (New York: W.W. Norton, 1985), 235. Quoted in Harvey, *Brief History of Neoliberalism*, 49.

After the election of Reagan, the closest that New Politics came to organizing a coherent political alternative was in the 1984 and 1988 nomination campaigns of Rev. Jesse Jackson, a veteran of the civil rights movement and associate of Martin Luther King, Jr. in the Southern Christian Leadership Conference (SCLC).³ Though his 1980s Rainbow Coalition was designated by Rosenfeld as the “last effort in the neoliberal era to promote a social democratic agenda through the Democratic Party,” Jackson himself had a record of commitment to social democratic principles that was uneven at best.⁴ Overseeing the SCLC’s economic activist project, Operation Breadbasket, in the late 1960s, Jackson had pushed for a “black capitalism focus” that, according to David Garrow, was at odds with Rev. King’s “increasingly socialist economic views.”⁵ Following King’s assassination, Jackson left SCLC and founded his own organization, Operation PUSH (People United to Save Humanity), which “promoted black capitalism together with his own brand of church-based cultural conservatism.”⁶ Jackson’s goading of African-Americans to take responsibility for their own lives and overcome what he called a ‘welfare mentality’ secured him the support of many Black conservatives as well as corporations looking to bolster their image with connections to a ‘respectable’ Black leader.⁷ His involvement in the politics of the Democratic Party started with the 1972 McGovern campaign after he had worked to subvert the formation of an independent radical Black political party at the National Black Political Convention that year.⁸ In 1976 and again in 1980 Jackson

³ For an overview of all the major components of the Jackson program, see: Keep Hope Alive PAC, *Keep Hope Alive: Jesse Jackson’s 1988 Presidential Campaign* (Boston: South End Press, 1989).

⁴ Rosenfeld, “American Social Democracy,” 125; and Manning Marable, “Jackson and the Rise of the Rainbow Coalition,” *New Left Review* 1/149 (January/February 1985): 13-15.

⁵ David Garrow, *Bearing the Cross: Martin Luther King, Jr. and the Southern Christian Leadership Conference* (New York: Vintage, 1986), 585.

⁶ Alterman and Mattson, *The Cause*, 319.

⁷ *ibid.* Also see Faux: “...the major voices for nurturing a sense of personal responsibility among the poor had come from among African-American politicians, the most prominent of whom was Jesse Jackson...” Faux, “Lost on the Third Way,” 69.

⁸ Selfa, *The Democrats*, 213.

threw his support to Jimmy Carter (rather than the seemingly the more left candidate of 1980, Ted Kennedy), presenting himself as the political voice of Black Democrats, and African-Americans generally, among the Democratic elite.

Following the disappointment of the Carter Presidency and the latter's loss to Reagan, a debate about the way forward for racial justice had opened among African-American political leaders. Jackson was an active proponent of launching a Black candidacy to rally other minorities and activate a "coalition of the rejected" capable of leveraging minority power inside the Democratic Party to advance a common social justice agenda.⁹ The breakthrough election of African-American mayoral candidate Harold Washington over the Chicago Democratic machine politician Richard M. Daley in 1983 seemed to demonstrate the potential of such a strategy, and Jackson launched his own campaign for the Democratic presidential nomination shortly thereafter. Among the many planks of his platform were the creation of a Roosevelt-style infrastructure job creation program, a reversal of Reagan's tax cuts and redirection of the funds toward welfare programs, national single-payer health insurance, a 20 to 25 percent cut to the defense budget, assistance to family farmers, disarmament talks with the Soviet Union, an end to U.S. interventions in Latin America, an Equal Rights Amendment to the Constitution, expansion of the 1964 Civil Rights Act to prohibit discrimination on the basis of sexual orientation, reparations for the descendants of slaves, sanctions against apartheid South Africa, and support for a Palestinian state.¹⁰ The platform was solidly in the New Politics tradition, and substantial sections of the left responded. With the influx of such support, the campaign took on a decidedly progressive character somewhat at odds with its candidate's earlier politics. "Black nationalists,

⁹ Jesse Jackson, "Advantages of a Black Presidential Candidacy," *Westside Gazette*, April 28, 1983. See the discussion also in: Marable, "Jackson and the Rise of the Rainbow Coalition," 11-13.

¹⁰ Marable, "Jackson and the Rise of the Rainbow Coalition"; and Sheila Collins, *The Rainbow Challenge: The Jackson Campaign and the Future of U.S. Politics* (New York: Monthly Review Press, 1986).

Marxists, left social democrats, and other liberal-left forces” flocked to the campaign, giving it a local cadre and leadership base that was often far to the left of Jackson himself.¹¹ In the words of Manning Marable, Jackson – the “proponent of Black Capitalism” – “became one of the most left-wing national spokespersons of a national presidential campaign since the time of Eugene V. Debs.”¹² Surprisingly, Jackson became the titular head of the most left-wing elements of the New Politics faction and drew significant support from the non-Democratic progressive left.

Though he secured 20 percent of total Democratic primary votes and 80 percent of African-American votes, Jackson was outspent and outmaneuvered by the eventual nominee, former Vice President Walter Mondale, as well as by the second-place finisher, Senator Gary Hart. AFL-CIO support and the overwhelming vote that Democratic ‘superdelegates’ gave to Mondale helped slow Jackson. But in his speech to the convention that summer, Jackson cemented his role as the spokesperson of New Politics values and as the leader of a new ‘Rainbow Coalition’:

This is not a perfect party. We are not a perfect people. Yet, we are called to a perfect mission. Our mission: to feed the hungry; to clothe the naked; to house the homeless; to teach the illiterate; to provide jobs for the jobless; and to choose the human race over the nuclear race... My constituency is the desperate, the damned, the disinherited, the disrespected, and the despised... Our flag is red, white, and blue, but our nation is a rainbow – red, yellow, brown, black, and white – and we’re all precious in God’s sight. America is not like a blanket – one piece of unbroken cloth, the same color, the same texture, the same size. America is more like a quilt: many patches, many pieces, many colors, many sizes, all woven and held together by a common thread. The white, the Hispanic, the black, the Arab, the Jew, the woman, the Native American, the small farmer, the businessperson, the environmentalist, the peace activist, the young, the old, the lesbian, the gay, and the disabled make up the American quilt.¹³

After his failure to gain the Democratic nomination, Jackson institutionalized his campaign apparatus by transforming it into a permanent political organization, the National Rainbow

¹¹ Marable, “Jackson and the Rise of the Rainbow Coalition,” 18.

¹² *ibid.*

¹³ Jesse Jackson, “Address to the 1984 Democratic National Convention,” July 18, 1984, <http://www.americanrhetoric.com/>.

Coalition.¹⁴ It became the basis of a stronger and more serious attempt at the nomination in 1988.¹⁵ This time Jackson earned second place in the delegate count, following the technocratic Michael Dukakis, who Democrats watched go down in defeat in the general election like Mondale and Carter before him.

Though he never gained the nomination, Jackson demonstrated the power, as well as the shortcomings, of interest group politics in the Democratic Party. His campaign strategy relied on the mobilization of “the historically dispossessed” – racial minorities, youth, lower income whites – all groups with a record of low political participation rates, and combined them with activists from the various New Politics causes.¹⁶ Jackson showed that these groups could be moved to action with a progressive message, but their failure to demonstrate majority electoral potential also showed that in order to win, the Democratic Party still needed middle and working class whites. As the strongest advocate of the ‘patchwork’ strategy, Jackson became one of the chief foils of the moderates who came to call themselves the New Democrats.

Just as Reagan and others in the Barry Goldwater tradition had managed to firmly lodge neoliberal concepts as the guiding policy agenda in the Republican Party by the time of his election, the New Democrats sought to play a similar agenda-setting role on the other side of the aisle.¹⁷ What would eventually become the DLC emerged out of a group of Democratic politicians calling themselves the Committee on Party Effectiveness (CPE) who met every

¹⁴ Karin Stanford, “Reverend Jesse Jackson and the Rainbow/PUSH Coalition: Institutionalizing Economic Opportunity,” In O. Johnson and K. Stanford (eds.), *Black Political Organizations in the Post-Civil Rights Era* (Piscataway, NJ: Rutgers University Press, 2002), 150.

¹⁵ As an example of the ideas behind Jackson’s 1988 economics program, see: Samuel Bowles, David Gordon, and Thomas Weisskopf, *After the Wasteland: A Democratic Economics for the Year 2000* (Armonk, NY: M.E. Sharpe, Inc., 1990). Bowles, who has served as an economic advisor to Robert F. Kennedy, Nelson Mandela, and the governments of Cuba, South Africa, and Greece, also advised Jackson and said that the agenda presented in the 1988 campaign and *After the Wasteland* moved in “parallel directions” (197).

¹⁶ Lorenzo Morris and Linda Williams, “The Coalition at the End of the Rainbow: The 1984 Jackson Campaign,” In L. Barker and R. Walters (eds.), *Jesse Jackson’s 1984 Presidential Campaign: Challenge and Change in American Politics* (Urbana: University of Illinois Press, 1989), 227.

¹⁷ Turner, *Neo-Liberal Ideology*, 103-07.

Thursday on the seventh floor of the Longworth House Office Building in the early 1980s.¹⁸ They were called together by Louisiana Congressman Gillis Long, cousin of populist Governor Huey P. Long, in his capacity as head of the House Democratic Caucus. On Long's staff were Al From and Will Marshall, the two men who would come to be central figures in the formation of the New Democrat faction. Long, From, Marshall and others watched the Democratic Party limp nationally from Carter's one-term presidency to Reagan's 49-state blowout election victory in 1984. As early as 1982, the CPE was telling Democrats that it was time they realize "the job of government is not to confer happiness, but to give people the opportunity to work out happiness for themselves," and sought to convince Americans that their party could once again have "the compassion to care and the toughness to govern."¹⁹ The incipient New Democrats were already seeking to revise the party's conception of equality toward opportunity and implying the need for a government that would enforce responsibility when necessary.

They found their efforts at agenda-shifting from within the structures of the Congressional party frustrated, however, by the power of the interest groups and Democratic politicians who catered to them. They felt that changing the party required the capturing of the party leadership, but the advocacy groups who they saw as the party's chief problem were firmly lodged in its national governing structures, particularly the Democratic National Committee (DNC). In the words of DLC historian Kenneth Baer:

Simply put, the Democratic Party at the national level had become a New Politics liberal party. The mainstream of the national party was not in the mainstream of the Democratic rank and file or of the general electorate. The constituent groups of this faction (e.g., civil rights, environmental, and peace organizations) had planted themselves in the center of the Democratic Party, reshaped its public philosophy, repelled certain constituencies, and subsumed others. By the mid-1980s, then, the neoconservatives, the southern Democrats, and some of the New Deal liberals had either

¹⁸ Baer, *Reinventing Democrats*, 39; Marshall, Interview.

¹⁹ U.S. House Democratic Caucus – Committee on Party Effectiveness, *Rebuilding the Road to Opportunity: A Democratic Direction for the 1980s* (Washington, D.C.: U.S. Congress, 1982), 1-3.

diminished in sheer numbers, left the party, or joined the minority faction (soon to be the New Democrats). Other New Deal liberals and, notably, labor had adapted themselves to the New Politics...”²⁰

The New Politics faction controlled the national structures of the party, many remnants of the Liberal-Labor faction accepted New Politics leadership, and moderates were disorganized. The CPE’s inability to recruit a candidate who was willing to take on the New Politics groups in the 1985 race for the DNC chairmanship sold Long and From on the need for an extra-party organization to contest for influence over the ideas agenda.²¹

In a January 1985 memo to CPE members, Al From proposed the establishment of “a governing council for the Democratic Party, independent of the DNC,” which would “simply assume the role and the authority of the policy making, governing body of the party.”²² What From envisioned was nothing less than a full takeover of the Democratic Party – an organizational coup. He recruited Will Marshall back, who had departed the CPE to work on Jim Hunt’s 1984 Senate race, to head up the “idea side of the operation” for the new group as Policy Director.²³ With around two dozen members and \$11,000 in the bank, the Democratic Leadership Council was officially launched in Washington on February 28, 1985 “in defiance,” according to the *New York Times*, “of the national party leadership.”²⁴

While the struggle for organizational control that Long, From, Marshall, and others were engaged in is a necessary part of the DLC story, it is important to focus on other factors that also motivated the nascent New Democrat faction – the desire for a change in how their party was perceived nationally, combined with a change in the actual substance of its ideology and

²⁰ Baer, *Reinventing Democrats*, 58.

²¹ From, *The New Democrats*, 52.

²² *ibid.*

²³ Marshall, Interview.

²⁴ From, *The New Democrats*, 55; and Phil Gailey, “Dissidents Defy Top Democrats; Council Formed,” *The New York Times*, March 1, 1985, <http://www.nytimes.com/>.

governing philosophy. While these two things are linked, they are separate goals and were inspired by differing, if overlapping motives. Through a review of voting records and policy statements, Stephen Medvic described the New Democrats as a combination of Democrats seeking ideological moderation for its own sake and those whose foremost concern was their own electoral vulnerability.²⁵ Similarly, through interviews with some of the principal figures in New Democrat circles during the early 1990s, Hale described the coming-together of a “substantively new Democratic approach to active government” and a set of “incentives” to help politicians “achieve their career goals.”²⁶

The DLC became the vehicle of both a true search for an ideological and policy alternative within the American center-left as well a means of electoral survival for vulnerable politicians and candidates. The DLC was in some ways a rather unique body at the time of its founding. Like a think-tank, it would issue position papers and offer politicians ready-made explanations and rationales for particular public policy options. But in a fashion similar to party auxiliaries or interest group associations, it also offered an organizational vehicle for elected officials to caucus around and affiliate with in order to boost their careers.

Democrats in swing districts, particularly in the Midwest and the rapidly realigning South, had image concerns based around electability and their perceived connection with the urban interest group liberalism of the national party. The growth of activist influence within the party, and especially the implementation of a caucus system in 1982, had meant that previously sidelined constituencies played a much more prominent role in drafting party platforms and – more importantly – in selecting candidates nationally. For Democrats in certain districts, this left them to be the local representatives of a party whose policies and activist base were out-of-touch

²⁵ Stephen Medvic, “Old Democrats in New Clothing? An Ideological Analysis of a Democratic Party Faction,” *Party Politics* 13, no. 5 (2007).

²⁶ Hale, “The Making of the New Democrats,” 207 and 232.

with the mostly white working and middle class voters who made up their constituencies. The Democratic Party was eroding in these places, and nowhere more so than in the South. Will Marshall said that Southern DLCers “from Bill Clinton to Lawton Chiles to Bob Graham to Sam Nunn and Chuck Robb...could feel the ground moving underneath their feet” and worried that interest group politics endangered the biracial coalition necessary for Democrats to win nationally.²⁷ Roger Hickey, a veteran of the civil rights movement, co-director of the Campaign for America’s Future, and opponent of the DLC, said the New Democrats really thought the party was “too encumbered by blacks and unpopular elements who didn’t constitute a big enough majority to win elections.”²⁸ Similarly, Democratic Socialists of America (DSA) vice-chair Joseph Schwartz said part of the DLC’s argument was “to be less identified with people of color, particularly poor people.”²⁹ What these vulnerable Democrats needed was a means to present themselves as something different than the stereotypical ‘Washington liberal’. For them, the motivation for seeking a more moderate Democratic outlet was, at least partially, more a branding exercise than a fully conceived ideological realignment. The main goal was to alter the packaging of their partisan product.

Initially, these electorally vulnerable Democrats found common cause within the DLC with more traditional Liberal-Labor Democrats also concerned with public perception. As late as 1987, for instance, 48 out of the 100 DLC members in the House of Representatives still had ADA ‘liberal’ voting rankings of 75 or higher.³⁰ These members were less concerned with changing the party’s substantive positions than with presenting themselves in a more moderate light to voters. As Bruce Reed, a central figure in the DLC and later in the Clinton and Obama

²⁷ Marshall, Interview.

²⁸ Roger Hickey, Interview, July 16, 2013.

²⁹ Joseph Schwartz, Interview, November 21, 2013.

³⁰ Hale, “The Making of the New Democrats,” 216.

Administrations, said, “The DLC...is an adaptation to the needs of the contemporary politician.”³¹

Then there were those whose concerns went beyond marketing and who sought actual ideological and political realignment within the party. They of course wanted to give the party a new image as well, but they also worked to change the contents of the Democratic policy book. The mixed ideological company that had characterized Congressman Long’s House Democratic Caucus and the CPE, the DLC’s predecessors, had limited the ability of these moderate elements to push for a strongly centrist outlook. The failure of the CPE-affiliated chairperson and other CPE members on the 1984 Democratic Platform Committee to work as a unified group to prevent the program from becoming another laundry list of causes, for instance, had been a further push to switch to an outside-in approach.

Though Carter’s failure to win re-election and Reagan’s victory in 1980 may have provided the impetus for rethinking among centrists and electorally vulnerable Democrats, it was this experience of the 1984 election that made the strongest push for the establishment of an extra-party organization.³² Though Mondale had bested Jackson and Hart in the primaries, his campaign against Reagan represented everything that the DLC thought hindered the center-left. His platform was not as radical as Jackson’s, but with promises to most of the Democratic constituency groups, it still showed the fingerprints of interest group politics. The great beachhead established in the party by the New Politics groups had resulted in an ineffective and uncoordinated organization incapable of generating a program that could command majority support nationwide. The dynamics of the nomination race that year were shaped by both the nomination rules established by the McGovern-Fraser Commission after 1968 and the 1982

³¹ Bruce Reed, quoted in: Hale, “The Making of the New Democrats,” 216.

³² From, Interview; Marshall, Interview.

institution of a caucus system, both of which benefited the constituencies of the New Politics faction.

The post-1968 reforms of the nominating process had created a group-based politics in the Democratic Party. Delegates were selected by demographic category, the abolition of the unit rule prevented individual state delegations from voting as a bloc, and the open nomination campaign process encouraged candidates to tap the energies of already organized groups to use as a framework for their campaign efforts. In a move that epitomized the influence of groups in the party, the Democratic National Committee (DNC) in 1982 officially sanctioned seven intraparty groups as official caucuses: women, blacks, Hispanics, Asians, gays, liberals, and business/professionals. In this party culture, each group had an agenda to which it expected the party and the party's nominee to respond. The primary reference group for activists became the group with which they were associated rather than the party. As convention delegates, they pushed for the inclusion of their specific interests in the party platform, but lacked both the desire and the political skills to forge a broad-based liberal message for the party.³³

Mondale won the candidacy by courting all the interest groups in the party and pledging to raise taxes, anathema to the CPE's strategy of targeting middle class voters. He sought to fill the vice presidential spot on the ticket by means of a version of affirmative action, interviewing candidates from each of the key Democratic constituency groups before selecting Geraldine Ferraro.³⁴ The platform that year, a "promissory note to special interests," ran to over 45,000 words, the longest ever.³⁵ For Will Marshall, such things were "emblematic of the poverty of a liberal materialism based on narrow interests and selfish demands for government entitlements."³⁶

The Political Economy of the DLC

As the DLC's critics often point out, though, the organization's attacks on 'interest group politics' rarely mentioned the role of a very big special interest in both American parties:

³³ Hale, "The Making of the New Democrats," 212.

³⁴ Steve Gillon, *The Democrats' Dilemma: Walter F. Mondale and the Liberal Legacy* (New York: Columbia University Press, 1992), 72.

³⁵ Thomas Patterson, "The Vanishing Voter: Why are the Voting Booths So Empty?" *National Civic Review* 91, no. 4 (2002): 373; Hale, "The Making of the New Democrats," 211.

³⁶ Will Marshall, "Friend or Faux?" *The American Prospect* 16 (1994): 14.

corporate (and especially financial) capital. This was one group to which the DLC was often accused of catering its appeal. Alterman and Mattson singled out the DLC's ability to draw the attention of wealthy donors interested in making the Democrats "more corporate-friendly" as the group's biggest initial success.³⁷ With the fortunes of organized labor declining ever further under the assaults of the Reagan Administration, many in the Democratic Party were seeking new, more reliable sources of campaign funding. Pivoting the party to be the reasoned representative of a particular sector of capital in the new service-based and finance-led economy could position the Democrats to shed their more union-friendly and labor-based image of the past.

The shift toward business-based fundraising was already underway even before the DLC was officially founded. After he was elected chair of the DNC in 1981, Charles Manatt initiated the Democratic Business Council (DBC) which offered members the opportunity to "share their respective business, professional and political interests with the political leadership of America" in exchange for annual contributions of \$10,000 per individual member or \$15,000 per business.³⁸ Manatt later became a member of the DLC. Jeff Faux recalled also the particular influence of California Congressman Tony Coelho, who had argued for a change in the way Democrats viewed business in the years immediately preceding the DLC's founding. During Reagan's first term, Coelho became chair of the Democratic Congressional Campaign Committee (DCCC) and made the case that Democrats could raise more money from business, rather than relying on labor unions and local donors alone. "Coelho was a kind of a fixer...a smart guy from California who had been a fundraiser. He argued the Democrats would always

³⁷ Alterman and Mattson, *The Cause*, 360.

³⁸ DBC flyer, "The Democratic Business Council," September 1984. Quoted in: Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics* (New York: Hill and Wang, 1986), 145. For further information on the DBC, see also: Philip Klinkner, *The Losing Parties: Out-Party National Committees, 1956-1993* (New Haven: Yale University Press, 1994), ch. 8.

control the House of Representatives...that was sort of written in stone.” Since Democrats had little reason to fear losing the House and therefore control over the committee chairmanships, they “need not worry about selling out to business.” Because they “had the upper hand, they could squeeze business for contributions.” The idea was that it would be the Democrats who could call the shots and extract donations from the business community in exchange for influence.³⁹ This shift, led by Coelho, became an attractive avenue for Democrats – especially those in districts where labor was already weak or an inconsequential player anyway. During his chairmanship, the DCCC was rescued from near bankruptcy (previously it was being regularly out-funded by its counterpart in the Republican Party, the National Republican Congressional Committee (NRCC), by a margin of ten to one) and became a fundraising operation capable of helping the Democrats retain their majority in the House throughout the Reagan years.⁴⁰ Thus, efforts were already underway to draw corporations into the party as a constituency competing for influence alongside the New Politics groups. These drives to entice business away from the Republicans fed right into the soon-to-be-launched DLC.

Connected to the courting of business was a new understanding of the economy and the policies thought necessary to foster growth. Though it would only take central stage in DLC rhetoric later on, the need for society-wide adaptations to the major changes underway in the global political economy were already being analyzed by figures linked to the DLC at the end of the 1980s. Economists such as Robert Reich, who went on to serve as Secretary of Labor in Bill Clinton’s first cabinet, were sounding alarm bells about the need to adapt in the face of the changes wrought by globalization and the transition from the perceived stability of the

³⁹ Jeff Faux, Interview, July 15, 2013. Faux’s recollection of Coelho’s estimation of the Democratic ‘Congressional bastion’ contradicts Galston and Kamarck’s later analysis of it in their critique of the Democratic Party.

⁴⁰ Helen Dewar and Edward Walsh, “Arkansas Rep. Anthony Succeeds Coelho as Chief Democratic Fund-Raiser,” *Washington Post*, January 30, 1987, A4.

Keynesian period. Such warnings about being left behind in the ‘new economy’ would become central themes for the third way. In his 1991 book, *The Work of Nations*, Reich declared:

We are living through a transformation that will rearrange the politics and economics of the coming century. There will be no *national* products or technologies, no national corporations, no national industries. There will no longer be national economies, at least as we have come to understand that concept. All that will remain rooted within national borders are the people who comprise a nation. Each nation’s primary assets will be its citizens’ skills and insights. Each nation’s primary political task will be to cope with the centrifugal forces of the global economy which tear at the ties binding citizens together – bestowing ever greater wealth on the most skilled and insightful, while consigning the less skilled to a declining standard of living.⁴¹

He cautioned American policymakers to stop looking backward to the postwar era for models, warning that a “fixation on what was can blind us to what is, blocking the recognition of change.”⁴² Reich saw the process of globalization as inevitable and irreversible. Without an increased focus on training and upgrading the skills of citizens, the wealthy in the U.S. would benefit from globalization while the majority of working people would watch their standards of living decline due to their inability to compete.⁴³

Similarly, economists Robert Shapiro (later Undersecretary of Commerce under Clinton) and Doug Ross (later Labor Department Assistant Secretary) were prescribing what they called ‘Enterprise Economics’ as the solution to the United States’ long-term productivity decline and slower economic growth. Pinpointing the eclipse of the national economic strategies of the 1950s and 1960s by “the new forces and terms of global competition,” Shapiro and Ross said that in the new economy, government had to not only support the ability to produce standard

⁴¹ Robert Reich, *The Work of Nations* (New York: Random House, 1991), 3.

⁴² *ibid.*, 5.

⁴³ Manfred Bienefeld, “Capitalism and the Nation State in the Dog Days of the Twentieth Century,” In L. Panitch, C. Leys, A. Zuege, and M. Konings (eds.), *The Globalization Decade: A Critical Reader* (London: The Merlin Press, 2004), 48-54.

goods and services, but also had to focus on improving the capacity for innovation.⁴⁴ Their proposals aimed to “enhance competition and liberate markets” under a regimen of “fiscal and monetary discipline.”⁴⁵ They emphasized the importance of a supply-side strategy that invested in human resources and infrastructure while keeping taxes at a level low enough to encourage growth but high enough to finance such investments. It was an economic policy they claimed drew from both left and right while also going beyond the “sterile debate between the two traditional approaches” which only caused policy gridlock and held up the adaptations that were imperative for success in the new economy.⁴⁶

The lesson that the DLC took from such analyses was the need to stop thinking in terms of the postwar compromise between labor and capital and to build a new coalition rooted in what were seen as the new realities of the global economy. From the very beginning then, rebranding the party also entailed the goal of making it the commonsense home of not just big labor, but of the more ‘forward-looking’, ‘modern’, and ‘progressive’ sectors of corporate America and the policy establishment. This new political economy provided many of the conceptual contents of the third way’s core ideological concept of opportunity. The new world of globalization necessitated the switch from a redistributionist to an enabling state.

The Politics of Evasion: Indicting the New Politics Faction

After the 1988 defeat of party nominee Michael Dukakis by George H.W. Bush, the DLC, now in its third year of existence, became increasingly vocal and influential with its diagnosis of the party’s dilemmas and its prescriptions for change. Their ideological program

⁴⁴ Robert Shapiro and Doug Ross, “Enterprise Economics: Rebuilding the American Economy,” In W. Marshall and M. Schram (eds.), *Mandate for Change* (New York: Berkeley Publishing Group, by arrangement with Progressive Policy Institute, 1993), 6.

⁴⁵ *ibid.*, 2-3.

⁴⁶ *ibid.*, 14.

was presented in more assertive terms. Whereas the DLC's earliest calls to find ways to regain a presidential majority had not ruffled too many feathers, its turn toward more clear-cut positions distinct from existing Democratic Party orthodoxy started giving the debate a "highly conflictual" character.⁴⁷ Now officially branding themselves as the 'New Democrats', the organization publicly asserted that the party had for too long leaned too far to the left and alienated large sectors of the electorate. They said that to win again, the Democratic Party had to put forward policies that would 'work' and have broad appeal rather than relying on its established dogmas. The party suffered from what the DLC saw as a 'liberal fundamentalism' that was out of sync with the opinions and values of most Americans. Instead of refuting the Republican critiques of the party's past and their campaign to turn liberal into a dirty word, the DLC ran the other way as they attempted to distance themselves from the New Politics faction. Michael Dukakis may still have been prepared to respond to Bush's attacks on his liberalism in the 1988 election with a weak and unconvincing claim to be "a liberal in the tradition of Franklin Roosevelt and Harry Truman and John Kennedy," but the DLC thought the time was nigh to face up to the fact that Democratic liberalism, in reality New Politics left-liberalism, was marginalizing the party.⁴⁸

After their efforts at capturing the DNC leadership faltered and Dukakis lost to Bush, the DLC made the decision to end its policy of trying to be a broad church of non-New Politics Democrats and instead began constructing – and decontesting – an alternative ideology for the Democratic Party. The DLC shifted its attention to the battle of ideas. In early 1989, a separate think-tank, the Progressive Policy Institute (PPI), was established under the leadership of Will

⁴⁷ Byron Shafer, "The Partisan Legacy: Are There Any New Democrats? (And By the Way, Was There a Republican Revolution?)," In C. Campbell and B. Rockman (eds.), *The Clinton Legacy* (New York: Chatham House, 2000), 11.

⁴⁸ Alterman and Mattson, *The Cause*, 348.

Marshall to begin crafting this fully-fledged ideological alternative.⁴⁹ Hitting at ‘elitists’ within, the DLC framed its project as an effort to “reconstruct the party so that it was no longer in a state of disjunction with the American electorate, rather than waiting for the electorate to see the light.”⁵⁰ In September of that year, PPI issued an ideological critique of party orthodoxy written by William Galston and Elaine Kamarck entitled, *The Politics of Evasion: Democrats and the Presidency*. The criticisms in the paper, focusing on the Democratic Party’s refusal to face up to new times, became a rallying point for moderates and centrists. The paper presented itself as a wake-up call and ended any ambiguity about what the DLC’s politics would be. The earlier hodge-podge of image-conscious Democratic politicians merely hoping to rebrand themselves combined with centrists aiming to remake the party was now replaced with a more defined organization fully embracing a message of moderation. The opening lines of *The Politics of Evasion* bluntly stated the failures of the Democratic Party:

...Democrats must now come face to face with reality: too many Americans have come to see the party as inattentive to their economic interests, indifferent if not hostile to their moral sentiments and ineffective in defense of their national security...Democrats have ignored their fundamental problem. This systematic denial of reality – the politics of evasion – continues unabated today... It reflects the interests of those who would rather be the majority in a minority party than risk being the minority in a majority party.⁵¹

The message was harsh. It openly acknowledged that the New Deal coalition was dead at a time when many in the party still preferred to think that Democratic hegemony was just going through a tough spot. Although some of the critiques it made of the party’s reliance on ‘fundraising and technology, media and momentum, personality and tactics’ would later be turned on DLC Democrats and the third way itself, it should be acknowledged that *The Politics*

⁴⁹ Marshall, Interview.

⁵⁰ Waddan, *Clinton’s Legacy*, 12.

⁵¹ William Galston and Elaine Kamarck, *The Politics of Evasion: Democrats and the Presidency* (Washington: Progressive Policy Institute, 1989), 3.

of Evasion struck a chord with its critique of what the Democratic Party had become under the New Politics faction. It highlighted the party's refusal to engage the new political reality of neoliberalism (even if it did not put the matter into such terms).⁵² The veracity of Galston and Kamarck's observations was considerable.

The paper accused the party of embracing three 'myths' to explain away its repeated electoral failures. Instead of acknowledging a secular decline in public support linked to its own internal shortcomings, the party preferred the comfort of smug self-satisfaction. Galston and Kamarck designated these three myths as liberal fundamentalism, increased mobilization, and the so-called Congressional bastion. The first myth was a reference to New Politics left-liberalism, the second was a critique of the Jackson strategy of relying on mobilization of marginalized populations, and the third was a challenge to the notion that Democrats could rest assured that their majority in Congress was out of Republican reach.

Echoing Republican attack phrases, they portrayed 'liberals' as the latest in a long line of partisan fundamentalists that have threatened the survival of parties and movements throughout history. Liberals, by which they meant New Politics Democrats, believed their electoral problems lay not with the faith, but rather lack of fidelity to it. The authors created a caricature of the unyielding and inflexible 'liberal fundamentalist' who enforced ideological litmus tests on every potential nominee. The image of Democratic left-wingers assailing presidential candidates as insufficiently leftist was one that carried a powerful resonance at the time. The kowtowing that Mondale performed before the various interest groups to secure the 1984 nomination was emblematic.

Galston and Kamarck, in essence, subverted the idea that the Democratic Party had to move further to the left to build an anti-Reagan coalition. Such shifts, they argued, were actually

⁵² Ruy Teixeira, Interview, November 25-26, 2013.

further splitting the Democratic Party's biracial character by driving white middle and working class voters out.⁵³ The point was convincingly made that whatever their failings in other regards, candidates like Mondale and Dukakis had been imminently successful in winning the ideological and minority racial base of the party. Relying on polling data, they demonstrated that these two losing candidates both fared better with self-identified liberal voters and with the African-American base of the party than did winning candidate Jimmy Carter in 1976. So the claim that a more left Democratic Party was needed in order to win presidential contests, they contended, was short on evidence. Instead, the ideological litmus tests and programmatic rigidity of New Politics liberalism only served to shift the party further away from the mainstream of the country. The message was clear: shifting leftward only electrified the activist base, and this base did not have substantial enough numbers to win the White House.

Alterman and Mattson described New Politics liberalism as "yet another New Left" inflected with identity politics and cultural relativism.⁵⁴ In ideological terms, the New Politics faction had a disparate message, but it concentrated on substantive conceptions of equality that went beyond means-testing or narrow notions of opportunity, a conception of rights that hinged on unqualified access and entitlement, and a solidaristic approach to social relations that recognized difference and identity.⁵⁵ To New Democrats, this represented the 'triumph of the particular' and amounted to a rejection of the American mainstream. It further pushed the party away from the supposed middle class cultural norms that had kept the New Deal coalition in tune with the voting public. The politics of race, gender, and sexuality served to fracture the party even more and played into the image the GOP was trying to construct. Roger Hickey said the caricature New Democrats constructed of the party was effective, however, because it carried a

⁵³ Rae, *Southern Democrats*, 120-21.

⁵⁴ Alterman and Mattson, *The Cause*, 349.

⁵⁵ See list of core concepts in Table 1 on p. 78.

lot of salience: “It was all about how we’ve gone too far to the left. The Democratic Party had become known as limousine liberals. We are too associated...with social issues that are unpopular and a failure to win the business community.”⁵⁶ Speaking of the New Democrat critique, Jeff Faux similarly admitted that, although they greatly exaggerated the situation, “They were not entirely wrong... The Democratic Party *had* become identified with a social liberalism that had weakened its hold on the white working class, particularly in the American South.”⁵⁷

The second myth Marshall’s PPI attacked was the myth of mobilization. Galston and Kamarck argued that the party placed too much hope on activating non-participating voters as a means of reclaiming the White House.⁵⁸ They pointed to a clear decline in the advantage in voter self-identification that the Democrats had enjoyed over the Republicans since the New Deal. Down from a 15-point lead in 1976, Democrats by 1989 only had a two-point advantage over the GOP, 37 percent to 35 percent.⁵⁹ Higher turnout among groups with lower participation rates, such as African-Americans and youth, could not guarantee Democratic victory in an electorate that was still overwhelmingly white and middle class. The reality was that these “peripheral voters” had an attachment to the political process that “is relatively weak and...[they] tend to vote in only high-intensity elections.”⁶⁰ Focusing on increasing turnout could be the key to victory from time-to-time, but PPI questioned the likelihood of this being an enduring strategy for the Democratic Party, especially when much research showed that there

⁵⁶ Hickey, Interview.

⁵⁷ Jeff Faux, “Lost on the Third Way,” 68.

⁵⁸ After the Obama victory of 2008, which relied on high turnout of first-time voters and groups historically known for lower turnout, such as African-Americans and youth, the mobilization remedy has enjoyed a renaissance. In the context of 1989 though, Galston and Kamarck’s caution concerning a reliance on ever-increasing turnout was not out of place.

⁵⁹ Numbers from the Pew Research Center, which aggregate polling data, demonstrate that although the Democrats have as of 2012 opened up a slight lead in the party identification category from the latter years of the George W. Bush administration, since around 2008 the category of ‘independent’ has outstripped both parties. The general deficiency that Galston and Kamarck point to, therefore, remains. Pew Research Center, *Trends in American Values: 1987-2012 / Partisan Polarization Surges in Bush, Obama Years* (2012), 2, 13.

⁶⁰ Galston and Kamarck, *Politics of Evasion*, 7.

was no overwhelming advantage for Democrats among non-voters.⁶¹ The dream of a participatory democracy, an adjacent concept in New Politics ideology, relied on the activation of the millions of people detached from politics. The New Democrats saw no guarantee of political success through such a strategy.

Finally, the party is taken to task in the PPI paper for being complacent in its “Congressional bastion” – the belief in continued Democratic domination of the U.S. Congress and the majority of state and municipal offices.⁶² The authors pointed to evidence of a Republican surge not only in the South, but across many regions of the country. Looking back from a vantage point of more than two decades later, the warning issued by Galston and Kamarck appears especially prescient. The Democrats and the GOP have gone back and forth in controlling the House and Senate over the past few electoral cycles, but ever since the Gingrich victory in the 1994 elections, any notion of Democratic dominance of the House and Senate has been nonexistent. The alteration in partisan advantage was quickly felt at the presidential level in 1980, but as PPI predicted, its expression at the Congressional, state, and local levels was a bit slower in coming, but eventually materialized.⁶³

After presenting what it saw as the three primary components of the politics of evasion, the PPI paper went on to lay out the New Democrat credo in more detail. To transcend the fundamentalist perception that Americans had of the Democratic Party, an active leader was needed who would acknowledge and directly address the weaknesses of Democratic strategy. The next presidential nominee would have to “offer a progressive economic message based on

⁶¹ See: Stephen Shaffer, “Policy Preferences Between Voters and Non-voters in American Elections,” *Western Political Quarterly* 25 (1982); Ruy Teixeira, *Why Americans Don’t Vote: Turnout Decline in the United States, 1960-1984* (New York: Greenwood, 1987); and Michael Gant and William Lyons, “Democratic Theory, Nonvoting, and Public Policy: The 1972-1988 Presidential Elections,” *American Politics Quarterly* 21 (1993).

⁶² Galston and Kamarck, *Politics of Evasion*, 11.

⁶³ Marshall, Interview.

the values of upward mobility and individual effort, that can unite the interests of those already in the middle class with those struggling to get there,” and “above all...convey a clear identification with the social values and moral sentiments of average Americans...link[ing] rights to responsibilities and effort to reward.”⁶⁴ Middle class values like “individual responsibility, hard work, equal opportunity – rather than the language of compensation” are seen as the core of these average American social and moral values.⁶⁵ Here, in this statement of DLC principles, are the core concepts that came to define third way ideology.⁶⁶

Though the consolidation of these different themes under the headings of opportunity, responsibility, and community would come later, the essential conceptualizations of third way ideology are already discernible. By denigrating the compensatory role of social assistance and especially affirmative action, the emphasis on equal opportunity is a signal of the third way’s approach to the question of equality. The New Politics faction’s adherence to more holistic and less restricted conceptualizations of equality was tightened. By extension, this was at the same time a statement on the role of the state and the purpose of government. Guaranteeing socioeconomic outcomes had to be downgraded in favor of ensuring equal starting points. The lauding of individual initiative and upward mobility refuted the focus on problems of group inequality and the search for social solutions to discrimination that had defined the New Politics.

Likewise, by privileging notions of hard work, individual responsibility, and the linking of rewards to efforts, the stage was being set for a different set of public ethics to replace the universalism and entitlement inherent in the 1960s and 1970s ‘rights revolution’ that the New Politics faction brought into the party. The DLC’s new rules governing behavior held that the

⁶⁴ Galston and Kamarck, *Politics of Evasion*, 18.

⁶⁵ *ibid.*, 18-19.

⁶⁶ Present also are themes rooted in Galston’s academic training under Leo Strauss. There is a critique of liberalism in general and the permissiveness which had come to characterize Western liberalism in particular.

enjoyment of social benefits would be contingent upon the fulfillment of social duties, expressed in the maxim ‘no rights without responsibilities’. In policy terms, the clearest expressions of this principle were found in adjacent concepts such as entitlement reform and national service and in peripheral applications like workfare and AmeriCorps. The endorsement of public responsibility was a direct descendant of the DLC’s 1988 proposal for a new national ‘Citizen Corps’ which would ask for a year of voluntary service from Americans in exchange for student loans, job training grants, or housing subsidies.⁶⁷ When Clinton later signed the bill creating AmeriCorps in 1993, it became the living embodiment of the ‘responsibilities’ adage and close to 200,000 young people would eventually pass through its ranks.⁶⁸ While recalling the Depression-era relief-in-exchange-for-work programs of Roosevelt’s New Deal like the WPA, CCC, and TVA, AmeriCorps also sought to challenge the something-for-nothing character that the DLC asserted had come to characterize the welfare state regime. The welfare reform bill of 1996, which is reviewed in greater detail later, would do more to cement the Clinton legacy on this front. On the whole, the DLC’s was a transactional notion of rights in which the individual could make no demands on the state for support without accepting the responsibility to first provide for oneself.

And finally, the class, gender, racial, and sexual identities that defined the New Politics faction are traded for the concept of community – a broad and classless American mainstream with its own particular social and moral values. The emphasis on diversity, as well as the consciousness of race discrimination, is downplayed in favor of a communitarian appeal to amalgamate into society. The act of labeling all these positions with the signifier ‘American’ serves a legitimating purpose. It is an attempt to place these values beyond contention; it decontests particular conceptualizations through a reliance on a narrative of patriotic tradition, to

⁶⁷ Alterman and Mattson, *The Cause*, 361.

⁶⁸ *ibid.*, 371.

employ Freedman's model. The positions and conceptualizations of New Politics ideology are undermined by painting them with the fundamentalist brush. Their legitimacy is placed into question as they are portrayed as the viewpoints of self-interested sectarians rather than the broad majority.⁶⁹ In the guise of anti-ideology, the New Democrats were constructing a new ideology.

The 'average American values' of opportunity, responsibility, and community are largely those that would come to define the international reorientation of the center-left in the 1990s. The roots of the contemporary Democratic Party, of the 'new middle', indeed of 'modernized social democracy' as a political project, are already visible in *The Politics of Evasion*. Although crafted with specific American circumstances in mind, it is possible to see the blueprint of later codifications of third way philosophy and governance preferences globally. The paper served the purpose of making altogether certain the alienation of left-wing Democrats from the developing new party center.⁷⁰

Hope (Arkansas) and Change

The DLC found a Moses to lead the Democratic Party out of the electoral desert when it recruited a man from "a place called Hope."⁷¹ In Arkansas Governor Bill Clinton, the DLC had the perfect person to carry the banner of a new Democratic Party. Although the Republicans sought to portray Clinton as a 1960s radical and draft-dodger, the reality is that Clinton's policies

⁶⁹ Many of the themes common to DLC literature, such as the responsibility of work over reliance on welfare, the tough line taken on crime, and communitarian appeals to 'mainstream' or 'majority' cultural positions have been critiqued by multiple analysts as coded appeals to white voters who saw the Democratic Party as being too aligned with the interests of African-Americans. In this vein, the attack on 'liberal fundamentalism' and identity politics was also a public way of distinguishing DLC members from the Jesse Jackson wing of the party. For discussions of the DLC and the politics of race, see: Leslie Carr, *"Color-Blind" Racism* (Thousand Oaks, CA: Sage Publications, 1997), 132-34; Edsall and Thomas, *Chain Reaction*; and Manning Marable, *Beyond Black and White: Transforming African-American Politics* (New York: Verso, 1995).

⁷⁰ Medvic, "Old Democrats in New Clothing," 590.

⁷¹ Bill Clinton's hometown of Hope, Arkansas was a significant symbol used during his first presidential campaign. In his acceptance speech at the Democratic National Convention that year, Clinton concluded with the line, "I still believe in a place called Hope." See: Bill Clinton, "Address Accepting the Presidential Nomination at the Democratic National Convention in New York" (1992).

while he was Governor of Arkansas were forerunners of his later third way presidency. Running his first race for the governor's office in 1978, Clinton positioned himself as modestly progressive with plans for tinkering with the tax structure in the state.⁷² After only two years in office though, Clinton was turfed by an electorate unhappy with the small increase on motor vehicle taxes he had pushed through the state legislature and the escape of Cuban Mariel Boatlift refugees who had been held at a military base just outside the city of Fort Smith in 1980. During his time out of power, Clinton went on an apology tour across the state in an attempt to make amends for the auto tax increases, telling voters, "My daddy never had to whip me twice for the same thing."⁷³ The charm offensive, coupled with a populist crusade against high utility rates, paid off and Clinton was back in the Governor's Mansion by 1982, where he would stay until he moved to the White House in 1993. William Berman attributed much of the political success of Clinton's post-1982 Arkansas years to what he described as a "carefully contrived centrist agenda" intended to avoid reminding voters of "his seemingly more progressive stance of 1978-80."⁷⁴ Stephen Smith, who served as an aide to Governor Clinton, recalled the shift that occurred between his first and second terms as the state's chief executive:

During my time on Clinton's campaign staff in 1974 and 1976 and his office staff (Attorney General 1977-1978 and Governor 1979-1980), I think he was interested in seeking and considering the most progressive alternatives that might be useful in achieving goals that expanded on the status quo. His move to the center or center-right began after his re-election defeat in 1980. After being re-elected in 1982, his proposals were more 'practical', in that he learned leadership might be more successful in making incremental moves from the status quo rather than the bolder moves that were unacceptable to the swing voters and the changing Arkansas political culture.⁷⁵

⁷² Stephen Smith, Interview, September 19, 2014.

⁷³ Quoted in: Stanley Greenberg, *Middle Class Dreams: The Politics and Power of the New American Majority* (New Haven: Yale University Press, 1996), 198.

⁷⁴ W. Berman, *From the Center to the Edge*, 7.

⁷⁵ Smith, Interview.

Over his next ten years as governor, Clinton built a constellation of constituencies that in many respects was the prototype of his later presidential campaign coalition. While Democrats struggled nationally, Clinton was the model of political success, taking 62.6 percent of the vote in his 1984 re-election campaign.⁷⁶ The Governor's brand of centrism was an early expression of the strategy of triangulation for which his presidency would become known – Christopher Hitchens's 'distilled essence of consensus politics'.⁷⁷ It was the effort to be all things to all voters and stakeholders. In a one-party state where political and economic power were both highly concentrated, Clinton constructed a multi-faceted operation which allowed him to court powerful corporate and financial interests while simultaneously securing overwhelming support from Black and poor Arkansans as well as the tiny labor movement in the state.⁷⁸ He was a populist Democratic governor who was able to master the unique political atmosphere in Arkansas, which was an uneasy marriage between the Liberal-Labor heritage of FDR and the baggage carried over from the reactionary politics of the Southern Democrat faction. This combination appealed to the poor and working class while also keeping Arkansas elites solidly in the Democratic camp. Whereas other Southern states would more or less rapidly become bastions of the Republican Party by the 1990s, Arkansas was the lone holdout of the old 'Solid South' well into the new century. Here, the two ghosts of eras past – the limited Southern version of the New Deal and Dixiecrat reaction – continued to live side-by-side. Governor Clinton was a young, modern centrist able to sustain the Democratic Party in a region where it was facing a rapidly declining outlook for the future.

⁷⁶ Greenberg, *Middle Class Dreams*, 202.

⁷⁷ Christopher Hitchens, *No One Left to Lie To: The Triangulations of William Jefferson Clinton* (Toronto: McClelland and Stewart, 2012).

⁷⁸ Among the Arkansas corporate heavyweights important to the Clinton campaigns: Wal-Mart, Tyson Foods, Murphy Oil, and Beverly Enterprises. See: Thomas Ferguson, *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems* (Chicago: University of Chicago Press, 1995), 297-98; David Maraniss, *First in His Class: A Biography of Bill Clinton* (New York: Touchstone, 1995), 454; and Henwood, "Clinton's Liberalism," 163-65.

It would be difficult to imagine a more ideal political figure to lead the charge for a moderate and more centrist Democratic Party nationally. Clinton had the strategic and tactical skills for both successful campaigning and governing, a record of coalition-building across traditional constituency and class boundaries, and a rapport with African-Americans and certain segments of labor which might be able to replace the political allegiance some of these groups had given to figures like Jesse Jackson. DLC leader Al From aggressively recruited Clinton to take on the DLC chairmanship through much of 1989 and into 1990. He wrote to Clinton: “I believe you are the right person for the DLC job – and the DLC job is the right job for you. We have the opportunity to redefine the Democratic Party during the next two years. If our efforts lead to a presidential candidacy – whether for you or someone else – we can take over the party, as well.”⁷⁹ Clinton agreed and was elected the DLC’s fourth chairman in March 1990. Passing him the gavel, Senator Sam Nunn commented on the DLC’s stellar rise, saying when it was created the organization was “viewed as a rump group. Now we’re viewed as the brains of the party. In just five years, we’ve moved from one end of the donkey to the other.”⁸⁰

At the same conference at which Clinton was elected chair, the first formal statement of principles for the DLC was adopted. The *New Orleans Declaration* contained in fifteen “We Believe” points the kernels of the developing Clintonian Democratic Party.⁸¹ A new vision of equality was posited in direct terms: “We Believe the promise of America is equal opportunity, not equal outcomes...the Democratic Party’s fundamental mission is to expand opportunity, not government.” The declaration of such a preference served the DLC’s purpose of caricaturing the New Politics faction as spendthrift and disrespectful of hardworking Americans. Expansion of opportunity, not of the welfare state, was to be the new standard by which the party should be

⁷⁹ From, *The New Democrats*, 115.

⁸⁰ *ibid.*, 116.

⁸¹ All quotations in this paragraph are from: DLC, *The New Orleans Declaration*.

measured. There is no mention of fighting poverty, but rather a commitment to the “politics of inclusion” and community; the purpose of social welfare is to “bring the poor into the nation’s economic mainstream, not to maintain them in dependence.” Predating Clinton’s policy of welfare reform and the third way’s commitment to a supply-side ‘social investment state’, there is already present a commitment to invest “in the skills and ingenuity of our people.” Economic growth, made possible by the functioning of regulated free markets was to be the guarantor of expanded opportunity for all. Economic security would be achieved through expanding free trade, rather than protectionism. The influence of ‘new economy’ writers, such as Reich, Shapiro, Ross, and others, is clearly present. Strong defense had to be maintained on the world stage while preventing and punishing crime would define domestic security policy. The integration of minorities into the “economic and cultural mainstream” is preferred to “racial, gender or ethnic separatism.” And finally, American citizenship is defined as entailing “responsibility as well as rights,” with a reliance on the “moral and cultural values that most Americans share”: faith, individual responsibility, tolerance, work, faith, and family. The *New Orleans Declaration* provided a conceptually rich framework for a third way ideological morphology.

Over the next two years, Clinton was heavily promoted as the DLC choice for the 1992 nomination. DLC statements following on the *New Orleans Declaration*, as well as Clinton’s own speeches, began to coalesce into a platform for governance that provided more substance to the fifteen-points and furthered the critique of New Politics liberalism begun by Galston and Kamarck. At its 1991 convention in Cleveland, the DLC publicly declared its intention to go “beyond right and left” and unveiled its *New American Choice Resolutions* which indicted a decade of Republican rule for having “chosen private gain over public responsibilities” and

scolded the Democratic Party for clinging to orthodoxy and “blind loyalty to the programs of the past.”⁸² With the ‘New Choice’, the construction of a third way in American politics became the DLC’s chief task.

The *New American Choice Resolutions* contained many of the themes that would define the Clinton Presidency. Foreshadowing the push for government reinvention and the commitment to markets, the New Choice was about making the economy “an engine of growth and opportunity again, with a government that helps to create wealth, not just redistribute it, and seeks to expand trade, not restrict it.” The sanctity the concept of responsibility would have in the DLC’s version of welfare reform was clear, as society was charged with the “moral duty to experiment with fundamentally new approaches to liberate the poor from poverty and dependence by promoting work, family, and independence.” And there was a greater focus on a communitarian perspective, rather than individual or group identities: “Our social fabric has been torn by increasing tensions of race and class.” The New Choice offered a philosophy of governance that distrusted ‘big state’ policy solutions and instead looked for leadership “not from Washington but from states and communities that have become laboratories of innovation.”

In addition to a repeat of the earlier statements of devotion to equal opportunity over equal outcomes, retreat from affirmative action, faithfulness to “America’s moral and cultural values,” and free markets, there is now a greater emphasis on transforming the actual functioning and role of the state. A critique of centralized bureaucracy as an ineffective way of delivering services in the information age appears: “The industrial age is over; the old isms and the old ways don’t work anymore.” The DLC declares that government should provide citizens with “more choices, more responsibility, and more for their money.” For the first time, there is the stated goal of “reinventing government” to eliminate unneeded layers of bureaucracy and give

⁸² Quotations here and in the following two paragraphs are from: DLC, *New American Choice Resolutions*.

citizens more choice in public services. The influence of David Osborne and Ted Gaebler in Clinton's circle is already becoming obvious, even before the publication of their book, *Reinventing Government*, which became the manual for public management reform under the Clinton-Gore Administration.⁸³

In his speech to the Cleveland convention, Clinton brought his well-known charm and wedded it to the effort of decontesting the New Democrats' ideological concepts, sharing stories of his boyhood in Hope, Arkansas and the appreciation for hard work and community that his upbringing had given him. His own experiences and those shared with him by regular Americans, he said, convinced him of the need for the New Choice.

[O]ur burden is to give people a new choice, rooted in old values, a new choice that is simple, that offers opportunity, demands responsibility, gives citizens more say, provides them responsive government – all because we recognize that we are a community, we are all in this together, and we are going up or down together. Now our new choice plainly rejects the old categories and false alternatives they impose. Is what I just said to you liberal or conservative? The truth is, it is both, and it is different. It rejects the Republicans' attacks and the Democrats' previous unwillingness to consider new alternatives. People don't care about the rhetoric of left and right and liberal and conservative and who is up and who is down and how we are positioned. They are real people, they have real problems, and they are crying desperately for someone who believes the purpose of government is to solve their problems and make progress, instead of posturing around and waiting for the next election.⁸⁴

Al From would later say the Cleveland conference was a “game-changing event.”⁸⁵ The ideological lines dividing the emerging New Democrat faction from the old New Politics faction were clearly drawn by 1991. Outside the conference hall, the UAW, teachers' unions, and Jesse Jackson protested against the DLC. A counter-conference of left-wing Democrats was held in Iowa the same weekend. And some DLCers in Congress, particularly Rep. Dick Gephardt,

⁸³ David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector* (New York: Addison-Wesley Publishing Company, Inc., 1992).

⁸⁴ Bill Clinton, *Keynote Address of Gov. Bill Clinton to the DLC's Cleveland Convention* (Washington: Democratic Leadership Council, 1991).

⁸⁵ From, *The New Democrats*, 148.

began distancing themselves from the organization under pressure from interest groups. From recalled:

Cleveland was not a sounding board for all factions of the Democratic Party. We had a mission: to send a message that there was a New Democratic Party with a new message and new messengers... We came out of Cleveland with a message powerful enough to win back the White House and with a potential candidate passionate enough to carry that message.⁸⁶

Clinton was a prize find for the DLC. In him, the complete package for electoral success was present – the charm, the pragmatism, the lack of Washington tarnish, and the appearance of something new. He was the DLC’s most effective agent of ideological decontestation within the Democratic Party. Of course, the partnership was a two-way affair. The DLC had found their dream candidate, but Clinton, too, had found the vehicle that would help differentiate him from his Democratic primary opponents and catapult him from the Governor’s Mansion in Little Rock to replace George H.W. Bush in the White House.

The politics of Massachusetts Senator Paul Tsongas, one of the early front-runners in the 1992 primary, were a halfway house between ‘old’ and New Democrat positions. He had an economic agenda similar to, and perhaps even more fiscally conservative than, Clinton’s, but his stances on foreign policy and social issues like abortion and affirmative action put him much closer to the New Politics constituencies.⁸⁷ Tsongas dropped out in March shortly after Clinton swept the Super Tuesday primaries that were heavily weighted toward Southern states. California Governor Jerry Brown presented a challenge that was nominally to the left of Clinton, but he put forward a politically confusing platform that combined both left and right populist elements. Surprisingly for a Democrat, Brown called for the end of progressive income taxes

⁸⁶ *ibid.*, 149-50.

⁸⁷ John Judis and Ruy Teixeira, *The Emerging Democratic Majority* (New York: Lisa Drew/Scribner, 2002), 132.

and the institution of a 13 percent flat tax across the board.⁸⁸ He supported living wage laws, opposed NAFTA, and decried the corruption of big money politics by swearing off corporate contributions and pledging to only accept campaign donations of \$100 or less. Brown won a number of primaries and seemed poised to possibly take New York from Clinton. He sunk his own chances in April, however, when he told a group of Jewish community leaders in New York City he was considering Jesse Jackson, who had supported him over Clinton, as his running mate.⁸⁹ Brown held on until the convention, but by the spring of 1992 it was clear Clinton would become the party's nominee for President of the United States.

He built a campaign on the promise that Democrats would not initiate a return to the big government of the 1960s. In his acceptance speech at the Democratic National Convention that summer, he made it clear that the party had learned from its past, saying that they had “some changing to do.” The government could not solve every problem with some new program or agency. The Democrats, he said, offered voters “a new approach to government” which would bring “more empowerment and less entitlement,” expanding “opportunity, not bureaucracy.”⁹⁰ The party offered opportunity and demanded responsibility. Waddan observed that Clinton and his New Democrats stressed that they “did not see themselves as a movement simply devoted to splitting the difference between left and right.” Instead, theirs was a “centrism with a cutting edge which moved the debate about policy issues and potential solutions *beyond* these historical categorizations.”⁹¹ The goal was to build an enduring paradigm shift away from both Reaganism as well as the image of Democratic ‘big government liberalism’. Government was “neither the

⁸⁸ Ferguson, *Golden Rule*, 304-05.

⁸⁹ The position of Jews in Jackson's Rainbow Coalition had been tenuous since he had been quoted referring to Jews as “Hymies” and New York City as “Hymietown” in remarks to a *Washington Post* reporter that he thought were off the record in 1984. See: Adolph Reed, *The Jesse Jackson Phenomenon: The Crisis of Purpose in Afro-American Politics* (New Haven: Yale University Press, 1986), ch. 7.

⁹⁰ Bill Clinton, “Address Accepting the Presidential Nomination.”

⁹¹ Waddan, *Clinton's Legacy*, 12.

problem nor the solution.”⁹² It would act when appropriate, but never overreach. These new principles of government were encapsulated in the three words: opportunity, responsibility, community.⁹³

The ideological core of ‘Clintonism’ – of the third way – had been cast and a unified, comprehensive alternative to the caricatured cacophony of the New Politics crowd was now being presented. The way had been paved by a combination of the experiences of a Southern governor whose state had served as a laboratory for the New Democrat brand of active government and the dissatisfaction of Washington moderates with the direction of their party. Out of this partnership, a new model for the international center-left was forged. Just as social democracy in Europe was struggling to remain relevant, the Clinton creed appeared ready to come to its rescue.

Clintonism Meets Blairism: The Third Way Convergence

In Britain, a similar language to that espoused by Clinton and the DLC animated the remake of the Labour Party. Here, the debate about how progressive politics could move forward in the neoliberal era took on a different tone, given the long social democratic and socialist traditions of the British left. Liberalism was a dirty word among many in the Labour Party as well, but for very different reasons than was the case in the U.S. Labour had been out of power for a decade and a half when Tony Blair was elected party leader in 1994. Within three years, he had managed to give the party a face-lift in the eyes of the public, rebranding it as ‘New Labour’, and swept into government talking a very different talk than what had traditionally been heard out of social democrats. Much of the rhetoric of the third way in Britain

⁹² *ibid.*, 13.

⁹³ Medvic, “Old Democrats in New Clothing,” 591-92.

echoed Clinton and the New Democrats, but stressed that New Labour's project was not centrism, but rather a "renewal of social democracy."⁹⁴

Blair said that the third way "stands for a modernized social democracy, passionate in its commitment to social justice and the goals of the centre-left, but flexible, innovative, and forward-looking in the means to achieve them."⁹⁵ It was to be a project between the market fundamentalism that characterized New Right neoliberalism and the statism of 'old left social democracy'. He said that Labour had to reconnect with an "ethical socialism," a set of "values and beliefs" in contrast to an "Old Left preoccupied by state control, high taxation and producer interests."⁹⁶ Rendering both neoliberalism as well as old-style social democracy obsolete according to Anthony Giddens's theorization of the third way were a number of social transformations: globalization and the narrowing of economic maneuverability for states; the decline of traditional identities such as class and the rise of greater individualism; an ecological crisis at odds with old economic policies; and the decline of the nation-state as the primary site of political agency.⁹⁷ There is a clear overlap with the 'new economy' analyses of New Democrats such as Reich, Shapiro, and Ross. And like Clinton and the DLC, Blair and Germany's Gerhard Schröder, the two heads of government most closely associated with the European third way, accepted these conditions as objective developments.⁹⁸

To respond to these challenges, Blair (echoing Giddens and Reich) said that the left could not turn to an old set of policies and expect to be able to implement them in a world that is very different from the past. Nationalized industry, demand management, and economic planning

⁹⁴ See the subtitle of: Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity, 1998).

⁹⁵ Blair, *The Third Way*, 1.

⁹⁶ Blair, *Socialism*, 2; and Blair, *The Third Way*, 1.

⁹⁷ Giddens, *The Third Way*, ch. 2.

⁹⁸ Hombach, *The Politics of the New Centre*, 159.

were appropriate to “a world of secure jobs, large firms, low unemployment, relatively closed national economies and strong communities underpinned by stable families,” but they could not simply be revived in today’s globalized economy.⁹⁹ Blair drew attention to a distinction between such a reliance on *means* and what he portrayed as a more enduring set of *values* during his successful campaign to amend Clause IV of the Labour Party constitution, which had stated an unqualified commitment to pursue common ownership of the means of production.

Instead of ironclad pledges of fealty to particular policies, social democrats had to be guided by the values that had always inspired them: equal worth, opportunity for all, responsibility, and community.¹⁰⁰ Blair’s new social democracy exhibited the same conceptual core that had defined the DLC’s *New Orleans Declaration* and *New American Choice Resolutions* several years earlier. In the words of one New Labour-affiliated commentator, “Opportunity, responsibility, community – the mantra of the New Democrat movement – had become the battle cry of New Labour.”¹⁰¹ The strengthening of the DLC’s principles into a fully-fledged conceptual model now becomes evident. The cluster of concepts and beliefs that were built around the themes of opportunity, responsibility, and community was taking on the status of a more consolidated ideology. What is borrowed from America is not just a campaign slogan: the focus on this particular set of philosophical values is representative of a more thorough ideological renovation of the key foundations of social democracy.

The idea of equal worth draws more from the notion of equality of opportunity than from the traditionally social democratic focus on equality of outcome. For the third way, equality of outcome “no longer matches a diverse, pluralistic society, where, for the most part, material

⁹⁹ Blair, *The Third Way*, 5.

¹⁰⁰ *ibid.*, 3-4.

¹⁰¹ Robert Philpot, “New Democrats, New Labour,” *The New Democrat*, May-June 1999.

inequality is not the primary cause of social disorder.”¹⁰² The focus is on inclusion and eliminating discrimination as sources of inequality, not wealth or income. Poverty becomes redefined as a form of social exclusion. “Rather than structural inequalities causing poverty, the focus is shifted to the absence of attachment to work, family, and other virtuous communal resources that ensure individual responsibility.”¹⁰³

The orientation toward equal opportunities rather than universal entitlement is tied to the state’s responsibility to ensure opportunity for all in society while offering no guarantees of outcomes or redistributive compensation. In line with the renewed preference for an individualism rooted in community, the state has a duty to “promote a wide range of opportunities for individuals to advance themselves and their families” through a process of social investment rather than simple wealth redistribution.¹⁰⁴ The goals of government have to be reoriented toward a “left supply-side policy” directed toward investment in human capital and infrastructure.¹⁰⁵ The primacy of politics begins to give way to the primacy of markets; government’s job is to prepare citizens for adaptation to market imperatives.

New Labour’s DLC-inspired ideology sought to challenge neoliberalism’s promotion of individualism not with entitlement and the solidaristic politics of social democracy, but rather through a greater emphasis on communitarian duty. Giddens advocated adherence to the “ethical principle” of “no rights without responsibilities”:

...third way politics looks for a new relationship between the individual and the community, a redefinition of rights and obligations... Old-style social democracy, however, was inclined to treat rights as unconditional claims. With expanding individualism should come an extension of individual obligations. Unemployment

¹⁰² Steve Bastow and James Martin, *Third Way Discourse: European Ideologies in the Twentieth Century* (Edinburgh: Edinburgh University Press, 2003), 53.

¹⁰³ *ibid*, 56.

¹⁰⁴ Blair, *The Third Way*, 3.

¹⁰⁵ Tony Blair and Gerhard Schröder, *Europe: The Third Way / Die Neue Mitte*, Johannesburg: Friedrich Ebert Stiftung, 1999. <http://library.fes.de/>.

benefits, for example, should carry the obligation to look actively for work, and it is up to governments to ensure that welfare systems do not discourage active search.¹⁰⁶

Following on this ethical balance of rights and obligations is the new prominence given to ‘community’ by Blair and the type of state that flows from it.¹⁰⁷ It is not always clear what the ‘community’ referred to consists of. Although the DLC’s notion of community was also fuzzy at times, the oft-repeated emphasis on mainstream, middle class America had a particular connotation in the U.S. setting. For Blair, the New Labor concept of community seems to have many possible connotations. Sometimes it spoke of ‘the nation’ or society as a whole; at others, the reference seemed to be to private business or the non-profit sector. In acting on behalf of the “national community,” it was held that government must be attentive not to “stifle worthwhile activity by local communities and the voluntary sector,” thus appearing to focus on civil society-based welfare efforts. Old-style social democracy committed a “grievous error” in believing that the state could completely “replace civil society,” whereas neoliberals advocated the “wholesale dismantling” of state activity to give freedom to civil society. Whichever idea of community was being utilized, the paramount role of the state in this regard was to be an “enabling” force, not a commanding one.¹⁰⁸ Even with the lack of clarity, there is much evidence of influence by the communitarian thinking of Amitai Etzioni, the Israeli-American sociologist who was a prominent advocate of the New Democrats and eventual author of his own third way manifesto.¹⁰⁹

Blair stated that his third way is guided by these values – the same ones given pride of place by the DLC before him. Such values, he said, are to be given practical effect through a

¹⁰⁶ Giddens, *The Third Way*, 65.

¹⁰⁷ Blair, *The Third Way*, 4.

¹⁰⁸ *ibid.*

¹⁰⁹ Amitai Etzioni, *The Third Way to a Good Society* (London: Demos, 2000).

“large measure of pragmatism” with attention to the motto that “what matters is what works.”¹¹⁰ He dismissed critics who claimed his project was unprincipled or who were worried by its lack of attachment to particular means to achieve social democratic goals. Attacking the idea that nationalization and state-directed economics are *the* social democratic means for achieving justice, he said, “a critical dimension of the third way is that policies flow from values, not vice versa. With the right values, market mechanisms can be critical to meeting social objectives, entrepreneurial zeal can promote social justice, and new technology can represent an opportunity, not a threat.”¹¹¹ Finally, bluntly making his opinion clear, Blair stated, “Our approach is ‘permanent revisionism’, a continual search for better means to meet our goals, based on a clear view of the changes taking place in advanced industrialized societies.”¹¹² Like Galston and Kamarck had done in *The Politics of Evasion*, Blair upbraids the left opponents within his party for clinging to outdated fundamentalism.

The shifts from equality to opportunity, from rights to responsibility, and from class to community represent a broader change in political outlook and policy priority than Blair’s claim of loyalty to a supposedly enduring set of socialist values would lead one to believe. The third way can indeed legitimately be seen as a renewal or further development of a particular strand of social democratic (or social liberal) philosophy, but it is too simplistic to say it is the continuation of ‘traditional’ socialist values, as the former Prime Minister would have it. This declaration of allegiance to the core concepts of Clintonism, as argued earlier, reflects simultaneously an expression of historical development trends inherent to the center-left parties as well as the impact of the hegemonic neoliberal project on the ideas and forces ascendant inside them.

¹¹⁰ Blair, *The Third Way*, 4.

¹¹¹ *ibid.*

¹¹² *ibid.*

To put it more clearly, there was always a more moderate/revisionist trend within the center-left (as outlined by Sheri Berman and others) and the trajectory of social democratic thought has for a very long time been carried in that direction. But this internal political struggle of the parties was fundamentally altered by the neoliberal transformation of the Anglo-American socioeconomic setting, which forced ‘adjustment’ to the ‘new common sense’ on the part of the center-left. The battles between ‘left’ and ‘right’ social democrats or between ‘liberal’ and ‘moderate’ Democrats in the U.S. were decisively affected by the predominance of neoliberalism in the national and international political realm. The bounds of what was acceptable public policy had changed drastically since the crisis of the 1970s. This was true in Britain just as much as in America.

What Might Have Been: New Labour and *Marxism Today*

Examining the process by which the ideologies that preceded the third way were contested and eventually replaced requires us to look also at the peculiar process of contestation that went on in Britain before the arrival of Blair and New Labour on the scene. Whereas the third way project in the United States emerged from within Democratic ranks, surprisingly Blair’s ideological renovation had roots that extended from a traditional centrist modernizing bloc in the Labour Party, to union leaders keen on defeating Thatcher, to the Marxist left outside the official Labour Party. Many figures that would later be highly critical of the third way in practice, particularly from the left, were ironically fundamental to its ideological success. In the U.K., there was already a wealth of socioeconomic analysis concerning the 1970s economic crisis that predated the more oft-referenced writings of Reich and Giddens. Before the coalescing of third way ideology, scholar-activists were working to develop a more contextually-

specific and historically complete understanding of why the Keynesianism that had been the gospel of the center-left parties was no longer viable.

Although New Labour would eventually accept many precepts of neoclassical economics and the gospel of ‘fiscal responsibility’ would become a hallmark of third way governments, the New Right was not the only influence on the changes to the political economy of the third way. Much of the inspiration and theoretical groundwork for the shift to the third way in Britain was actually laid by intellectuals from the Marxist tradition. Just as Thatcher was rising to the premiership with rhetoric targeting the trade unions and what she viewed as the economic failures of socialism, groundbreaking analysis of the new transformations wrought by the end of capitalism’s ‘golden age’ was made by intellectuals in and around the Communist Party of Great Britain (CPGB), and more specifically its journal, *Marxism Today*.¹¹³ While many academics internationally were crafting explanations of the world economic crisis of the 1970s, the people and ideas associated with *Marxism Today* deserve special attention because a number of them ended up either at Demos, a leading think tank contributing to New Labour ideas, or even at 10 Downing Street as advisors in the late 1990s.¹¹⁴

Their ‘New Times’ analysis was an intellectual attempt to grapple with the world as it was being re-shaped in the dying days of Keynesianism. Many of the observations that had been present in the writings of American economists like Reich were central components of New Times, but much greater attention was paid to the political implications these transformations

¹¹³ See: Geoff Andrews, *Endgames and New Times: The Final Years of British Communism 1964-1991* (London: Lawrence and Wishart, 2004), ch. 8; and Alan Finlayson, “Third Way Theory,” *The Political Quarterly* 70, no. 3 (1999).

¹¹⁴ Geoff Mulgan, who had been one of the key contributors to what became known as the ‘New Times’ project at *Marxism Today* would go on to serve as Blair’s Director of Policy. See: Will Leggett, “New Labour’s Third Way: From ‘New Times’ to ‘No Choice’,” *Studies in Social and Political Thought* 3 (2000): 28. Additionally, Charlie Leadbeater, also a member of Blair’s inner circle of advisors, first came to prominence in the pages of *Marxism Today*. See: Andrew Pearmain, *The Politics of New Labour: A Gramscian Analysis* (London: Lawrence and Wishart, 2011), 162-64.

would have for the left. One of the defining elements of the New Times analysis was the understanding its contributors had that Thatcherism (the term neoliberalism had not yet taken on wide currency) was a new political phenomenon, and not just a rehash of old conservatism. Writers such as Eric Hobsbawm, Stuart Hall, and Martin Jacques highlighted some of the structural and sociological transformations that Reich, Giddens, Shapiro, and Ross would later write about, but even as early as Thatcher's first term they were pointing out the very political nature of the revolution that was under way. Earlier than most, they recognized that the post-war international consensus was dead and that a new world situation was being actively created whether social democrats and the wider left realized it or not. Their analytical approach is important for understanding the impact that neoliberalism and the new economy had on electoral parties of the center-left like the Democrats and Labour.

Relying on a mix of Gramscian analysis and a Regulation School approach to explaining the end of Fordism, the New Times writers tried to impress upon the rest of the left the true nature and scale of the changes that were happening. The economy and society was being reorganized, opening new challenges but also new opportunities depending on what forces were willing and able to be assertive in shaping the process. Stuart Hall and Martin Jacques highlighted the nature of political agency that was at the center of neoliberalism:

The historic mission of Thatcherism has not been to win this or that election – astute as it has been at mastering the ebb and flow of the opinion polls. It is much more ambitious than that. Its project has been to reverse the whole drift of British society, to roll back the historic gains of the labour movement and other progressive forces, and to force-march the society, vigorously, into the past. These aims give some indication of the *radicalism* of its project.¹¹⁵

The Reagan Revolution underway in the U.S. was similarly a project that went beyond electioneering; it was a broad counteroffensive against the gains – political, economic, and

¹¹⁵ Stuart Hall and Martin Jacques, "Introduction," In S. Hall and M. Jacques (eds.), *The Politics of Thatcherism* (London: Lawrence and Wishart, 1983), 10-11.

ideological – that had been made by the surge of 1960s and 1970s radicalism and labor militancy.

Antonio Gramsci's writings on the nature of organic crises and the responses by political and social actors to them served as the foundation for much of the New Times analysis. The 1970s had been a time when many in academia and in left politics had been 'rediscovering' Gramsci and expressed a greater appreciation for the nuance and applicability of his theories on the role of class and social forces in struggling to shape society. The Gramscian turn had been central also to the intellectual flourishes that led to Eurocommunism. Hall pointed specifically to Gramsci's differentiations between the organic and conjunctural aspects of crisis as necessary to understand what was different about neoliberalism's advance and the decline of the Keynesian welfare state. Gramsci wrote:

A crisis occurs, sometimes lasting for decades. This exceptional duration means that uncurable structural contradictions have revealed themselves...and that, despite this, the political forces which are struggling to conserve and defend the existing structure itself are making efforts to cure them within certain limits, and to overcome them. These incessant and persistent efforts...form the terrain of the conjunctural and it is upon this terrain that the forces of opposition organize.¹¹⁶

Here, the organic qualities of the crisis are those long-term structural, causal factors that define the crisis (such as the incompatibility of the Keynesian welfare model with continued capital accumulation and profitability, or in a larger sense the contradiction of social production and private accumulation). The conjunctural characteristics are the immediate terrain of political and social struggle among those elements fighting to conserve the status quo. Hall explains that if the crisis is organic, then the nature of the response will not be just reactionary, but can actually become creative and revolutionary:

¹¹⁶ Gramsci, *Prison Notebooks*, quoted in: Stuart Hall, "The Great Moving Right Show," In S. Hall and M. Jacques (eds.), *The Politics of Thatcherism* (London: Lawrence and Wishart, 1983), 23.

If the crisis is deep – ‘organic’ – these efforts cannot be merely defensive. They will be *formative*: aiming at a new balance of forces, the emergence of new elements, the attempt to put together a new ‘historic bloc’, new political configurations and ‘philosophies’, a profound restructuring of the state and the ideological discourses which construct the crisis and represent it as it is ‘lived’ as a practical reality: new programmes and policies, pointing to a new result, a new sort of ‘settlement’ – ‘within certain limits’. These new elements do not ‘emerge’: they have to be constructed. Political and ideological work is required to disarticulate old formations and to rework their elements into new ones.¹¹⁷

Hall provides an analysis of not only the terrain out of which neoliberalism developed as a political movement, but also a comprehension of it as a full-scale response to the crisis of capitalism at the end of the 1970s. The existential uncertainty of late Keynesianism was very real and the rise of the New Right was not just a reflection of that crisis but an active political response to it. Neoliberalism was the successful effort to develop a new ‘historic bloc’ – a new political configuration and philosophy that constituted a complete reshaping of the common sense of what could constitute legitimate public policy. As the Keynesian social democratic state (or its milder American Liberal-Labor version) tottered by the 1970s, the existing system of politics and state administration was waiting for change.

The center-left, in the form of Labour in the U.K. and the Democratic Party in the U.S., had crafted an ideological and policy bloc on the basis of an expanding welfare state, strong unions (much more the case in Britain than America), corporatist arrangements of varying degrees in industry, and a consensus around a ‘rights’ society. When the economy underlying this system entered crisis, the center-left did not know how to respond. The electoral parties of the left were “caught defending a discredited past” rather than trying to capture “hopes for the future.”¹¹⁸ The left wing of Labour and the New Politics Democrats, as well as the trade unions in both countries, because of their own recalcitrance in engaging the changes of the 1980s and

¹¹⁷ Hall, “Great Moving Right Show,” 23.

¹¹⁸ *Manifesto for New Times*, In S. Hall and M. Jacques (eds.), *New Times: The Changing Face of Politics in the 1990s* (London: Lawrence and Wishart, 1989), 31.

attempting to create a new left vision, allowed themselves to be cast repeatedly as conservative and reactionary forces. They could be portrayed as complacent with an outdated system which no longer matched the pace and tempo of a global economy – defenders of a bygone era. Such a picture was easy for the New Right (and third way advocates) to paint because it was many respects largely true.

The ‘old left’ was intellectually bankrupt and unwilling or unable to chart a new vision for changed circumstances. But the New Right did not face such paralysis and in both countries it responded to the crisis with a new (old) set of ideas and vigorous action.¹¹⁹ The previous chapter provided a summary of the new standards that characterized the neoliberal response: privatization, flexible labor laws and workforces, welfare reductions, tax cuts, and financialization. The Fordist regime forged in the 1930s and consolidated during capitalism’s ‘golden age’ was gradually dismantled. In creating their novel package of policy responses, the neoliberals were constructing a new settlement to replace Keynesian social democracy.

After a prolonged period of ideological uncertainty and unfulfilled hopes that the New Right’s ascendancy would prove short-lived and the public would scurry back to the embrace of the welfare state and an updated neo-Keynesianism, the center-left began its conflictual journey toward acceptance of the new settlement – of cooptation. The path to a reinvigorated and renewed left alternative was closed by the inability and incapacity of left social democracy or New Politics Democrats to challenge the programs of the more centrist and moderate forces within their parties. The ideas of Bill Clinton and Tony Blair were able to triumph over those of Jesse Jackson and Tony Benn.

¹¹⁹ For a broader discussion of how neoliberals ‘reinvented’ liberal traditions and crafted a new agenda out of them, see: Turner, *Neo-Liberal Ideology*, ch. 4.

Though most of them certainly did not intend it, the New Times analysts contributed to this centrist reorientation. New Times can best be remembered for the fact that it correctly called on the left to rethink its old assumptions at a time when ideological re-evaluation was undoubtedly needed. The approach pioneered by Hall, Jacques, and others in *Marxism Today* acknowledged the policy constraints that were a part of the new neoliberal world without losing sight of the capacity political agents still held for shaping and altering outcomes.¹²⁰ It did not deny the changed boundaries brought about by globalization and the decline of the industrial economy in the West, but neither did it take a fatalist approach to left possibilities. In the view of its primary theorists, the New Times were not only a period of danger or despair, but also the chance for renewal and an opportunity to envision new paths for social progress. When New Times emerged in the 1980s, it spoke in terms that prefigured later third way literature. It called for a fundamental rethink of what the left was and could be. As Hall said when commenting on a decade of neoliberal rule in the U.K., “The issue, now, is not whether but how to rethink. The temptations for the left will be either to fall back on The Faith as we know it or to race forward to embrace the new ‘Thatcherite’ consensus.”¹²¹ The left, he argued, “could do worse than begin by ‘learning from Thatcherism’.”¹²²

While some leftist critics took this to imply an acceptance of the new neoliberal consensus, more honestly it meant a critical engagement with the forms taken by left social democratic and socialist ideology. The neoliberals like Reagan and Thatcher understood that crises present opportunities and not just problems. So although Hall and Jacques positioned themselves undeniably in opposition to the neoliberal shift, they also just as solidly staked out their criticism of the conservative and backward-looking force the left had allowed itself to

¹²⁰ Leggett, “New Labour’s Third Way,” 26.

¹²¹ Stuart Hall, *The Hard Road to Renewal: Thatcherism and the Crisis of the Left* (London: Verso, 1988), 271.

¹²² *ibid.*

become. This implied that not all the complaints the neoliberals made of the Keynesian welfare state or of the left more broadly were baseless. *New Times* took up the opportunity of a shifting socioeconomic setting to encourage a self-critique by the left. It made clear the necessity of undertaking a “painful exercise,” which involved “the left squaring up to its own past in a radical way and confronting head-on” the forces that were undermining its very foundations.¹²³

Though the *New Times* analysts highlighted many of the same socioeconomic changes pointed to by third way adherents, the political conclusions they drew clearly differentiated them. Adaptation to neoliberalism did not mean acceptance of it (as it largely did for Blair and Clinton), but rather it implied the elaboration of a new alternative that was different from the social democratic or Liberal-Labor past. In 1998, Martin Jacques lamented how the third way had ended up appropriating only the first half of the *New Times* project:

From the late 70s onwards, *Marxism Today* argued that the left was in a far more serious state than it recognized: in the path-breaking ‘*New Times*’ analysis of the late 80s, we argued that the left had lost touch with modernity, that the secret of Thatcherism’s success was its understanding of modernity and its ability to appropriate the latter for itself. Unless the left moved onto the ground of modernity, and thereby transformed itself, it was destined for perpetual decline... But the task facing Blair was, and is, not simply to embrace modernity, but to offer a different view of modernity and how it should be addressed, one which marked a fundamental break with the neo-liberal era.¹²⁴

By contesting the principles of their respective ‘old lefts’, *Marxism Today* and the DLC/PPI were ironically engaged in similar ideological ventures. For instance, Peter Mandelson, Blair’s partner in the switch to New Labour, later told *Marxism Today* editor Martin Jacques, “We’d never have done what we did without you.”¹²⁵ The two parallel efforts departed, however, in the responses they prescribed to neoliberalism. It was the third way, not a new

¹²³ *ibid.*, 282.

¹²⁴ Martin Jacques, “Good to be Back,” *Marxism Today*, Special Issue (1998), 2-3.

¹²⁵ Pearmain, *The Politics of New Labour*, 134

vision of socialism, which prevailed across the parties of the international center-left. When the conditions underlying the Keynesian welfare regime and industrial-era national economies were undermined, the New Right exemplified by Reagan and Thatcher had unhesitatingly acted to extend and shape the emerging global economy in neoliberal directions. The center-left, on the defensive, entered ideological crisis and factional conflict produced a new generation of centrist leadership. Out of these intra-party conflicts, the contours of third way thinking emerged and were consolidated as the leading ideas for the Democrats in the U.S. and Labour in the U.K.

Conclusion

The early decontestation of third way ideology was carried out in a variety of forms and through a number of different channels. The DLC's think tank, Progressive Policy Institute, did much of the intellectual grunt-work of undermining the New Politics faction in the U.S. while New Times analysts in Britain were unwittingly sweeping away Old Labour on behalf of an as-yet non-existent third way. These ideological offensives became the vehicles for savvy and successful politicians like Clinton and Blair to gain elective office and carry out more far-reaching overhauls of their respective parties' public philosophies.

As this chapter has demonstrated, the intellectual sources which contributed to the development of the third way were varied and ranged from neo-Keynesian economists operating within frameworks aimed at developing new ways to manage capitalism to communitarian philosophers to Eurocommunist-inspired Marxists whose critiques of the existing left and neoliberalism were taken up by the advocates of political moderation. While these ideological renovations were largely prompted by electoral failure, it should now be clear that the third way, with its core concepts of opportunity, responsibility, and community, was not simply a campaign slogan lacking real content or an outright surrender to neoliberalism. Though it may have

reflected elements of neoliberalism in its political economy and views about the role of the state, a unique conceptual arrangement can be identified from the key historical texts of the movement and the perspectives of its most prominent personalities. It is this unique conceptual configuration which defines the third way and distinguishes it as an ideology all its own.

In the next chapter, we will transition from the focus on the international ideological struggle that defined the third way's formative years to an examination of what the concepts of opportunity, responsibility, and community entailed when applied in the realm of actual public policy domestically in the United States. We will begin to shift outward in our conceptual map from a focus on core and adjacent concepts to the peripheral application of third way ideas in practice during the Clinton Administration from 1993 to 2001.

CHAPTER FIVE

LEADING FROM THE CENTER: THE DLC IN THE CLINTON WHITE HOUSE

*From now on I would be an outside advisor. As in the campaign, I intended to play the role of Keeper of the Faith. I would do everything possible to keep the administration on a New Democrat path. – Al From*¹

In the last chapter, the story of how the New Democrats coalesced as a faction and worked to decontest the core concepts of their ideology through a series of widely-circulated and confrontational documents and statements during the period of late Reaganism was recounted. Special attention was paid to their efforts to legitimate and proscribe particular conceptualizations of opportunity, responsibility, and community. In Arkansas Governor Bill Clinton, the DLC found a standard-bearer for their new program in the 1992 election. The left wing, social democratic perspective that had come to define the national party under the New Politics faction after the tumult of the late 1960s and early 1970s was challenged and eventually overtaken.

A new message centered on economic growth phased out a preoccupation with redistribution and a supposed politics of ‘national purpose’ sought to banish the politics of ‘special interests’. The New Democrat faction concentrated during this period on a rhetorical delegitimation of a redistributive notion of equality, an entitlement approach to public benefits, and the strategic viability of solidarity politics. They were engaged in a process of prioritizing political options, ruling out an opposing interpretative paradigm, and competing over the meaning of political language.² The core framework of third way ideology was constructed in this time, and the center of gravity in the Democratic Party began to shift from the left toward the political moderates. The influential role that the New Democrats’ efforts had on the ideological

¹ From, *The New Democrats*, 193.

² Freedon, *Ideologies and Political Theory*, 551.

debate within and around the U.K.'s Labour Party during the same period demonstrated how the third way also took on an international character in the reshaping of social democracy.

If the focus before was on the political schisms inside parties like the Democrats and British Labour between their more traditionally social democratic factions and the surging forces that proclaimed moderation, attention must now shift to how the third way was implemented in practice in the U.S. Whereas before we were examining efforts to decontest the core and adjacent concepts of a new ideology, in this chapter the analysis will shift outward in the map of third way morphology to look at how these concepts were applied at the point of political action. We will examine the manner in which peripheral concepts, or the practical applications of third way ideology, provided greater meaning and relevance to its core and adjacent concepts.

As emphasized in Chapter Two, open and influential ideologies are largely periphery-driven; they take on real life in the realm of applied public policy. This is where an ideology becomes rooted in a particular cultural, historical, and geographical setting. The desire and ability to translate core and adjacent concepts into peripheral applications distinguishes political ideologies from political philosophies. If the process of conceptual decontestation begins at the rhetorical level, political action reinforces ideological identity and further distinguishes an ideology from its competitors. It is at the morphological periphery that the action-orientation of decontestation becomes clear.

In this chapter, through archival, document, and policy analysis, the way in which the New Democrat faction managed to firmly implant itself and its particular ideological perspective at the center of policymaking during the Clinton Presidency will be examined. Focusing on the very prominent role the DLC played as the in-house policy shop for Clinton will also prepare the way for a comparative analysis in later chapters of the extent to which the DLC's successor

organization, ThirdWay, has sought to fulfill a similar function for the Democratic Administration of Barack Obama and how it hopes to do so for a potential third Clinton Administration.

The cases of Vice President Al Gore's public management review program and the welfare reform bill that was passed in alliance with Congressional Republicans serve as the two primary areas of focus for this chapter. The principles that animated these policies, as well as the arguments used by the DLC and the Clinton Administration to support them, demonstrate the preeminence and practical implementation of the third way concepts during this period. While many other areas could be chosen and are deserving of attention, the amount of effort devoted to the campaigns of government and welfare reform by the Administration, as well as the key role played by DLC-affiliated personnel and advisors in shaping them, makes these two especially illustrative for our purposes. The reinvention project was headed by Gore, who had been one of the DLC's earliest potential presidential candidates in 1988 even before Clinton, while the welfare reform initiative was handed over to DLC policy director Bruce Reed who served on Clinton's Domestic Policy Council.³

Other high-profile policy initiatives often associated with Clinton do not receive extended attention in the chapter, such as the North American Free Trade Agreement (NAFTA) or healthcare reform. This does not indicate the unimportance of such issues, but rather the fact that their elaboration and the efforts for their passage were not primarily due to the work of the DLC. NAFTA, for instance, is often highlighted by the New Democrats' opponents as one of their

³ Reed was a prominent actor in both the Clinton and Obama Administrations. In addition to serving in the Domestic Policy Council from 1993 to 2001 under Clinton, he also served as Executive Director of the National Commission on Fiscal Responsibility and Reform (the Simpson-Bowles Commission) from 2010 to 2011 and was Chief of Staff for Vice-President Joe Biden from 2011 to 2013.

great betrayals of liberalism.⁴ While it is true that Clinton and the DLC endorsed and celebrated the passage of NAFTA, much of the policy work and negotiations that led to it had already been carried out under President George H.W. Bush before Clinton's election. As Baer noted, "NAFTA was already in the pipeline; it was unavoidable."⁵ Free trade agreements were peripheral applications of third way ideology, but NAFTA was not a New Democrat initiative. Similarly, the failed Clinton healthcare reform plan was also not a project of the DLC. Though it, too, was attacked by the left for being too pro-market, the DLC played little if any role in crafting it or in pushing for its passage.⁶ In fact, the DLC publicly opposed the price caps and payroll premiums that were a part of First Lady Hillary Clinton's plan and instead backed an alternative proposal presented by two of its own members in Congress which did not depend on the extension of a new universal benefit.⁷ For these reasons, this chapter concentrates on the two main policy initiatives pushed by the DLC during the Clinton Administration – government reinvention and welfare reform.

The chapter will proceed with two main sections, one devoted to each of the respective campaigns of public management reform and the overhaul of welfare. It will demonstrate the way in which third way ideology informed the public policy choices of the Clinton Administration. What will be seen is the execution of a specifically New Democrat approach to crafting policy and managing the state which was a reaction to both the social democratic image the DLC had created of their factional adversaries, the New Politics Democrats, and to the

⁴ For left/liberal/labor critiques of NAFTA, see: AFL-CIO, *NAFTA at 20* (Washington: AFL-CIO, 2014); Robert Scott, Jeff Faux, and Carlos Salas, *Revisiting NAFTA: Still Not Working For North America's Workers* (Washington: Economic Policy Institute, 2006); and Dean Baker, "It Lowered Wages, As It Was Supposed To Do," *The New York Times*, November 24, 2013.

⁵ Baer, *Reinventing Democrats*, 218.

⁶ For a short memoir of the 1993 health care reform effort and the divisions within the Democratic Party over it, see: Paul Starr, "The Hillarycare Mythology," *The American Prospect*, September 13, 2007.

⁷ Democratic Leadership Council (DLC), "The Prescription is Competition," *New Democrat* 5, no. 5 (1993): 5.

neoliberalism inaugurated by Ronald Reagan. By ‘reinventing government’ and ‘ending welfare as we know it’, the DLC and Clinton gave third way ideology practical existence.

Reinventing Government: New Public Management for America

“Our governments are in deep trouble today. In government after government and public system after public system, reinvention is the only option left.”⁸ With these sentiments, DLC-affiliated authors David Osborne and Ted Gaebler concluded their book, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Within a few months of its publication, their collection of tales recounting the experiences of administrators who challenged the rules of bureaucracy to get results and meet customer expectations became the handbook for a national overhaul of the federal bureaucracy. Though the principles of ‘new public management’, or NPM, had been discussed and implemented in many other countries previously, it was Vice President Al Gore’s National Performance Review (NPR) of 1993 that brought the philosophy of government that ‘works better and costs less’ to the center of administrative reform in the United States and made the reform of ‘big state’ bureaucracy a cornerstone of third way governance. The very notion of ‘reinvention’ implied that the entire system of administration and the principles by which services were delivered had to be uprooted and designed afresh. Inherent in this phrase was the idea that the entirety of the Keynesian welfare state was a poor choice for social management from the very beginning, or at minimum it was outdated and no longer of use in dealing with the challenges of the new economy.

Though full-scale national implementation of NPM was late in coming to the U.S., it had strong American intellectual roots. American public choice economics and managerialism have been credited with providing the intellectual foundations of market-oriented government reform

⁸ Osborne and Gaebler, *Reinventing Government*, 331.

internationally.⁹ The ideas underlying the NPM model were grounded in rational choice theory and included the shrinking of government through efficiencies gained from the use of private-sector performance-management and labor force motivation techniques, the implementation of customer service-based models of client and caseload management, and the separation of public administrators from the policymaking process.¹⁰ In Gore's NPR report, *From Red Tape to Results*, these elements were boiled into four key principles that were summarized as cutting red tape, putting customers first, empowering employees to get results, and producing better government for less money.¹¹

Osborne was a fellow with the DLC's think-tank, Will Marshall's Progressive Policy Institute, and had been promoting ideas about restructuring the state for a number of years before Clinton's election in 1992. In *Reinventing Government*, he and Gaebler pinpointed the need for a new entrepreneurial approach to overcome the mismatch between industrial-era bureaucracy and the new information economy, integrating the ideas of New Democrat-linked economists like Robert Reich.

Our thesis is simple: The kind of governments that developed during the industrial era, with their sluggish, centralized bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well. They accomplished great things in their time, but somewhere along the line they got away from us. They became bloated, wasteful, ineffective. And when the world began to change, they failed to change with it.¹²

This obsession with the dawning of a 'new economy' had become part of a vision in which the New Democrats saw themselves as the modern incarnation of the early twentieth

⁹ Lionel Orchard, "Managerialism, Economic Rationalism and Public Sector Reform in Australia: Connections, Divergences, Alternatives," *Australian Journal of Public Administration* 57, no. 1 (1998): 19-32.

¹⁰ Richard Box, Gary Marshall, B.J. Reed, and Christine Reed, "New Public Management and Substantive Democracy," *Public Administration Review* 61, no. 5 (2001): 611.

¹¹ Al Gore [National Performance Review], *From Red Tape to Results: Creating a Government that Works Better and Costs Less* (Washington: Government Printing Office, 1993), 6-7.

¹² Osborne and Gaebler, *Reinventing Government*, 11-12.

century Progressive movement.¹³ It was argued by Will Marshall and the PPI that New Democrats faced the same challenge that the Progressives had – finding ways to apply “basic American political principles to changing circumstances.”¹⁴ Just as the Progressives had to lead the transition of the United States from agrarianism to modern industrialism, so too did the New Democrats have to chart a path for governance in the transition from a national/industrial economy to a global/postindustrial one – into the information age. In order to become an opportunity creator again, government had to be reinvented.

This ‘futurist’ outlook in the PPI coalesced in a group that began meeting in September 1990 under the auspices of an outfit known as the New Paradigm Society, an association aimed at developing a ‘new paradigm’ for government. Among its most notable members were David Osborne, senior PPI fellow, *The Politics of Evasion* co-author Elaine Kamarck, and a domestic policy aide to President George H.W. Bush, James Pinkerton.¹⁵ Ideas about reinventing government developed out of these meetings and were premised on privatization of certain government activities and services, devolution of program control to the local level, vouchers for some public services, and the use of tax credits rather than handouts or subsidies to influence behavior. Many of the peripheral concepts of third way morphology began to pop up in the policy plans germinating in the New Paradigm Society. Already in February 1991, eight months before Clinton would even enter the race for the Democratic nomination, the DLC and PPI were

¹³ As Frances Fox Piven would later note, the same claims about a mismatch between industrial era governance structures and a new economy were repeated by aspiring welfare state reformers across the Western world: “In all these countries, a similar argument is being made about the economic imperatives that are forcing changes in social policy. The argument goes like this: The social programs to which we have become accustomed made sense in an industrial era. But now we are in a new era. The economies of industrial countries have been transformed by globalization and by the electronic and transportation networks that make globalization possible.” Frances Fox Piven, “Welfare Policy and American Politics,” In F. Piven, J. Acker, M. Hallock, and S. Morgen (eds.), *Work, Welfare, and Politics* (Eugene, OR: University of Oregon Press, 2002), 19.

¹⁴ From a September 5, 1990 memo from Will Marshall to PPI trustees entitled, “Re: Progressive Principles.” Quoted in: Baer, *Reinventing Democrats*, 167.

¹⁵ Mickey Kaus, “Paradigm’s Loss: Jim Pinkerton and Bill Clinton,” *The New Republic*, July 27, 1992: 16.

already hosting forums promoting government reinvention.¹⁶ They were drafting plans to take on the “crisis” plaguing the federal government.¹⁷

The reinvention project that PPI helped launch was characterized by the same focus on the ‘new economy’ that had been such a central component in Reich’s *The Work of Nations* as well as the post-Fordist analysis that characterized the earlier New Times debate in Britain. This notion of a radical transformation in the global political economy was the defining element of new public management’s rationale. The push for government reinvention also became a part of the larger clash between the New Politics Democrats and the emerging New Democrat faction in the Democratic Party. The arguments surrounding reinvention were an encapsulation of the factional struggle over whether the surrogate social democracy of Democratic Party left-liberalism or the ‘modernizing’ and moderating impulses of the New Democrats would define the agenda in the early days of the new Clinton Administration. Painting the New Politics faction of the party as outdated not just politically, but also economically, became a key component of New Democrat strategy.

Gore’s *From Red Tape to Results*, not surprisingly given Osborne’s key role as an adviser to the NPR effort, also held up the incongruence between the bureaucracies built from the 1930s to 1960s and the emerging information age economy. “Washington,” the report said, “is filled with organizations designed for an environment that no longer exists.”¹⁸ Just as those old bureaucracies mirrored the corporate structures of their time, government in the nineties apparently once again had to look to the private sector for inspiration: flexibility and adaptability were the order of the day. Though reinvention supporters oversimplified the history of the public

¹⁶ Baer, *Reinventing Democrats*, 172.

¹⁷ David Osborne, “A New Federal Compact: Sorting Out Washington’s Proper Role,” In W. Marshall and M. Schram (eds.), *Mandate for Change* (New York: Berkley Books, by arrangement with Progressive Policy Institute, 1993), 237.

¹⁸ Gore, *From Red Tape to Results*, 3.

sector and in many instances mischaracterized the actual extent to which entrepreneurial operation and bureaucratic organization present an either-or dichotomy, the reinvention narrative, like the new economy debates that preceded it, did make a provocative point in differentiating between the political settings of the industrial and post-industrial economies.¹⁹ The British New Times debate added the political dimension to that differentiation as well, highlighting the altered setting between Keynesianism and neoliberalism. It is true that governmental structures as they existed in the late twentieth century were to a great extent modeled on an industrial economy of mass production largely contained within a single nation, not the globalized economy of flexible production and mobile capital that came to prevail. The third way theorists also relied on sociology to show the cultural transformations that were at work. In Britain, Giddens discussed how economic and social changes resulted in a ‘new individualism’ – a ‘life politics’ in which post-materialist attitudes shifted what citizens demand from the state.²⁰ The one-size-fits-all bureaucratic structures built during the Progressive era and most especially in the time of the Keynesian welfare state were seen as an ill-fit for a society characterized by higher levels of education, more discriminating tastes, and ‘niche markets.’²¹

For the New Democrats, though, the answer was not an acceptance of postmodern ‘lifestyle’ politics, which sounded too much like the New Politics Democrats they were trying to displace. Rather, economic uncertainty and rapid change reinforced the imperative of supporting the more traditional two-parent family structure because of the necessity of a double income to sustain middle class living standards. Government’s role was to craft policy that would preserve

¹⁹ Patrick Wolf, “Why Must We Reinvent Government? Putting Historical Developmental Claims to the Test,” *Journal of Public Administration Research and Theory* 7, no. 3 (1997): 353-88.

²⁰ Anthony Giddens, *Beyond Left and Right: The Future of Radical Politics* (Stanford: Stanford University Press, 1994).

²¹ Osborne and Gaebler, *Reinventing Government*, 15.

and strengthen the incentives for marriage and the raising of children.²² Communities had to be strengthened and protected so that families would be able to cope with a changing world. For this, a locally-focused and more responsive government was needed. The challenges the new economy presented to families and the larger society had to be met by a more flexible and decentralized strategy of governance, rather than the “historical overload” of an ever-increasing number of industrial-era federal programs.²³

The rise to prominence of new public management principles is undoubtedly linked to socioeconomic shifts. What is missing from the re-inventors’ explanation, though, is an account of how and why the economic environment changed so dramatically. The deliberate actions taken in the offensive against Keynesianism and the welfare state are not probed – they are assumed. The results are simply the state we have found ourselves in, not a constructed and agent-determined outcome. The conditions of budget constraint, globalization, financialization, and social insecurity faced in the 1980s and 1990s are taken for granted with little question as to the process by which, as Osborne and Gaebler put it, the world ‘began to change’. They state: “It was no accident that during the 1970s we lost a war, lost faith in our national leaders, endured repeated economic problems, and experienced a tax revolt.”²⁴ Such matter-of-fact statements do not carry with them any serious analysis concerning the source of economic problems, tax revolts, globalization, or any of the key phenomena necessary to understanding the political setting of the last few decades. *Reinventing Government* spends a lot of time talking about the bureaucratic model developed during the Progressive era, but it gives little attention to the causes

²² Elaine Kamarck and William Galston, “A Progressive Family Policy for the 1990s,” In W. Marshall and M. Schram (eds.), *Mandate for Change* (New York: Berkley Books, by arrangement with Progressive Policy Institute, 1993).

²³ David Osborne, “A New Federal Compact,” 237.

²⁴ Osborne and Gaebler, *Reinventing Government*, 16.

of the important changes of the 1970s which are often the catalysts that prompted so many of the ‘entrepreneurial’ trailblazers at the state and local level that are documented in the book.

At its core, neoliberalism was about the ‘marketization’ of the state; it was a revolution within the public sector during the 1980s that was consciously pushed by the New Right – figures such as Reagan and Thatcher.²⁵ Ideas like NPM sought to address a number of ‘public sector impasses’ that were obvious by this time. Primary among them was the long-term fiscal crisis linked to the decline of economic growth rates as the post-war ‘golden age’ of capitalist expansion came to an end, thus resulting in dropping tax revenues. Concurrently with the decline of public revenue there was a rise in demand on the state for social expenditures – from social assistance and unemployment benefits to support for aging populations and greater needs for education and training.²⁶ The rise of New Politics as a force within the Democratic Party in the U.S. furthered these demands. Similarly, a counter-revolution in macroeconomic policy in the advanced Western states presaged a shift toward tight monetary policy and prescriptions for fiscal discipline aimed at controlling inflationary pressures.²⁷ What is clear is that the public sector impasse that supposedly called forth the need for a new public management was not just a creature of circumstance. The increased demands on the state were a product of massively altered conditions of profitability and the resulting reforms were a deliberate response. The increased financial liabilities of the state were met not with higher rates of taxation but with a program that rationalized a reduction of the role of government in socioeconomic management. The New Democrats and other backers of reinvention included none of these factors or

²⁵ Greg Albo, “Democratic Citizenship and the Future of Public Management,” In G. Albo, D. Langille, & L. Panitch (eds.), *A Different Kind of State? Popular Power and Democratic Administration* (Toronto: Oxford University Press, 1993), 23.

²⁶ *ibid.*, 18.

²⁷ Glyn, *Capitalism Unleashed*, 24-25.

explanations in their case for a ‘new paradigm’, but rather eagerly promoted unquestioning adaptation.

Daniel Cohn succinctly made the connections between these economic transitions and the political responses of both the right and the left.²⁸ In the U.S., Reagan came into office with a firm ideological commitment to the ideas that overbearing government and burdensome taxation were the disease of which American society’s problems were symptoms. He, like Thatcher in the U.K., used the crisis of Keynesianism as a launch pad for a ‘market libertarian’ project of deliberately exacerbating the difficulties of the state so as to force its retreat from many areas of regulation and service provision. Following the failure of this ‘push’ of crisis creation in the face of popular demand that many programs and services not be sacked, Cohn outlines the emergence of a new consensus around a different model of what government can and should do – the ‘pull’ of the Schumpeterian workfare state, which he draws from Bob Jessop.²⁹

As center-left governments assumed power following the market libertarians, they found themselves facing debts and deficits that severely restricted the policy options open to them. Many, like Clinton and Blair, chose not to reverse the policies or reforms that had led to such constrained options. Instead, they opted for the path of adaptation to the new neoliberal environment and attempted to elaborate a set of principles for center-left governance that was different from a reliance on taxation and demand management. Third way ideology, with its emphases on opportunity over redistribution, responsibility over entitlement, and community over class or solidarity, was a ready-made public philosophy able to legitimate and justify the

²⁸ Daniel Cohn, “Creating Crises and Avoiding Blame: the Politics of Public Service Reform and the New Public Management in Great Britain and the United States,” *Administration & Society* 29, no. 5 (1997).

²⁹ Bob Jessop, “Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy,” *Studies in Political Economy* 40 (1993).

need for reinventing the state.³⁰ Innovation, competitiveness, flexibility, and social investment (as opposed to social welfare) are all features of the new ‘consensus’ on government and appear prominently in the third way project.³¹ Cohn explains that just as the Fordist Keynesian welfare state had its own management technology in the form of hierarchical bureaucracy, so too does the post-Fordist Schumpeterian workfare state have the new public management.³²

Though it was launched to great fanfare with Gore’s NPR report, the implementation of reinvention over the course of the Clinton Administration was uneven at best. It brought many criticisms over its often-contradictory aims and consequences for accountability. Several scholars pointed to the theoretical inconsistencies that characterized the NPR. Although Osborne and Gaebler had spent much time criticizing the bureaucracies of the New Deal and Great Society eras for their incompatibility with modern conditions, the NPR placed the politics/administration dichotomy that had been so central to the old bureaucracy at the core of its own reinvention project. The importation of private sector management structures did not effectively address the dilemma of the manager that was bound by the strictures of his or her political masters in the appointed bureaucracy. Underlying this concern with liberating managers was the idea that it was possible for the administration of the state to be purely objective, pragmatic, and value-free. There was the belief that it could be simply an affair of maintaining loyalty to true calculations of costs and benefits and pragmatically-determined action, thus supposedly overcoming the diffusion of accountability that had empowered entitlement claimants (i.e. New Politics constituencies).

³⁰ Faux, Interview: “...by also encouraging Democrats to think they can get along without labor and the other progressive groups...the DLC pushed the party further into the hands of business financiers... made the point that what we need is an ethos of opportunity, not solidarity.”

³¹ See: Shapiro and Ross, “Enterprise Economics”; Giddens, *The Third Way*; Gøsta Esping-Andersen, “A Welfare State for the 21st Century,” In A. Giddens (ed.), *The Global Third Way Debate* (Cambridge: Polity, 2001); and Phillip Whyman, *Third Way Economics: Theory and Evaluation* (New York: Palgrave Macmillan, 2006).

³² Cohn, “Creating Crises and Avoiding Blame,” 596.

The diffusion of accountability empowers organized interest groups in Washington, which are often successful in pushing for ever more spending regardless of the success or failure of a program in local areas. Program beneficiaries are often well organized, while taxpayers footing the bill are far-flung and unorganized. A dynamic in which beneficiaries concentrate their fire in Washington while taxpayers remain oblivious thousands of miles away often results in waste and inefficiency.³³

The New Democrats advising Gore brought their despise for interest group politics into the government overhaul project. In this narrative, ‘Washington’ becomes a code word for self-interest and collusion, while out there in the real America taxpayers are the true victims.

What actually gets reinvented with the NPR agenda is the politics/administration separation itself.³⁴ The new emphasis was on shifting the locus of discretion from the political bureaucracy to front-line administrators, coupled with a centralization of agenda-setting authority. Beyond the setting of macro-level policy and generalized goal determination at the political level, many matters were “sheltered from day-to-day democratic oversight and delegated to the professional bureaucracy to decide on the basis of economic rationality.”³⁵ However, this delegation of authority over the details of implementation to administrators, or ‘letting managers manage’, gave rise to significant problems when the contradictory goals issued from on high left conflicting options for managers. Donald Kettl noted that although the “works better-costs less formulation had a clever ring to it,” it actually presented re-inventors with the dilemma of trying to motivate and ‘empower’ employees while at the same time hunting for cost-savings, which in practice resulted in an almost exclusive focus on downsizing the public sector.³⁶ The retreat of the DLC and PPI in the latter years of the Clinton Administration to more

³³ Osborne, “A New Federal Compact,” 243.

³⁴ David Rosenbloom, “Have an Administrative RX? Don’t Forget the Politics!” *Public Administration Review* 53, no. 6 (1993).

³⁵ Cohn, “Creating Crises and Avoiding Blame,” 585.

³⁶ Donald Kettl, *Reinventing Government: A Fifth-year Report Card* (Washington: The Brookings Institution, 1998), 3.

simplistic versions of reinvention, which emphasized privatization and downsizing over the transformation of government functioning, was evidence of this dilemma.³⁷

Related to the theoretical paradox discussed above, the reinvention initiatives were also critiqued for their lack of a coherent foundation. James Thompson and Vernon Jones characterized the principles found in Gore's report as a "set of loosely connected prescriptions derived largely from anecdotal evidence with no obvious theme."³⁸ The source of most of these anecdotes was Osborne and Gaebler's original book, which had devoted much of its space to profiling experiments by governors and local officials, such as Clinton in Arkansas. Doing more with less, however, was not a formula that lent itself to easy and predictable replication. In the effort to extrapolate a generalized model of reform from these local experiments, a conflict arose when the principles of service improvement and cost reduction were combined. Public managers and service providers sometimes found themselves forced to choose between the two – especially if service improvements required substantial investment in training or technology. The reinvestment half of the reinvention's dual reform/reinvest strategy proved difficult to put into practice when cost-cutting became the predominant focus.³⁹ This meant that the opportunity-creating potential of a reinvented government was also reduced.

In addition, the cost-savings that were supposed to come about from reinvention were often elusive. The efficiency gains promised from more market-based government were fleeting, with a majority of studies showing no significant cost savings from privatizations and revealing

³⁷ By the end of his presidency, Clinton was highlighting the abolition of 377,000 full-time equivalent jobs in the federal civil service as one of the main achievements of government reinvention. See: Office of Management and Budget, *Budget of the United States Government* (Washington: Executive Office of the President, 2001), 38.

³⁸ James Thompson and Vernon Jones, "Reinventing the Federal Government: The Role of Theory in Reform Implementation," *American Review of Public Administration* 25, no. 2 (1995): 183.

³⁹ David Osborne, "Reform and Invest: Reinventing Government's Next Steps," In W. Marshall (ed.), *Building the Bridge: 10 Big Ideas to Transform America* (Lanham, MD: Rowman and Littlefield Publishers, 1996), 99.

instead the high transaction and monitoring costs associated with contracted-out projects.⁴⁰ Documenting how NPM practices were responsible for ‘thinning administrative institutions’, one study cited information from the GAO which showed that the downsizing measures of the Clinton/Gore years not only reduced the federal workforce’s numbers but also its capacity by stemming “the influx of new people with new skills, new knowledge, new energy and ideas.”⁴¹ Jeff Faux agreed, arguing that “the squeezing of government, the privatizing of government...demoralized employees.” According to him, “the undermining of government is a lasting legacy of the DLC.”⁴² Clinton left to his successors, Republican and Democratic alike, a state apparatus with less capacity and institutional knowledge than he himself had inherited.

While the NPR may have offered some practical recommendations, it often came up short in implementation because it failed to sufficiently appreciate the institutional context of the public sector, how it differed from the private sector, and thus why standard private sector performance measurements could not easily be applied in government.⁴³ Similarly, reinvention’s emphasis on cutting the red tape of procedural constraints and increasing managerial authority raised the issue of unequal application of policy and posed problems of equity for service recipients and employees alike.⁴⁴

Despite all the criticized shortcomings over theoretical inconsistency, hit-and-miss implementation, failure to meet proclaimed goals, and possible problems for equity, NPM did manage to cement itself and its general philosophy of government that ‘steers’ instead of ‘rows’

⁴⁰ Mildred Warner, “Reversing Privatization, Rebalancing Government Reform: Markets, Deliberation and Planning,” In M. Ramesh, E. Araral, & X. Wu (eds.), *Reasserting the Public in Public Services: New Public Management Reforms* (Abingdon, U.K.: Routledge, 2010), 37.

⁴¹ Larry Terry, “The Thinning of Administrative Institutions in the Hollow State,” *Administration and Society* 37, no. 4 (2005): 438.

⁴² Faux, Interview.

⁴³ Kwon Soonman and Tang Shui Yan, “Reinventing Government: A Critique from an Institutional Perspective,” *International Journal of Public Administration* 21, no. 10 (1998).

⁴⁴ J. Edward Kellough, “The Reinventing Government Movement: A Review and Critique,” *Public Administration Quarterly* 22, no. 1 (1998).

as the new consensus among policymakers. Kettl said that reinvention may never have ignited much enthusiasm from the general public, but he claimed it “saved a significant amount of money, brought substantial managerial reforms (especially in customer service and procurement processes), and promoted a more performance-based discussion on the functions of government.”⁴⁵ Flavio Romano relied on numbers from the Office of Management and Budget (OMB) to paint a less sanguine picture of reinvention’s results:

The Office of Management and Budget credits the National Performance Review and the National Partnership for Reinventing Government with abolishing an estimated 377,000 full-time-equivalent federal civilian positions, reducing the total number to the lowest level since 1960; eliminating 250 federal government programs; creating over 4,000 customer service standards and introducing private sector customer satisfaction measures to the public sector; and reducing 640,000 pages of internal rules.⁴⁶

The DLC would take pride in such numbers, though, and agree with Kettl that the most important lesson from the NPR experience was that “the federal government is no longer organized to do the job that law and the Constitution charge it to do.”⁴⁷ This central insight, that there had been a radical economic transformation at the end of the 1970s and that the state would necessarily need to undergo changes because of it, was one of the enduring insights of the debate around the third way. The intellectual cheapening of this potentially enlightening analysis through a program of simplistic privatization and budget-cutting is also part of the Clinton and New Democrat legacy.

Reinventing government may not have brought to fruition their initial vision of an active and enabling state, but it did further the decontestation of many of the New Democrats’ ideological concepts. New public management techniques, outsourcing, and public-private partnerships were instituted under the umbrella of reinvention – an adjacent concept linked

⁴⁵ Donald Kettl, *The Global Public Management Revolution* (Washington: Brookings Institution Press, 2005), 33, 37.

⁴⁶ Flavio Romano, *Clinton and Blair: The Political Economy of the Third Way* (New York: Routledge, 2006), 63.

⁴⁷ Kettl, *Global Public Management Revolution*, 37.

within third way morphology to the state's role as opportunity creator. Fiscal discipline was consecrated in the forms of deficit reduction, balanced budgets, and sunset clauses – tying opportunity to the ethic of responsibility. Vice President Gore and his DLC/PPI advisors fundamentally altered the Democratic Party's approach to managing the federal state, shifted public expectations about Democratic proclivities to increase the size of government, and further legitimated third way ideology as the guiding outlook of their party.

Ending Welfare as We Know It

In their 1992 campaign book, *Putting People First*, Clinton and Gore sounded a populist tone and called for Americans to rally around them in a struggle to end twelve years of a government they said had done nothing but serve “the rich and special interests.”⁴⁸ To challenge more than a decade of GOP rule, they promised a new path: “Our policies are neither liberal nor conservative, neither Democratic nor Republican. They are new. They are different.”⁴⁹ A major component of the supposedly non-Democratic, non-Republican future the two candidates envisioned was a reworked welfare system aimed at trimming recipient rolls and growing the workforce. It was in this book that Clinton made one of his earliest pledges to ‘end welfare as we know it’, stating:

It's time to honor and reward people who work hard and play by the rules. That means ending welfare as we know it – not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives. No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever. We can provide opportunity, demand responsibility, and end welfare as we know it.⁵⁰

⁴⁸ Bill Clinton and Al Gore, *Putting People First: How We Can All Change America* (New York: Times Books, 1992), vii.

⁴⁹ *ibid.*, viii.

⁵⁰ *ibid.*, 164-65.

Long-term dependency on public assistance was linked to the loss of life-chances and opportunities for advance. At the same time, enforcing the fulfillment of the responsibility to work was emphasized as another motivating factor for reforming the welfare system. Surrounded by debates over dependency, irresponsibility, social disintegration, and profligate spending, the public assistance system was the primary example of everything that the DLC wanted to change in the Democratic Party and in the country.

Clinton's strong line on welfare was not only ideological, but also a matter of electoral practicality. It was a reflection of the DLC's strategy of shifting the party base away from New Politics 'special interests' and back toward the mainstream moderation it believed was necessary to capture a middle class constituency. It played to and reinforced perceptions that connected welfare and urban minority populations among certain segments of the white working class and suburbanites. By making welfare reform the central component of their responsibility agenda, the New Democrats welcomed back to the party those who felt they paid into the system but got little in return; they provided an absolution of responsibility for urban decline and institutionalized racism.⁵¹ The purpose was to assure these voters that the level of taxes they paid would not be threatened by old-style big government social budgets catering to a minority of 'takers' if a New Democrat were elected.⁵²

For critics on the left, the Clinton approach was simply a capitulation to or, worse, an outright acceptance of the Reagan-Bush narrative of the welfare state. Linda Gordon argued that it arose "predominantly from conservative impulses."⁵³ Nancy Fraser said it accommodated a

⁵¹ Klinkner, "Democratic Party Ideology," 124.

⁵² Desmond King and Mark Wickham-Jones, "From Clinton to Blair: The Democratic (Party) Origins of Welfare to Work," *Political Quarterly* 70, no. 1 (1999): 64.

⁵³ Linda Gordon, "Welfare Reform: A History Lesson," *Dissent* 41, no. 3 (1994): 323.

“continuing hostility to taxes.”⁵⁴ Further, it declined to challenge the “neoconservative political imaginary” of welfare, which claimed opportunities for work were always available but that “the culture of the poor prevented them from grasping it.”⁵⁵ For Clinton’s opponents, the clear implication they detected in New Democrat rhetoric was that the personal failures and moral shortcomings of the poor were the root cause of long-term unemployment and poverty. The poor welfare mother, typically Black, was the stereotypical image conjured by the neoliberal critique of social welfare and public assistance.⁵⁶ According to Frances Fox Piven, “Clinton was using the welfare issue not as an opportunity to relieve poverty, but as an opportunity to gain support by inciting popular indignation at welfare. Welfare reform became an argument about why poor women were to blame for so much that was wrong with America.”⁵⁷ And as Alterman and Mattson noted, “welfare remained a code word for ‘lazy Black’ in many parts of the country.”⁵⁸

The New Democrat narrative rarely, if ever, mentioned race, however. For them, welfare reform was about fostering a restructured relationship between citizens and their government. Welfare reform represented the frontline in their drive to decontest a new system of public ethics premised on notions of responsibility and duty. In conceptual terms, welfare reform was a battle to challenge redistribution and the notion that there was an inherent right to social assistance in times of need. In the framework the New Democrats had constructed, benefits had to become a privilege earned through responsible participation in the workforce and duty to the larger community, not an entitlement to be claimed from an obliged state. The persistent failure to

⁵⁴ Fraser, “Clintonism, Welfare, and the Antisocial Wage,” 14.

⁵⁵ *ibid.*, 10-12.

⁵⁶ “The New Democrats...borrowed from Republicans’ caricatures...the notion that Democrats have stood against the values of personal responsibility. This theme (again, borrowed from conservative rhetoric) has often served as a code for race. Indeed, the New Democrats seemed to be obsessed with the racially charged issues of welfare and crime in ways that scapegoated poor minorities. This posture had political appeal, but was hardly a third way.” Faux, “Lost on the Third Way,” 69.

⁵⁷ Frances Fox Piven, “Was Welfare Reform Worthwhile?” *The American Prospect*, July-August 1996, 15.

⁵⁸ Alterman and Mattson, *The Cause*, 369.

fulfill this responsibility on the part of long-term welfare recipients was a problem of ethics, not economics. This ethical failure was a dual one, having a private and public aspect. Welfare dependents failed to do their duty to society, but government had also failed to force them to do so. Reforming individuals thus implied the necessity of reforming the state.

At the theoretical heart of DLC thinking on welfare was the work of academics like Lawrence Mead, who argued that to discover the core causes of unemployment and welfare dependence, pointing to the effects of economic recession or lamenting inadequate government spending were not the places to start. Mead was one of the “key academic opinion-leaders” in the Clinton White House’s welfare Working Group in late 1993.⁵⁹ Contrary to conservatives who believed the state spent too much money on the poor and liberals who always called for more money and more job opportunities to remedy poverty, Mead said the real problem was indiscipline. Instead of economic or fiscal concerns, Mead focused on what he saw as the state’s lax enforcement of the obligation to seek out work among welfare recipients. In 1986, he had written of an underclass of “street hustlers, welfare families, drug addicts, and former mental patients,” all of whom refused to take the jobs that were available on the labor market and whose low incomes often correlated with “serious behavior problems.”⁶⁰ There was a clear assumption of moral degeneracy on the part of the welfare recipient in Mead’s depiction, a shortcoming that could only be battled by means of stricter mandates and penalties for failure to enter the labor market.

Dismissing complaints of barriers to employment such as racial and gender discrimination or inequality as largely not apparent, Mead’s primary argument was that those on

⁵⁹ Jim Hickman, Memorandum to selected members of the Welfare Reform Working Group, *Briefings of Academics on Welfare Reform Efforts*, 1993, Welfare Reform Collection Box 1 – Academics, Bruce Reed Domestic Policy Council Papers, Clinton Presidential Library, Little Rock, Arkansas, 4.

⁶⁰ Lawrence Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1986), 22.

welfare do not work because they do not want to work. Even in times of economic downturn, he said, there are jobs to be had if there is a willingness to work. A large number of the unemployed, Mead wrote, “are simply defeatist about work or unable to organize their personal lives to hold jobs consistently.”⁶¹ The problem is government permissiveness in the face of a “culture of poverty” that had become lodged in poor families after generations of welfare dependency.⁶² The solution was to place strict time limits on how long recipients could receive benefits and to force welfare clients to take whatever jobs were on offer.

The veracity of Mead’s claims and the likelihood of success for his prescriptions were questioned by many in the social policy field. A review at the time critiqued Mead’s proposals and said his solutions “of enforcing rigid mandates in welfare programs generally goes hand in hand with low participation rates in welfare programs and high levels of unmet need.”⁶³ Instead of getting more people into work, Michael Sosin believed the more likely outcome was simply a purge of welfare rolls with no discernible effect on unemployment. Comparing Mead’s formulas to the Poor Laws of 1601 and 1834 and other relief efforts aimed at enforcing work requirements, he warned that the creation of unfounded stereotypes of the poor as lazy and unwilling to work “reinforced efforts to cut assistance to the needy on the assumption that they are degenerates.”⁶⁴ Frances Fox Piven and Richard Cloward featured Mead as one of the primary performers in the “dramaturgy” that the workfare narrative had become in the early 1990s.⁶⁵ Margaret Somers and Fred Block said that the rhetoric around welfare reform was driven, as it historically had been, by the ‘perversity thesis’, a discourse that blamed the

⁶¹ Lawrence Mead, “From Welfare to Work: Lessons from America,” In A. Deacon (ed.), *From Welfare to Work: Lessons from America* (London: Institute for Economic Affairs, 1997), 12.

⁶² King and Wickham-Jones, “From Clinton to Blair,” 65.

⁶³ Michael Sosin, Review of *Beyond Entitlement: The Social Obligations of Citizenship*, by Lawrence M. Mead, *Social Service Review* 61, no. 1 (1987): 159.

⁶⁴ *ibid.*

⁶⁵ Frances Fox Piven and Richard Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York: Vintage Books, 1993), 395-97.

condition of poor people on their own perverse deviance rather than on structural poverty.⁶⁶ Although Clinton spoke in a less paternalistic language than Mead, New Democrat thinking and policy on the welfare reform issue aligned with his work. The assumption of a need for force and the exercise of authority were a major part of the DLC's welfare proposals.⁶⁷

Giving the initial Clinton welfare plan its due, however, does mean acknowledging that early drafts did more clearly reflect the combination of liberal and conservative values that the third way had promised. As Martin Caracasson's analysis of Clinton's rhetoric surrounding welfare reform demonstrated, the President combined a strong attack on the systemic problems of the welfare system with a defense of welfare recipients and partial rehabilitation of the image of the welfare mother, focusing on the new opportunities for welfare recipients that the push for work and responsibility could bring.⁶⁸ The paternalism and condescension toward the poor that had been characteristic of Mead's work, for instance, was not Clinton's default style when he talked of the need for reform. The neoliberal transformation of politics that was carried out in the 1980s, though, had already brought about a collective shift in the national narrative toward an anti-welfare culture. The team around Clinton was certainly aware of the "general decline in the popularity of government activism and the increasing public acceptance of conservative free-market ideology," and a certain level of repositioning in response to it was to be expected.⁶⁹ It was also abundantly clear to them that their party was much more closely associated in the public mind with domestic social spending and welfare benefits than were the Republicans. In the neoliberal context, this association had the potential to lend support to the GOP, which had

⁶⁶ Margaret Somers and Fred Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate," *American Sociological Review* 70, no. 2 (2005).

⁶⁷ Discussion of Mead's influence on the welfare reform program of the 1990s and the policies of the Clinton Administration can be found in: Joe Soss, Richard Fording, and Sanford Schram, *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race* (Chicago: University of Chicago Press, 2011), 65-75.

⁶⁸ Martin Caracasson, "Ending Welfare as We Know It: President Clinton and the Rhetorical Transformation of the Anti-Welfare Culture," *Rhetoric and Public Affairs* 9, no. 4 (2006): 669.

⁶⁹ *ibid.*, 657.

built a reputation of opposition to increases in government spending on most budget items outside of defense.⁷⁰ Tagging onto the New Right's critique of welfare seemed like a risky move for the Democratic Party, given Republican domination of the issue. A big part of what made the neoliberal critique of the welfare system so effective, however, was that it was a relatively accurate, if exaggerated, picture of what had been created in many parts of the country. The welfare 'trap' of benefits that paid more to single mothers than the employment options on offer, as well as the phenomenon of generational poverty, seemed to consign many to an almost permanent place on the public assistance rolls.⁷¹

As for Clinton personally, he had already declared a preference for a workfare system several years before he was elected president. When he was Governor of Arkansas and chairman of the Governors Association, he had testified before the welfare reform hearings of the Senate Finance Committee in 1987. In a speech presenting the views of the Governors' Welfare Prevention Task Force, he said that he and his fellow state executives had come to embrace welfare reform as a direct correlation of their education reform efforts. Every school reform possible could be implemented, but "if we continued to have welfare dependency" then the nation would "still be far short of the mark in where America needs to be developing the human potential of its people."⁷² The perspective had to shift from a welfare problem to an independence problem; people had to be given the chance to reclaim their independence and develop to their full human potential. What was needed was a "reinvestment strategy" that was

⁷⁰ Romano, *Clinton and Blair*, 54.

⁷¹ "Since the most valuable benefit package is available to single-headed families with children, there is an incentive to form such families, either by delaying or avoiding marriage, dissolving existing unions, or having children out of wedlock. In fact, evidence shows that the proportion of families with children headed by females has grown over time, as has the benefit sum, at least up to the mid-1970s." Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America, 1996-97*, Economic Policy Institute Series (Armonk, NY: M.E. Sharpe, 1997), 331.

⁷² United States Senate, *Welfare Reform: Hearings Before the Committee on Finance, One-Hundredth Congress* (First Session – April 9, 1987) (Washington: U.S. Government Printing Office, 1988), 16.

good not only for individual recipients, but also for the national economy.⁷³ He critiqued the existing system for its income-maintenance character and its failure to include more substantive education, training, or work components.

More than five years before becoming president and even before the DLC had issued any major policy proposals on welfare reform, Clinton was already outlining the schematic for a New Democrat approach to the system of public assistance.⁷⁴ The Governor proposed that welfare should become a contract between the recipient and the state, in which the latter would provide benefits in return for a commitment to pursue financial independence. These guaranteed benefits would be adequate for not only the livelihood of the recipient and their family, but would also include transitional expenses for childcare and Medicaid coverage for the children to ensure there were no disincentives to seeking education, training, or employment. The state would reform its case management system to give more individual attention to welfare recipients to help them plan a path to independence and to enforce adherence to the contract. Participation would be mandatory, but exemptions would be allowed until children had reached the age of three. The final component of Clinton's vision was a strengthened and better-coordinated child support enforcement program that underscored the belief that both parents must be required to support their children through their own efforts.⁷⁵ Clinton signaled in his testimony that the Reagan Administration had already "agreed in principle with the fundamental outlines of our

⁷³ *ibid.*, 20.

⁷⁴ Paul Pierson's research on the resiliency of the welfare state under the growing pressures for retrenchment during this period provides insight as to why such 'progressive' versions of welfare reform like Clinton and the DLC's arose. Emphasizing the 'critical constraints' of supportive interest groups and voters that have blocked unpopular efforts to fully gut the welfare state in advanced capitalist countries, Pierson argued "retrenchment advocates will try to play one group of beneficiaries against another and develop reforms that compensate politically crucial groups for lost benefits." The New Democrats targeted the benefits of constituencies least important to them (low income public assistance beneficiaries) while promising the redirection of funds toward social investment in education and tax benefits to assist those in the middle class and those working to get into it. Paul Pierson, "The New Politics of the Welfare State," *World Politics* 48, no. 2 (1996): 147.

⁷⁵ *ibid.*, 17.

welfare reform policy.”⁷⁶ With its emphasis on education, job training, the continuation of support mechanisms like Medicaid, and the introduction of new ones like childcare, there was still the possibility for the Clinton outline to be pitched as a moderate-progressive program to tackle welfare reform. Despite the later complaints of scholars and left critics, Caracasson said Clinton’s early proposals did leave room to be optimistic about a “pragmatic potential for positive change.”⁷⁷

Although the harsh rhetoric of ‘no rights without responsibilities’ that characterized later discussions of reform was not present in Clinton’s speech from 1987, the essence of the third way conceptualization of responsibility and the quid pro quo relationship between duty and rights that informed its communitarian notions of society is already apparent. With its focus on a “binding contractual agreement” between welfare recipients and the state, it was clear that Clinton was envisioning a transactional type of public assistance system and not the rights-based entitlement that was central to earlier Democratic Party welfare expansions.⁷⁸ Clinton was demonstrating the clean break between his own brand of modernizing progressivism and the bloated, big-government, dependency-inducing creed of liberalism supposedly espoused by the New Politics special interest constituencies. The DLC, in its *New Orleans Declaration*, made even clearer than Clinton had that their concept of “American citizenship entails responsibility as well as rights” and that they had every intention of asking citizens to “give something back to their communities and their country.”⁷⁹ Once Clinton was elected, the New Democrats were eager to begin drafting legislative proposals in line with this ‘new’ outlook on welfare.

⁷⁶ *ibid.*, 18.

⁷⁷ Carcasson, “Ending Welfare,” 657.

⁷⁸ U.S. Senate, *Welfare Reform*, 21.

⁷⁹ DLC, *New Orleans Declaration*.

As politics would have it though, and to the initial disappointment of the DLC, Clinton did not make welfare reform the first item on his agenda after taking office. Instead, the President had opted to push for his healthcare overhaul and to pursue the government reinvention program in the early days of the first term. In fact, Clinton did not give full attention to the welfare issue until after the Republicans retook the House in the 1994 midterms, and he did not sign the final version of the bill until just before his own 1996 re-election. Though the DLC was unhappy with Clinton's delay, taking up welfare reform after the Democrats lost their majority in Congress actually turned out to be a blessing for the organization that contributed to the ultimate achievement of its primary policy goal. Though Clinton himself had won election as a New Democrat, the national party, and especially the Congressional party, was, in the words of Baer, "still dominated by the liberal faction."⁸⁰ Upon his 1992 victory, the President had the seeming advantage of a unified government – his party controlled not only the White House but also both houses of Congress. Paradoxically though, given the ideological tensions between the still-influential New Politics faction in Congress and the DLC advisors who were now writing policy for the White House, Clinton actually faced an unexpected political dilemma.

In a sense, unified party control of the executive and legislative branches actually impeded Clinton in pursuing policies and employing the rhetoric to form a lasting New Democratic coalition. Unified party control created a situation in which, to enact legislation, the Clinton Administration sometimes needed to emphasize Old Democratic policies over New Democratic alternatives; at other times, it needed to propose New Democratic programs but pursue them with Old Democratic politics and symbolism.⁸¹

Thus, the first two years of the Clinton Presidency – before the Gingrich sweep of 1994 – were a time of mixed political messaging and sometime inconsistent promotion of New Democrat themes. But the DLC, playing the role of Keeper of the Faith as Al From had pledged, encouraged the President to take on his own party in Congress and forge a new coalition based

⁸⁰ Baer, *Reinventing Democrats*, 209.

⁸¹ *ibid.*

on New Democrat values. Relying on polling data of Ross Perot voters, the DLC urged an embrace of tighter fiscal policy, mainstream positions on social issues like abortion and gay rights, and an oppositional stance toward the Congressional Democratic leadership who were urging new entitlement programs as the way to cement the victory over the Republicans.

Clinton did not initially take heed of the DLC's advice. In the first months of his presidency, he issued orders lifting restrictions on abortion, announced his intention to end the ban on homosexuals serving in the military, and nominated a number of left-liberals and minorities associated with the 'special interest' groups of the party to cabinet and other positions. By the end of the first month, the DLC began to worry it had helped to elect another 'social liberal' as president.⁸² From and Marshall later complained that "too many key posts went to liberal activists who often didn't understand and sometimes were even hostile to many of the New Democrat ideas that helped elect Clinton."⁸³ When he then decided to pursue healthcare reform before taking on the DLC's centerpiece policy of welfare reform, Clinton caused further worries. He was bypassing the single policy innovation that most distinguished his New Democrat faction from the New Politics wing of the party. Such moves contributed to a view of the New Democrat phenomenon as little more than electoral posturing that faded in importance after the votes had been counted.

Once the Congressional Democrats were removed from the equation, however, Clinton returned solidly to the New Democrat fold in the second half of his first term. After Newt Gingrich and the GOP retook the House of Representatives in the 1994 mid-term election, he shifted attention back to the welfare reform that he had turned away from during the 'social

⁸² *ibid.*, 212.

⁸³ From and Marshall, "From Big Government to Big Ideas," 6.

liberal' interregnum of his first two years as president.⁸⁴ In important ways, the Republican victory of 1994 actually enabled the DLC to reassert its dominance inside the Democratic Party, and especially within the policymaking apparatus of the Clinton Administration, following the uncertainty they faced immediately after 1992. Determined to no longer allow Clinton to control the narrative around welfare reform, the Republicans had placed the issue as one of the main promises in their *Contract with America* platform for 1994.⁸⁵ The *Contract* was the most detailed and specific list of legislative commitments ever put forward by a U.S. political party, and it had the pledged support of almost every Republican candidate that year. The Heritage Foundation, which had helped draft many of its components, said the document had the potential to bring about "the revolutionary transformation of America sought by conservatives for decades."⁸⁶ But Gingrich brought this Republican revolution to power by relying, at least partially, on pieces of the New Democrat platform.⁸⁷ The DLC was thus able to spin the Democrats' crushing defeat as a rejection by voters of the President's straying from the centrist platform on which they had elected him.

The Republican takeover, based on a political agenda that again revived the centrist and New Right critique of welfare in currency since the 1980s, reinforced the DLC's thesis on the need for ideological reorientation in the Democratic Party. Baer said the election outcome "produced an institutional and political environment that virtually compelled Clinton to adopt the

⁸⁴ R. Kent Weaver, *Ending Welfare as We Know It* (Washington: Brookings Institution Press, 2000), 355-57.

⁸⁵ In promise number three for their first 100 days, Republicans declared in the *Contract* their intention to pass the Personal Responsibility Act to: "Discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements to promote individual responsibility." Republican Party, "Press Release Regarding the Contract," September 27, 1994, <http://www.udel.edu/>.

⁸⁶ Jeffrey Gayner, *The Contract with America: Implementing New Ideas in the U.S.* (Washington: The Heritage Foundation, 1995), 2.

⁸⁷ "After 1994, of course, the Republican Congress quickly snatched back the welfare issue, which the Clinton administration has helped to heat up." Piven, "Was Welfare Reform Worthwhile," 15.

DLC diagnosis of the Democratic problem.”⁸⁸ The Republicans won on the welfare issue – a defining plank in the Clinton agenda before his election. Politically, the dominance of the New Right faction of the GOP in Congress freed the President from having to compromise with the left-liberals in his own party and instead put him in the position of needing to craft new compromises to his right – thus the renewed reliance on triangulation. With Clinton’s return to welfare reform, the DLC was able to renew its campaign of moving the Democratic Party away from its image as defender of welfare programs and handouts to the poor.⁸⁹

Even though it was the political shift of the 1994 election and the pressures it placed on Clinton’s own re-election campaign that reenergized the welfare reform process, an analysis of documents declassified and made available at the Clinton Presidential Library shows that from the first year of his presidency all the way up through the eventual passage of reform in 1996, Bruce Reed and others inside the White House were working on a welfare reform package based on DLC principles. Though the 1994 election changed the political possibilities for passing such a bill, New Democrats within the Clinton Administration had already been hammering out specifics for some time. Reed was one of the primary leaders of the DLC, along with Al From and Will Marshall, and served as the organization’s policy director. In the late 1980s, he had been a speechwriter for Al Gore when the latter was a Tennessee Senator. Much later, he would become head of the DLC upon Al From’s retirement and go on to serve as Chief of Staff in Vice President Joe Biden’s office during the Obama Administration. Along with William Galston, one of the co-authors of the DLC’s manifesto *The Politics of Evasion*, Reed was appointed as a domestic policy aide in the Clinton White House after the 1992 victory. Even while the healthcare reform battle was going at full-speed and taking up the headlines most days, Reed and

⁸⁸ Baer, *Reinventing Democrats*, 230.

⁸⁹ Teixeira, Interview.

the Domestic Policy Council (DPC) were devoting significant effort to preparing the ground for welfare reform behind the scenes.

Already in April of 1993, a letter went out from the DPC to selected officials in a number of agencies in Washington, including Health and Human Services, Treasury, the Council of Economic Advisors, the IRS, Housing and Urban Development, Office of Management and Budget, and the Department of Justice among others, inviting them to attend the first meeting of the “Working Group on Welfare Reform, Family Support, and Independence.”⁹⁰ Reed and his colleagues in the DPC were aware that they would not get a great deal of traction with welfare reform during that first year, but they were still determined to start pushing the topic. As a communications strategy memo from early May shows, the group working on welfare reform knew they would “not receive much attention from the general public for a variety of reasons: (1) with Bosnia, the budget, and health reform on the front pages, we would have to settle for relatively minimal coverage...(2) we simply won’t have a story that is all that sexy for major news outlets...without a principal (the President, Mrs. Clinton), major national news coverage is unlikely.”⁹¹

Despite this, the Working Group continued drafting memos and possible programs over the next several months. Multiple versions of the various ideas crisscrossed between offices and fax machines. In late November 1993, one of the drafts ended up in the hands of the *New York Times* and caused a stir among the members of the Working Group. Articles in the *Times* outlined some of the main ideas that were being kicked around, but honed in on the proposal to

⁹⁰ Bruce Reed, David Ellwood, and Mary Jo Bane, *Memorandum for Members of the Working Group on Welfare Reform, Family Support and Independence* [Invitation to the first meeting of the Working Group], April 13, 1993, Welfare Reform Collection, Box 20 – Meetings (4/14/93), Bruce Reed Domestic Policy Council Papers.

⁹¹ Jeremy Ben-Ami, *Public Events* [Communications strategy memo, Domestic Policy Council], May 7, 1993, Welfare Reform Collection, Box 7 – Communications, Bruce Reed Domestic Policy Council Papers, 5.

use government subsidies to entice private employers to take on welfare recipients and plans to pay for reform by means of cuts to welfare and other entitlements. Not wanting to give opponents the chance of attacking welfare reform before it even got off the ground, Reed quickly fired off talking point memos to the other members of the group instructing them on how to deal with the press and control the narrative. They were urged to “avoid getting into the details of the draft, since the President has not yet reviewed these proposals,” but to emphasize that they were “serious about keeping the President’s promise to end welfare by imposing a 2-year time limit” on recipients.⁹² In a separate message, Reed again reminded members to tell reporters that the President had made no decisions and that “introduction of welfare reform legislation is likely early next year” [i.e. early 1994] and would include “subsidies to private employers for hiring people off welfare.”⁹³ Though Reed’s certainty of the final inclusion of time limits in the Clinton plan would eventually prove inaccurate, he rightly emphasized what became known as ‘workfare’ as the central component of the Democratic Party project on welfare reform.⁹⁴ The *Welfare Reform Briefing Book*, circulated as a confidential draft the following March, continued to stress the necessity of a “cumulative limit of 24 months of cash assistance for an adult before being subject to the work requirement” and the limit of further support to those still “unable to find employment by the end of two years of cash benefits...[to] participation in the WORK program,” which meant they would be forced to take a subsidized job in the private or public sector – financed by the states.⁹⁵

⁹² Bruce Reed, *Memorandum for Circulation, Subject: Welfare Reform Story in Today’s New York Times*, December 3, 1993, Welfare Reform Collection, Box 30 – Press Talking Points, Bruce Reed Domestic Policy Council Papers, 1.

⁹³ Bruce Reed, *Memorandum for Circulation, Subject: Talking Points on Welfare Reform Story in Sunday NY Times*, November 28, 1993, Welfare Reform Collection, Box 30 – Press Talking Points, Bruce Reed Domestic Policy Council Papers.

⁹⁴ Schwartz, Interview.

⁹⁵ Bruce Reed, *Welfare Reform Briefing Book*, March 21, 1994, Welfare Reform Collection, Box 68 – Welfare Reform Briefing Book (3/21/94), Bruce Reed Domestic Policy Council Papers, 35-36.

Working parallel to Reed's efforts inside the White House, the DLC kept up the drumbeat for reform outside. In an editorial in *The New Democrat*, the DLC declared: "Welfare can't be reformed; it must be replaced by a work-based social policy... To spurn time limits... is to accept the welfare status quo with all its perversities and defects... If liberals believe society owes indefinite financial support to those who flatly refuse to work, they should say so."⁹⁶ By summer, the DLC had distilled the main elements of the Working Group's proposals into a widely-distributed two-page *Plan to Reform This Nation's Welfare System*.⁹⁷ Its key points were time limits, workfare, family responsibility, and child support enforcement. While the paper acknowledged the necessity of the education and job training that had been central to Clinton's campaign trail speeches on welfare reform, it placed greater emphasis on the principle that "getting a real job is even more important." There is a preference for more compulsory measures to replace the "ineffective education and training bureaucracy" with options such as "temporarily subsidizing private and public sector jobs with AFDC and food stamp benefits paid out as a wage" or "converting job training funds to loans for microbusinesses." Perhaps reflecting the influence of Lawrence Mead, there is also a fair deal of moralizing toward the promiscuity of welfare recipients, with the claim that "long-term welfare dependency is increasingly driven by illegitimate births." The fulfillment of family obligation was to become a matter of state enforcement, especially against young men, connecting adjacent third way concepts such as family and law and order. For those who still refused to work, a "community service job" was then to be "offered" at the end of two years of AFDC benefits. The DLC plan was distributed to governors and other officials across the nation.

⁹⁶ *The New Democrat*, "Status Quo Plus: Some Would Save Welfare as We Know It," August-September 1994, 6.

⁹⁷ All references in this paragraph are to: Democratic Leadership Council (DLC), *The DLC Plan to Reform This Nation's Welfare System* (Washington: DLC, 1994), 2.

Some states expressed doubts about having the financial wherewithal to implement the DLC's stringent proposals. For instance, Tom Dalton, director of the Arkansas Department of Human Services, told Clinton's successor as governor, Jim Guy Tucker, that his office did not believe "federal or state revenues will be available for all of these efforts" and highlighted the provision of childcare for workfare participants as "one of the major stumbling blocks for welfare reform and certainly the most expensive."⁹⁸ He did find merit, though, in the 'community service' jobs proposed in the DLC plan. The concept could be extended even further, Dalton wrote, "to include young men working off their child support obligations." He reminded the Governor that the state's roads were "littered with trash that these young men might remove" while simultaneously providing an incentive to other young men passing by to meet their own child support requirements.⁹⁹ Dalton worried that the creation of such public service jobs could end up costing more than was already spent on welfare packages, though, and he questioned the feasibility of community service job creation over the long term. A more pragmatic and workable option, he suggested, might be to instead subsidize employment in already-existing private sector jobs.

When Clinton finally unveiled his welfare reform proposal, the Work and Responsibility Act, in June 1994, it was overshadowed by the healthcare reform battle, which was now nearing its climax. With Democratic prospects on the line for November, Clinton opted for the predictable course of action when facing the expected low turnout of a mid-term election: he sought to rally the troops. Bowing to the pressure of the left-liberals in Congress, he quietly

⁹⁸ Tom Dalton, Reply to Governor Jim Guy Tucker's request for comments on the DLC paper, *Comments on Democratic Leadership Council (DLC) Welfare Reform Plan*, 1994, Welfare Reform Collection, Box 2 – Arkansas, Bruce Reed Domestic Policy Council Papers, 1-2.

⁹⁹ *ibid.*, 4. Dalton's statement was a perfect illustration of what Piven and Cloward had said was one of the primary purposes of the public welfare system in the United States: "to instill in the laboring masses a fear of the fate that awaits them should they relax into beggary and pauperism. To demean and punish those who do not work is to exalt by contrast even the meanest labor at the meanest wages." Piven and Cloward, *Regulating the Poor*, 4.

removed the hallmark New Democrat component from the welfare bill. Scrapped was the two-year benefits time limit, which had been implied by Clinton's 1992 campaign slogan 'Two years and you're off'. Though the New Democrats were upset with Clinton, they were outnumbered in the Congressional math: 89 Democrats came out in opposition to any time limits against only 77 who were in favor.¹⁰⁰ With welfare reform sacrificed on the altar of electoral necessity and sidelined by a healthcare bill that ultimately failed, Clinton was losing his New Democrat luster.

From had already intervened, warning the President directly that he was going in the wrong direction.

There is a pervasive and growing perception that something about the Administration is not quite right. The grumbling is increasing. Among many moderate and conservative Democrats there is a growing feeling that you're just not dancing with the ones who brought you to the dance... I think that people – including a lot of your political allies – are having a hard time figuring out who you are and what you really stand for... The bottom line is this: if the change you seek is indistinguishable from what the congressional Democratic leadership wants, it won't look like real change to the American people.¹⁰¹

As mentioned previously, it took the earthquake of the 1994 election to shift the dynamics of power and put the New Democrat faction solidly in control of their party. The DLC's panic over Clinton's 'liberal start' in his first term faded when it was able to take the offensive again following the Gingrich/Dole takeover in the House. With the New Politics liberals and their allies in Congress chastened by the election results, the DLC sought to recapture control over the welfare debate. In an editorial appearing shortly after the election in *The New Democrat*, From and Marshall noted in almost celebratory terms the new opportunities afforded by the defeat of the Democrats in Congress and expressed excitement for the possibility of 'a fresh start':

¹⁰⁰ Baer, *Reinventing Democrats*, 216.

¹⁰¹ From, *The New Democrats*, 196.

But if the Democrats' defeat was shattering, it also was liberating. Like Humpty-Dumpty, the venerable New Deal coalition – which cracked in the 1968 Presidential election – cannot be put back together again. The election swept away the institutional underpinnings of the liberal status quo: seemingly perpetual Democratic control of congressional committees and long-standing relationships with favored constituencies and interests. In its first two years, the Clinton Administration made the fundamental error of playing congressional micropolitics, trying to mollify powerful chairmen and entrenched interests even at the expense of diluting or distorting its own reforms. Now that the legislative machinery is controlled by their opponents, the President and his party are free to go back to the future – to articulate a new governing philosophy rooted in the broad values and interests of average working families rather than the narrow demands of pressure groups.¹⁰²

The election represented the end of the Democratic Congressional bastion, one of the myths that the DLC and PPI had long said comforted the 'liberal fundamentalists' in their party. It was a fulfillment of New Democrat prophecy that weakened the New Politics faction's power base in Congress. Although the Republicans would now control whatever bill eventually came to a vote on the House floor, the New Democrats ultimately found that their ideas were compatible enough with some of those expressed by the new GOP leadership.

In the aftermath of the 1994 vote, Republicans put forward their own versions of welfare reform with terms even more punitive than the earlier Clinton proposals. The President vetoed the Republican plans, however, which would have simply turned welfare into a system of block grants issued to states to manage and distribute as they wished. PPI issued a number of new policy 'backgrounders' and position papers during the period between the mid-term elections and the eventual welfare compromise in an effort to recapture the debate. These efforts, along with the work still going on inside the DPC at the White House, were clearly aimed at regaining New Democrat initiative in the battle to define what constituted reform. PPI analyst Lyn Hogan declared that the "welfare reform debate is stalled" and lashed out against both Democrats and Republicans in Congress while shifting the New Democrat talking points more strongly toward

¹⁰² Al From and Will Marshall, "A Fresh Start," *The New Democrat*, January-February 1995, 5.

work requirements. The focus was now unambiguously on turning welfare into what Hogan called an “employment system” – a fuller embrace of workfare and rapid benefit termination.¹⁰³

The liberals are rallying around the status quo, seizing...a last chance to save the federal entitlement to cash aid. The conservatives...are alternately rallying around budget cuts, block grants, and teen pregnancy prevention. Progressives should evaluate the final outcome of this debate by one measure: whether the current income maintenance system is transformed into an employment system.¹⁰⁴

While rhetorically battling both parties, PPI’s positioning was subtly embracing the tougher conservative conceptualization of what welfare reform had to do. The central requirement became that recipients take whatever job is on offer – and, further, that job should be in the private sector if at all possible. Community service or public sector jobs should only serve as backups. Earlier Clinton campaign pledges to institute education and retraining programs as part of welfare reform were explicitly abandoned: “Recipients need to initially bypass government-run education and training programs in favor of real work experience as the best learning tool.”¹⁰⁵ From and Marshall also made clear that the DLC did not believe in “reforming the current welfare system but in replacing it with a work-based system.”¹⁰⁶ There was still discussion of the need for childcare and health subsidies, along with the maintenance of the Earned Income Tax Credit (EITC), but these were supplementary to the absolute necessity of putting people into jobs.¹⁰⁷ Government job placement offices should be put into competition

¹⁰³ Lyn Hogan, *The Elements of Real Welfare Reform: Replacing Welfare with a Competitive Employment System* (Washington: Progressive Policy Institute, 1995), 1.

¹⁰⁴ *ibid.*

¹⁰⁵ *ibid.*, 2.

¹⁰⁶ From and Marshall, “A Fresh Start,” 6.

¹⁰⁷ The Earned Income Tax Credit (EITC) is a refundable tax credit intended to supplement the earnings of lower and moderate income working individuals and families (especially those with children). It effectively reduces the tax requirement for those in lower-paid jobs and is intended as a subsidy to encourage employment. First enacted as a temporary supplement in 1975, it was made a permanent part of the Internal Revenue Code in 1978. The incoming Clinton Administration had made the EITC the main component of its program to support minimum wage workers and doubled the amount offered by the benefit in 1993. Following the full phase-in of this expansion, and coupled with the reform of AFDC (Aid to Families with Dependent Children), the EITC became the largest cash transfer program aimed at the working poor in the U.S. See: Saul Hoffman and Laurence Seidman, *Helping Working Families: The Earned Income Tax Credit* (Kalamazoo, MI: Upjohn Institute, 2003).

with non-profit and for-profit employment agencies to place welfare recipients into unsubsidized jobs, with financial incentives for those agencies most successful in keeping recipients in positions. In the PPI's view, fundamental systemic change was necessary to "break the bureaucratic welfare monopoly."¹⁰⁸ The provision of social assistance was being re-envisioned as a product over which the state was holding an unfair and unproductive monopoly.

Hogan's paper became the basis for the 'Work First' plan presented by Senators Tom Daschle (D-SD), John Breaux (D-LA), and Barbara Mikulski (D-MD) in the summer of 1995 as an alternative to the Republican block grant bills. The Senate Democrats' plan proposed the full abolition of traditional welfare (the Aid to Families with Dependent Children (AFDC) program) and the institution of a competitive incentives system to encourage agencies to place recipients into private sector employment. In a memo that went out to all Democratic leaders, Al From warned that the party had lost the public's trust to reform the welfare system and must therefore coalesce around the Work First plan now backed by the White House and Senate Democrats. The time for internal debate was over and all were expected to fall in line with the New Democrat strategy. They must subordinate "quibbles about the details of the bill" and ignore "the inevitable carping of interest groups who want to maintain the status quo."¹⁰⁹

Such 'interest groups' included the labor movement, which raised the concern that subsidized jobs for welfare recipients could pit low-wage workers against each other as employers sought to displace their non-subsidized workforce with cheaper welfare clients. They perhaps had in mind the failure of earlier workfare efforts that stretched as far back as the 1960s. Those attempts had repeatedly floundered due to the lack of enough jobs for unskilled workers

¹⁰⁸ Hogan, *Elements of Real Welfare Reform*, 3.

¹⁰⁹ Al From, Memorandum to Democratic leaders, *How Democrats Can Seize the Initiative on Welfare Reform*, July 17, 1995, Welfare Reform Collection, Box 30 – PPI, Bruce Reed Domestic Policy Council Papers, 3.

and wages which had proven insufficient to support families.¹¹⁰ Labor also stringently objected turning over the administration of welfare and employment services programs to private or third sector organizations and agencies. In a strongly-worded letter to the President, John Sweeney and Gerald McEntee, heads of the service employees (SEIU) and non-federal public employees (AFSCME) unions respectively, warned “the jobs of more than 125,000 of our members are directly at stake, while those of another 300,000 are at risk.”¹¹¹ Further, they characterized the bills under consideration as the creation of a system of “massive incentives for employer-driven low-wage turnover.”¹¹² Low-wage employers, they argued, would be eager to “take on welfare recipients who may be forced to work at subminimum wages in exchange for benefits instead of retaining and hiring low-wage workers struggling to maintain their economic independence.”¹¹³ Labor had always opposed the welfare reform agenda from the beginning, but its motivation concerning competition was shifting. David Ellwood, a well-known poverty scholar and one of the co-chairs of Reed’s Working Group, recalled how McEntee had felt threatened by Clinton’s earlier version of reform because of its pledge to create public sector jobs for welfare recipients. McEntee had told Elwood, “Near as I can tell you want to put more welfare recipients to work in public-service jobs than I have members.”¹¹⁴ With the focus of reformers now shifting toward placement in low-wage private employment, the concerns of the service sector came to the fore. In a response to Sweeney, Clinton sought to calm the unions by pledging to “make every effort to ensure that the House-Senate welfare reform conference incorporates and strengthens the anti-

¹¹⁰ Piven and Cloward, *Regulating the Poor*, 387.

¹¹¹ John Sweeney and Gerald McEntee, Correspondence to President Bill Clinton, October 6, 1995, Welfare Reform Collection, Box 1 – AFSCME, Bruce Reed Domestic Policy Council Papers, 1.

¹¹² *ibid.*, 3.

¹¹³ *ibid.*

¹¹⁴ Quoted in: David Elwood, “Welfare Reform as I Knew It: When Bad Things Happen to Good Policies,” *The American Prospect*, May-June 1996.

displacement protections.”¹¹⁵ Sweeney and McEntee were quite prescient about the eventual outcome, though they took no further substantive action to prevent it.¹¹⁶

Third Way Victorious

Although the flurry of activity by Reed and his Welfare Reform Working Group at the DPC in the first two years of the Clinton Presidency had proven premature, the New Democrats went on full offense within their party throughout 1995 and into 1996. With Congressional Republicans providing the perfect foil, the DLC and the Clinton White House were now able to present their vision of reform as the only viable alternative to conservative dominance. Though the initial welfare reform plans of Reed, From, and others had been aimed at compromise with their own New Politics party colleagues, the true triangulation strategy of third way politics was only able to come to full fruition on the welfare front once the Republicans were setting the Congressional agenda. As with many third way movements historically, the ‘right wing of the left’ was able to be most persuasive within its own camp when faced with a strong and popular outside enemy. Gingrich and Dole were able to fill the role that Reaganism had earlier played for the DLC in the 1980s and that Thatcherism played for the New Labour reformers in the U.K. Clinton and the DLC positioned themselves as the voices of rational and principled compromise following the Republican takeover in a way not possible when Democrats controlled both the executive and the legislature.

¹¹⁵ Bill Clinton, Correspondence to John J. Sweeney, President of Service Employees International Union (SEIU), November 13, 1995, Welfare Reform Collection, Box 1 – AFSCME, Bruce Reed Domestic Policy Council Papers.

¹¹⁶ According to Stanley Aronowitz, despite its more left reputation compared to its predecessors of the George Meany generation of labor leaders, “when the president agreed to sign the Welfare Reform Act of 1996, the new, progressive AFL-CIO leadership under John Sweeney failed to raise its voice in dissent or mobilize its legions of activists and rank-and-file members.” Stanley Aronowitz, *How Class Works: Power and Social Movement* (New Haven: Yale University Press, 2003), 161.

Language coming out of the Administration started to emphasize the need for “bipartisan welfare reform legislation that promotes work and protects children.”¹¹⁷ Clinton’s embrace of the New Democrats’ Work First plan, however, was aimed at notifying Republicans he was more interested in far-reaching changes than he was in shoring up Democratic opposition.¹¹⁸ Openness to compromise was being signaled if only the Republicans would give Clinton something he could work with. Once the 104th Congress was convened, however, the GOP was eager to make the most of their new majority. Like Clinton, they placed welfare reform at the top of their agenda and included it in the first budget they sent to the White House. The substantive core of the Clinton agenda – time limits and work requirements – was also at the heart of the Republican plans. They also included, however, deep cuts to food stamps and children’s healthcare programs operated through Medicaid, and eliminated outright clauses that provided emergency medical aid to legal immigrants in the country.¹¹⁹

But the most fundamental alteration that the Republican plan proposed was the elimination of welfare as an entitlement. The DLC’s proposal to restrict the amount of time an individual could receive benefits to two years each respective time they applied was transformed into a lifetime limit in the Republican plan. Now recipients would only be able to receive five years of benefits in total across their lifetime. Once benefits had been collected for five years, either in a single stretch or cumulatively, access to welfare would end permanently. Public assistance was a temporary privilege, not a right of citizenship. Though harsher than what the

¹¹⁷ Donna Shalala, Correspondence from Secretary of Health and Human Services to Tom Daschle, Senate Democratic Leader, October 26, 1995, Welfare Reform Collection, Box 1 – AFSCME, Bruce Reed Domestic Policy Council Papers, 1.

¹¹⁸ According to Frances Fox Piven, “Clinton was using the welfare issue not as an opportunity to relieve poverty, but as an opportunity to gain support by inciting popular indignation at welfare. Welfare reform became an argument about why poor women were to blame for so much that was wrong with America.” Piven, “Was Welfare Reform Worthwhile,” 15.

¹¹⁹ Dan Carter, “Rightward Currents: Bill Clinton and the Politics of the 1990s,” In T. Shields, J. Whayne, and D. Kelley (eds.), *The Clinton Riddle: Perspectives on the Forty-second President* (Fayetteville: University of Arkansas Press, 2004), 121.

DLC had proposed, the essence of the Republican plan was compatible with the DLC's conceptual commitment to responsibility and a transactional public benefit system.

Clinton vetoed the budget, justifying his refusal to sign by saying that the GOP welfare plan was simply too harsh. That veto set off the first of Gingrich's government shutdowns. In the aftermath, Republican unity around the main principles of their bill was maintained while Democratic ranks began to split. DLC members in Congress, especially those in the Senate, supported the Republican plan to varying degrees. Gingrich and Dole continued to believe the welfare bill could be used to embarrass Clinton and back him into a pre-election corner, so they pressed forward with the issue and passed a nearly identical version of the same legislation. Staking out his refusal to accept cuts to Medicaid coverage for the poor, Clinton again responded with a veto. A telling aspect of Clinton's intentions during this period, however, was the fact that there were no further attempts at crafting a Democratic alternative to the Republican repeats. Instead of trying to rally and unite the divided Democratic ranks behind an alternative bargaining position, Clinton simply declared his continued support for "time limits, work requirements, the toughest possible child support enforcement, and requiring minor mothers to live at home as a condition of assistance."¹²⁰ The decision had already been made that the welfare reform coalition would be made up of New Democrats and Republicans, leaving left-liberal Democrats out in the cold.

But by late summer, with his re-election campaign in full swing, Clinton was presented with a dilemma. Congressional Republicans submitted the bill for a third time, but with the Medicaid restrictions removed and slight increases allocated for the job re-training budget. The strict time limits remained, as did the denial of access to immigrants, and most importantly, the

¹²⁰ Quoted in: Gertrude Goldberg and Sheila Collins, *Washington's New Poor Law: Welfare "Reform" and the Roads Not Taken, 1935 to the Present* (New York: The Apex Press, 2001), 197.

termination of the entitlement aspect of the program. Republicans had given Clinton the smallest of his demands. If he refused to sign the bill once more, his opponent Bob Dole would be able to make Clinton's broken promise to 'end welfare as we know it' into a central campaign issue.

A number of members of the Administration, such as Health and Human Services Secretary Donna Shalala, Treasury Secretary Robert Rubin, and Clinton's Chief of Staff Leon Panetta, as well as many Democrats in Congress, urged a third veto.¹²¹ Labor Secretary Robert Reich, recalling the meeting held at the White House on the day of Clinton's decision, wrote in his memoir: "Most of the cabinet is firmly against signing. Most of the political advisers are in favor."¹²² DLCers Rahm Emanuel and Bruce Reed urged Clinton to sign. Reed acknowledged the downsides of food stamp cuts and restrictions on legal immigrants, but argued that the time limits and work requirements at the core of the bill were in line with what Clinton and the New Democrats had advocated all along. A third veto, he said, would be a break of faith with voters who had elected Clinton on the basis of his promise to 'end welfare as we know it'.¹²³ If principle had been the primary reason for the previous two vetoes, however, a third was surely merited as none of the defining elements of the bill had been altered. Turning to the advice of the pollsters and spin-managers, though, Clinton once more embraced the New Democrat side of himself. According to Clinton aide George Stephanopoulos, Dick Morris (considered the architect of the triangulation strategy), announced to the President and his inner circle point-blank, "If he vetoes, he'll lose," referring to the election now only a few months away.¹²⁴ Pollster Mark Penn had developed a model predicting that signing the bill could result in a

¹²¹ George Stephanopoulos, *All Too Human: A Political Education* (Boston: Little, Brown and Company, 1999), 420.

¹²² Robert Reich, *Locked in the Cabinet* (New York: Knopf, 1998), 330.

¹²³ Stephanopoulos, *All Too Human*, 420.

¹²⁴ *ibid.*, 419.

fifteen-point victory for Clinton, but a veto would produce a three-point loss.¹²⁵ Vice President Al Gore also argued against another veto, most certainly aware of how tightly his own future presidential ambitions were tied to the success of Clinton's re-election.¹²⁶

Al From said the President contacted him after that White House conference asking for his advice. Buttressing the arguments that supported signing the bill made by Emanuel and Reed, From reminded Clinton of his achievements so far and said that securing welfare reform would not only assure his re-election but also cement his political legacy.

You have presided over a historical ideological transformation of the Democratic Party. Over the weekend, I read the party's platforms from 1980 through 1996. We are truly a *New Democratic* party. You deserve enormous credit for that... The challenge before us now is operational. We must demonstrate the ability to put the big ideas of this new ideology – like ending welfare as we know it – into action... Finally, signing the welfare bill will redeem your most important promise of 1992. At the same time it will take Dole's most powerful potential issue away from him.¹²⁷

At the end of July, Clinton announced that although the legislation contained what he characterized as serious flaws, he would sign the bill Congress was sending him. Symbolic of the DLC's victory, few Democrats were surprised by or spoke out against Clinton's acceptance of the Gingrich plan. The sense of betrayal on the part of those whose sympathies lay more with the waning New Politics faction of the party was, nonetheless, palpable. Peter Edelman, who was Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services and had worked for Senator Robert F. Kennedy in the past, was one of the highest-ranking public officials to break with Clinton over welfare reform.¹²⁸ He resigned his position in protest, calling the bill "the worst thing Bill Clinton has done," and claiming it would "hurt

¹²⁵ Dick Morris, *Behind the Oval Office: Winning the Presidency in the Nineties* (New York: Random House, 1997), 300.

¹²⁶ W. Berman, *From the Center to the Edge*, 65.

¹²⁷ From, *The New Democrats*, 228-29.

¹²⁸ Selfa, *The Democrats*, 76.

millions of poor children.”¹²⁹ Looking back, Robert Reich said he left that August meeting at the White House feeling sick to his stomach and wishing he had more forcefully told the President he did not “need to hurt people this way” and not to settle for this “piece of shit.”¹³⁰ Reich opted to leave the Administration before Clinton’s second term began.

The final product of the welfare reform process, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA in its legislative acronym form) dropped the half of the third way formula that had proposed stronger active labor market measures and support structures. Instead, it opted for the more punitive framework that had been a cornerstone of the GOP’s *Contract with America* platform for the 1994 elections and had informed the DLC’s ‘Work First’ plan. The bill dropped most of the spending proposals for public jobs, childcare, and health care that had been in earlier Clinton welfare reform outlines, but codified the tough work and responsibility requirements advocated by the Republicans and the DLC.¹³¹ The block grants approach to welfare that the Republicans wanted, but that the left-liberal wing of the Democratic Party (and Clinton for a time) had so strongly opposed, effectively created fifty different welfare programs across the country. Responsibility and administration were devolved down to the states leaving no single national standard for welfare benefits. The *New York Times* described the bill as the end of the “60-year-old Federal guarantee of cash assistance for the nation’s poorest children [AFDC]”, a program whose heritage could be traced directly to the New Deal.¹³² Within three years, it had reduced the number of families receiving welfare by 44 percent.¹³³

¹²⁹ Peter Edelman, “The Worst Thing Bill Clinton Has Done,” *Atlantic Monthly*, March 1997.

¹³⁰ Reich, *Locked in the Cabinet*, 331.

¹³¹ Carcasson, “Ending Welfare as We Know It,” 656.

¹³² Quoted in: W. Berman, *From the Center to the Edge*, 65.

¹³³ Waddan, *Clinton’s Legacy*, 127.

Writing in *The Nation*, Katha Pollitt expressed the intensity of the left-liberals' feelings for the New Democrats and what the consolidation of their third way politics was doing to the Democratic Party:

These liberal groups are caught up in mainstream electoral politics, which in practice means clinging to Clinton and the Democratic Party...Meanwhile they preach the gospel of the lesser of two evils, that ever-downward spiral that has brought us to this pass and that will doubtless end with liberals in hell organizing votes for Satan because Beelzebub would be even worse.¹³⁴

That such a critique of 'lesser evil' politics would appear in *The Nation*, one of the left publications most closely connected to Democratic Party politics, is perhaps indicative of the left-liberals' disappointment in that moment.¹³⁵ Meanwhile, in the pages of *The New Republic*, Mickey Kaus said that in bypassing the opportunity to take up welfare reform when they first came to office and then allowing the GOP to chart the terms of the bill, Clinton and the New Democrats 'blew it', and made Republican realignment possible.¹³⁶ Less concerned with electoral calculations, Frances Fox Piven would characterize the whole welfare reform debate as "a grand national revival movement to restore moral compulsion to the lives of the poor."¹³⁷

Although it was a Republican welfare reform bill that eventually passed, Clinton's signature of the legislation was more than a signal of his conciliation with the GOP. It was also the clearest symbol of the victory of the third way within the Democratic Party. The wavering of the first couple of years of the Clinton Presidency had been cause for caution among New Democrats; they had wondered whether their makeover of the party might stall. Those years of uncertainty eventually broke in favor of the third way. When 'welfare as we

¹³⁴ Katha Pollitt, "The Strange Death of Liberal America," *The Nation*, August 26, 1996, 9.

¹³⁵ Generally, many among the non-Democratic Party left would consider *The Nation* itself to be a 'liberal group' very much a part of what Pollitt called 'mainstream electoral politics'.

¹³⁶ Mickey Kaus, "They Blew It," *The New Republic*, December 5, 1994.

¹³⁷ Frances Fox Piven, "Welfare and Work," *Social Justice* 25, no. 1 (1998): 67.

know it' was ended, the DLC's effort to redefine the Democratic Party was, for all intents and purposes, complete. Yet in an ironic twist of fate, it was Rep. Richard Gephardt, the DLC's very first chairman from 1985 to 1986, who led the group of 98 House Democrats who voted against the welfare bill that Clinton eventually signed. During debate, Gephardt declared: "The Republican proposal isn't welfare reform at all and is in fact a dangerous step in the wrong direction."¹³⁸ But the Democratic Party had come a long way from where it had been when Gephardt served as the nominal head of the DLC in the mid-1980s. At their annual conference in 1996, the then-current chair, Connecticut Democratic Senator Joe Lieberman, confidently announced to the New Democrats that not only was the era of big government over, but "the era of the party of big government is also over."¹³⁹

Conclusion

Reinventing government and welfare reform were the primary policy achievements of the New Democrat faction in the 1990s that contributed to the further decontestation of third way ideology in the Democratic Party. These successes at what Freedman referred to as the peripheral level of policy implementation gave the third way and its core concepts of opportunity, responsibility, and community a greater grounding in political reality and solidified the New Democrat factional identity. The two initiatives symbolized the New Democrats' ideological predominance within their party. The lackluster oppositional response by Democrats who disagreed with the shifts heralded by government reinvention and welfare reform demonstrated the weakness and disorganization of the waning New Politics faction. Progressives, left-wingers,

¹³⁸ Quoted in: Bill Schneider "Is the Party over for the Democrats?" *National Journal*, March 22, 1997.

¹³⁹ Quoted in: David Lightman, "Clinton Envisions Moderate Party," *The Hartford Courant*, December 12, 1996.

and social democrats of course continued to soldier on in the Democratic ranks, but there was a new orthodoxy in the Democratic Party and their ideas were not a part of it.

While not simply a mirror of Reaganism, it is now clear that the New Democrats absorbed and integrated elements of neoliberal thinking in their prescriptions for the overhaul of public sector management and welfare reform. At the heart of Osborne and Gaebler's government reinvention project was the assumption of inefficiency and waste on the part of the state and, thus, a corresponding preference for private sector service provision and market methods of management. Opportunity could be expanded, for private and public sector entrepreneurs alike, if the state could be made to steer instead of row. Relatedly, the third way's prognosis for America's future was one of stagnation and decline under the weight of unsustainable entitlement expenditures failing the adoption of stricter principles for welfare eligibility. The necessity of encouraging work and ending dependence motivated the DLC welfare reform program spearheaded by Reed and other New Democrats in the Domestic Policy Council. A strong dose of moralizing concerning the poor's unwillingness to work and their failure to fulfill their obligations to society demonstrated the communitarian and coercive qualities of the third way.

New Democrats not only changed their party. They also had an effect on how the federal state functioned. Leaving aside the post-9/11 national security focus that became the overriding theme of the George W. Bush Administration, in domestic policy, Clinton's Republican successor largely continued in the path charted by the New Democrats, though he returned to a more stringent preference for the private market reminiscent of Reagan. Bush's performance measurement focus in public management was, for the most part, an intensification of a number of the targets put in place by Clinton and Gore's reform program. And his proposed alterations

to the rules of Clinton's welfare bill would have pushed further in the same direction, requiring an even higher number of hours on the job for welfare recipients to receive their public assistance. Thus, the Clinton years represented a moderating bridge between the early neoliberalism of Reagan and the later resurgence of the New Right Republicans under the second Bush Administration.

As the period of analysis shifts to the post-Clinton era in the next chapter, we will see the third way's claims to be a public philosophy going beyond left and right become increasingly questioned as the New Democrats' prescriptions went from a centrist ideological critique to a more rightward-leaning public policy reality. Though the New Politics groups and the social democratic elements of the Democratic Party were disorganized and demoralized by the end of the Clinton Administration, the more hardline neoconservative stances of the Bush Administration and the beginning of two new wars would revitalize left-liberal fortunes. Finding itself back on the defensive against a resurgent left wing, the New Democrat faction's day in the sun proved short-lived as the movement began to fracture. Although the New Democrats faced organizational troubles once Clinton left the scene, the decontestation achieved by their ideological concepts had already forged a new Democratic Party that would outlive the DLC.

CHAPTER SIX

INTO THE POST-CLINTON ERA

According to one of Bill Clinton's speechwriters, Michael Waldman, while working on the text of his 1998 State of the Union Address, the President was ruminating on the legacy of his time in office and concluded that if FDR's mission had been to save capitalism from its excesses, his was to "save government from its own excesses so it can again be a progressive force."¹ The Clinton legacy presented both opportunities and hurdles for New Democrats as his presidency entered its final years. With the campaigns to reinvent government and reform welfare largely completed, Al From and the DLC turned their attention to further cementing the third way's status as a legitimate ideology as they sought to build a 'third way international' of like-minded center-left leaders in other countries. At home, the process of decontesting the third way's approach to governance, exemplified in its conceptualizations of opportunity, responsibility, and community, was far advanced, so the chief ideologists of the DLC shifted to strengthening the reach of their ideas globally. Vice President Al Gore, in parallel, struggled with the question of how to link himself with the booming economy and public policy achievements of the Clinton Administration while at the same time securing support from a party base still unsure about Clintonism. Gore had been the original hope for New Democrats against Jesse Jackson way back in the 1988 presidential primaries – "a Bill Clinton-like figure before even Clinton himself."² He was now finally at the top of the ticket. Gore was to have been the second New Democrat president, carrying forward the DLC's new brand of progressivism, but wavering between the party factions, he was an uncertain standard-bearer.

¹ Waldman quoted Clinton in: Jacob Weisberg, "The Governor-President Bill Clinton," *The New York Times*, January 17, 1999.

² Alterman and Mattson, *The Cause*, 386.

The awarding of the presidency to George W. Bush after the Florida recount fiasco of 2000, followed by the terrorist attacks of September 11, 2001, dramatically altered the terrain of American politics. The dawning of a new period of conservative rule in the White House and the march toward war after 9/11 also shifted the dynamics of factional conflict inside the Democratic Party. The ‘old Democrat’ constituencies thought vanquished in the 1990s were resurrected as left-liberal activists were roused to action in opposition to Bush. The infrastructure of the New Politics faction was gone, but the hopes of left-liberals were raised for a counter-offensive against the third way within the Democratic Party as differences over a number of Bush policies threw into stark relief the divide between New Democrats and progressive grassroots activists. As the DLC itself began to stumble in the 2000s and eventually disappeared from the scene, some believed the centrist hold over the Democratic Party was crumbling as supposedly ‘real Democrats’ like Howard Dean began to reassert control over the party apparatus. Those hopes, as this chapter and the next will show, were misplaced. Though the factional sparring between left-liberals and New Democrats continued, the ideological remake of the Democratic Party that the DLC carried out can hardly be said to have been reversed in the intervening years.

In fact, with the rising prominence of a new organization in Washington, the influence of New Democrat ideology among Democratic politicians has shown considerable resilience. The organizational successor to the DLC at the head of the centrist movement has even taken on this ideology’s moniker as its own name – ThirdWay. Although a relative newcomer to the policy scene, the group has been aggressive in pushing its viewpoint and influential in getting its priorities onto the national Democratic agenda.³ This chapter will detail the twilight years of the DLC and its eventual replacement by ThirdWay, a coalition uniting DLC veterans with Generation Xers fearful of a looming entitlements crisis. With the same core concepts guiding it,

³ Teixeira, Interview.

ThirdWay provides ideological leadership to a fractured but still influential New Democrat faction. Alongside Will Marshall's Progressive Policy Institute, ThirdWay seeks to influence the public policy agenda of the Democratic Party in a New Democrat direction. As the self-proclaimed guardian of "the ideological legacy of the modern movement founded by President Clinton and Prime Minister Tony Blair," its adherents have become the *new* New Democrats.⁴

Taking the Third Way Global

In Chapter Four, the Labour Party's third way remake under leader Tony Blair was reviewed in terms of both its similarities with New Democrat philosophy as well its place within the context of the British debate over New Times and the crisis of socialism. As mentioned earlier, it was British sociologist Anthony Giddens who had penned the volume *The Third Way* that aimed to provide New Labour more "theoretical flesh...on the skeleton of their policy-making" and to give center-left politics greater direction and purpose.⁵ He had earlier written about the 'exhaustion of received ideologies', and often endorsed a 'philosophic conservatism' for the left to deal with a world of increased risk and social reflexivity.⁶ The effort to provide the third way with a stronger intellectual foundation in Britain accelerated following New Labour's 1997 election victory and the coming-to-power of other similarly-oriented social democrats in a number of other nations. This international embrace of third way politics was occurring when

⁴ See the organizational description in: Kim, et al., *Politics of Opportunity*, 21.

⁵ Giddens, *The Third Way*, 2.

⁶ Giddens returned to a number of these themes in many of his books on the left during the 1990s. The original (and most academic) treatment of them was in 1994 with *Beyond Left and Right: The Future of Radical Politics*. He advocated that the left must be radical, but radical in pursuit of a 'philosophic conservatism' aimed at protecting society from the destructive change brought about by neoliberalism and the loss of tradition. In a world that was becoming less deterministic and forcing individuals to become more reflexive to changing circumstances and new risks, the control-oriented ideology of 'cybernetic socialism' had to be surrendered and a politics of protection, conservation, and solidarity had to take its place.

Clinton was well into his second term, prompting the DLC to more earnestly consider its own future in a post-Clinton world.

Having become so identified with the policies of the President, the organization began to re-envision itself as a participant in (and in some respects, originator of) a global revolution in the politics of the left. In October 1998, the same month that Giddens's *The Third Way* was published, Al From declared in the pages of the DLC's journal, *The New Democrat*: "Third Way is the worldwide brand name for progressive politics for the Information Age."⁷ The DLC was eager to sharpen its image as something more serious than simply an electoral vehicle for conservative-minded Democrats or Clinton acolytes. It was the American franchise of a worldwide movement – the pioneer of a new ideological project for the center-left. Though it had been one of the first of this new breed to use term 'third way', placing it into the Democratic Party platform as far back as 1992, the DLC had not employed the term very often as a descriptor for its politics.⁸ The New Democrats had assembled a rich conceptual map, but they had not often applied a label on the ideology they created. This changed following the international embrace of their ideological framework by other center-left parties.⁹ With a number of domestic policy achievements under its belt, the DLC pivoted to promoting its role as the leader of an international third way project.

For Bill Clinton, the embrace of his brand of politics by other world leaders could not have come at a more opportune time. When impeachment and scandal were threatening to

⁷ Al From, "Understanding the Third Way," *The New Democrat*, September-October 1998, 28.

⁸ Democratic National Committee, *The Democratic Party Platform 1992* (Washington: Democratic National Committee, 1992), 3.

⁹ Commenting on the rapid spread of the DLC's brand of politics, Jeff Faux said that it was particularly the right-wing sections of social democratic parties which were embracing Clintonism: "It is a staple of conventional wisdom that the mainstream left has lost its compass, adrift with an outdated faith... Social democracy is said no longer to apply to the problems of developed societies... This shift in ideological fortunes has, over the last decade, energized the previously moribund conservative wings of the parties of social democracy to claim leadership with a new paradigm – the current buzzword for which is the 'third way'." Jeff Faux, "Lost on the Third Way," 67.

become the things his presidency would be remembered for, the sudden international interest in third way ideology and politics presented an opportunity to forge a larger and more respectable legacy. Working with From and the DLC, the White House eagerly began promoting the third way through meetings with foreign leaders devoted specifically to the topic and international conferences and forums attended by academics and party leaders discussing third way ideas and policies. The embrace of the DLC's ideology by well-known foreign politicians further strengthened and legitimated its conceptual framework within the Democratic Party at home, as well.

The first such international meeting around the DLC's ideas, years before the term third way was popular, had been in January 1993 when Blair and Gordon Brown had been part of a Labour Party delegation that met with the Clinton transition team to discuss the New Democrats' success in changing their party. Still in opposition, Blair and Brown were looking for tips on seizing the initiative on crime from the British Conservatives and how to emphasize private sector growth in their economic messaging. Al From recalled how when they met again four years later in 1997, now-Prime Minister Blair pulled a piece of paper from his pocket. "Opportunity, responsibility, community," Blair remarked. "These are the notes from our first meeting during the Clinton transition."¹⁰ As far back as 1993 then, the DLC's core concepts were already being carried abroad. They were at the heart of Blair's New Labour agenda from its inception.

November 1997 saw the first convening of an official bilateral meeting on the future of 'New Democrat-New Labour politics', hosted by Blair at Chequers. The conference was called to discuss how to meet the challenge of consolidating a 'new progressivism' that would ensure the third way did not end up being a transitory electoral marketing scheme, a danger Blair called

¹⁰ Quoted in: From, *The New Democrats*, 239.

“winning power but not the battle of ideas.” First Lady Hillary Clinton led the nine-member U.S. delegation that included Al From representing the DLC, Deputy Secretary of the Treasury Larry Summers, OMB Director Frank Raines, HUD secretary Andrew Cuomo, the First Lady’s Chief of Staff Melanne Verveer, Presidential Advisor and journalist Sidney Blumenthal, Joseph Nye from the Kennedy School of Government, and former White House communications director Don Baer. On the British side, among others, were Blair, Brown, Giddens, Peter Mandelson, and David Miliband.¹¹

Discussions between representatives of the New Democrats, New Labour, and others seeking to affiliate themselves with the new brand of progressivism continued over the next year-and-a-half. When Blair visited Washington in February 1998, he, Vice President Gore, and Al From met to discuss the third way.¹² During the months of May and June that year, President Clinton held discussions on third way policies with Italian Prime Minister Romano Prodi and Brazilian President Fernando Cardoso. Speculation was rife that Clinton and Blair were out to undermine the Socialist International, the global alliance of socialist and social democratic parties, and replace it with a ‘third way international’.¹³

The growth of the global third way movement was also employed as an instrument to try and co-opt the New Democrats’ domestic opponents into accepting third way ideological dominance. Seeking to solidly unite the Democratic Party, Hillary Clinton called a meeting of various figures from across the factional divide at the White House in the summer to debate the third way and try to unite the party around the New Democrats’ outlook. Among those attending were Ruy Teixeira from the Economic Policy Institute, Elaine Kamarck and Bruce Reed from

¹¹ *ibid.*, 240-43.

¹² *ibid.*, 244.

¹³ Thomas Edsall, “Clinton and Blair Envision a Third Way International Movement,” *Washington Post*, June 28, 1998.

the DLC, Rep. Dick Gephardt (D-MO), who had by now traveled far from his DLC roots and become a staunch free trade opponent, and AFL-CIO head John Sweeney.¹⁴ Another retreat hosted by Blair in the fall saw the First Lady and From travel again to Chequers.¹⁵ And at the opening of the UN General Assembly in September, a third way forum was hosted by New York University in conjunction with Will Marshall's PPI, featuring the Clintons, Gore, Blair, Giddens, Prodi, Swedish Prime Minister Göran Persson, and the Bulgarian Prime Minister Petar Stoyanov on the speakers list.¹⁶

Marshall and the PPI then hosted a one-day conference on third way policy in Virginia in January 1999 at which From and David Miliband planned a DLC-sponsored event to be held in April following the NATO summit in Washington.¹⁷ Both Clintons, Blair, German Chancellor Gerhard Schröder, Dutch Prime Minister Wim Kok, and the new Italian Prime Minister (and former head of the Italian Communist Party) Massimo D'Alema attended the post-NATO meeting. Virtually alone among West European social democrats, France's Lionel Jospin declined the invitation. Al From opened the conference by defining how the leaders gathered should present the third way in their countries and reiterated its core concepts.

Whether they're called New Democrat, New Labour, or the New Middle, the values, ideas, and approaches to governing of the Third Way are modernizing center-left politics around the globe. They are grounded in a public philosophy that embodies fundamental progressive principles, furthered by innovative ideas and modern means. The Third Way philosophy can be summarized this way. Its first principle and enduring purpose is equal opportunity for all, special privilege for none. Its public ethic is mutual responsibility. Its core value is community. Its outlook is global. And, its modern means are fostering private sector economic growth – today's prerequisites for

¹⁴ Richard Berke, "Clinton's Seek to Repair Rifts for Democrats," *The New York Times*, July 19, 1998.

¹⁵ Hillary Clinton, *Living History* (New York: Simon and Schuster, 2003), 425-29.

¹⁶ Hillary Clinton, handwritten notes on a copy of the Forum program, *NYU, Strengthening Democracy in the Global Economy, An Opening Dialogue*, September 21, 1998, Previously Restricted Documents, Release 2 – March 14, 2014, FOIA 2006-0503-F Remarks by Hillary Clinton at Forum 2000, Clinton Presidential Library, Little Rock, Arkansas; and Toni Howard, "Clinton to Join Leaders in Panel on 'Third Way'," *Washington Times*, September 21, 1998.

¹⁷ From, *The New Democrats*, 244.

opportunity for all – and promoting an empowering government that equips citizens with the tools they need to get ahead.¹⁸

The third way's international profile began rising dramatically over the next year. Reporting on the coalescing alliance following the meeting, *The Guardian* newspaper observed that “the most elite club in the world is becoming extremely fashionable.”¹⁹ On the eve of European elections, Blair and Schröder issued a joint statement, *Europe: The Third Way / Die Neue Mitte*, calling on social democrats across the continent to accept the logic of ‘modernization’ and adapt to new objectively-changed conditions. Leaving behind what they characterized as left-wing ideological straitjackets, the two leaders presented the British/German model as one to be embraced as a benchmark by fellow socialists. Their statement was a seminal act in the decontestation of the third way's conceptual framework in Europe. In the pages of *The Nation*, Daniel Singer commented, “It was no secret that this manifesto was intended as a sermon to their French partner, Lionel Jospin, who is allied with Communists and Greens in a ‘plural left’ and does not sufficiently appreciate the virtues of the American model.”²⁰ It included an acceptance of equality of opportunity over equality of outcome, a contractual understanding of welfare entitlements as being conditional upon personal responsibility fulfilled through workfare type requirements, an end to class struggle and a ‘rekindling of community’ and partnership, a stronger role for the private market in driving economic growth, flexible labor markets, a state that would ‘not row, but steer’, a ‘supply-side’ welfare regime focused on investment in human capital rather than redistribution, and a ‘more responsible’ attitude toward public debt.²¹ The statement concluded by characterizing the politics of the third way as “Europe's new hope.”²²

¹⁸ *ibid.*, 245.

¹⁹ Martin Walker, “Third Way Club Gathers Members,” *The Guardian*, May 3, 1999.

²⁰ Daniel Singer, “Third Way – Dead End?” *The Nation*, July 5, 1999.

²¹ Blair and Schröder, *Europe: The Third Way / Die Neue Mitte*, 2-5.

²² *ibid.*, 12.

Not all European social democrats were eager to sign on to a British-led and American-inspired redefinition of socialism though. In France, Jospin, who had earlier declined the invitation to From and Miliband's Washington conference, commented, "The French left, like France, imitates no one."²³

Elements of the American left were also unhappy with the international export of New Democrat ideology. In an 'annotated' version of the Blair/Schröder manifesto that appeared in *Dissent*, Joanne Barkan commented that it "accepts too easily and too completely all the assumptions of conservative ideologues," and noted that for a philosophy with globalization at the heart of its understanding of the new economy, the third way never seriously analyzes the phenomenon.²⁴ Defending the third way against this American attack from the left, David Goodhart, editor of *Prospect* in the U.K., said Barkan was, like the old European left, "in the grip of Marxisant categories" and too obsessed with ownership, control, and profits.²⁵

[T]he Blair government has done right-wing things as well as left-wing things, or rather it has learned from the past failures of the left. It has learned that as well as market failure, there is state failure... This is the political hybrid that people have been waiting for, in Britain at least, for thirty years. When Tony Blair praises market dynamism and individual advancement and in the same sentence waves the flag of social justice, people like it. They want all those things too. Of course, these things can sometimes be in conflict, and working out policies that try to maximize them both is not always easy. But there is not a gaping metaphysical divide... Of course, that is having it both ways. But that is the open secret of third way politics and the cause of so much intellectual discomfort to more traditional leftists: we *can* have it both ways!²⁶

Though critics like Barkan found Europe's embrace of the third way 'intellectually shackling' with its "passive acceptance of the neoliberal worldview," the international leaders of social

²³ Quoted in: John Lichfield, "Jospin Refuses to Join Blair's Third Way Club," *The Independent*, June 11, 1999.

²⁴ Joanne Barkan, "The Third Way/*Die Neue Mitte* Annotated," *Dissent* 47, no. 2 (2000): 52-3.

²⁵ David Goodhart, "Having It All," *Dissent* 47, no. 3 (2000), <http://www.dissentmagazine.org/>.

²⁶ *ibid.*

democracy continued to push ahead in their consolidation of a global third way political infrastructure.²⁷

Their flurry of meetings and panels culminated in an international conference in Florence, Italy in November 1999 under the slogan, “Progressive Governance for the 21st Century”, focused on issues of globalization and the center-left’s approach to managing change. In his opening remarks, Clinton elaborated the importance of third way thinking for governing the new global economy and took the chance to again reinforce the New Democrats’ opportunity-based conception of equality, their emphasis on individual responsibility, and the communitarian values they counter-posed to the traditional class-based outlook of the left.

We think ideas matter. We think it's a great challenge to marry our conceptions of social justice and equal opportunity with our commitment to globalization. We think we will have to find what has often been called a Third Way, a way that requires governments to empower people with tools and conditions necessary for individuals, families, communities, and nations to make the most of their human potential. In the United States, we have proceeded for the last seven years under a rubric of opportunity for all, responsibility from all, and a community of all Americans. We have also recognized something that I think is implicit in the whole concept of the European Union, which is that it is no longer possible, easily, to divide domestic from global political concerns. There is no longer a clear dividing line between foreign and domestic policy. And, therefore, it is important that every nation and that all like-minded people have a vision of the kind of world we're trying to build in the 21st century and what it will take to build that world.²⁸

The skeptical view of globalization that Clinton and the other third way leaders were battling on their left demonstrated its powerful influence a week later, however, when anti-globalization protests sunk the WTO meeting in Seattle over the human and environmental costs associated with the global free trade regime.²⁹ The line-up of keynote speakers in Florence included most of the same names as the earlier forum after the NATO meeting, with the exception that Jospin

²⁷ Joanne Barkan, “Joanne Barkan Replies,” *Dissent* 47, no. 3 (2000), <http://www.dissentmagazine.org/>.

²⁸ Bill Clinton, “Remarks at a Dinner for the Conference on Progressive Governance for the 21st Century in Florence, Italy,” (1999), <http://www.presidency.ucsb.edu/>.

²⁹ Teresa Brennan, *Globalization and Its Terrors* (New York: Routledge, 2003), 99-101.

agreed to attend this time. Although generally on board with much of the substance of the discussions, he continued to express unease with the Anglo-American-led redefinition of social democracy.³⁰ In a pamphlet issued just days before the conference, Jospin declared he was for ‘modern socialism’ but not the third way.

If the Third Way lies between communism and capitalism, it is merely a new name for democratic socialism peculiar to the British... If, on the other hand, the Third Way involves finding a middle way between social democracy and neo-liberalism, then this approach is not mine.³¹

Regardless of Jospin’s discomfort around particular labels, the Florence conference represented, in essence, the launch of a loosely-bound ‘third way international’ and the confluence of most European social democratic parties with the ideological precepts of the New Democrats and the DLC.³² At the conclusion of the meeting, Clinton, Blair, Schröder, D’Alema, and Kok founded what became known as the Progressive Governance Network. Serving as its secretariat was Policy Network, an international think tank based in London and headed by Peter Mandelson, one of the British MPs most responsible for the rebranding of the Labour Party as New Labour. The Progressive Governance Network has continued to expand and increase its reach even long after the term ‘third way’ itself has gone out of fashion internationally, drawing ever more heads-of-government and politicians to its meetings.³³ Its politics, clearly at odds with

³⁰ Andrew Grice, “Third Way Must Not Lead Back to Thatcherism, Warns Jospin,” *The Independent*, November 16, 1999.

³¹ Lionel Jospin, *Modern Socialism* (London: Fabian Society, 1999), 4.

³² Robert Reich noted the confluence of a “loose international group of third way leaders” on the basis of the Clinton program of governance. Robert Reich, “We Are All Third Wayers Now,” *The American Prospect*, March-April 1999, 46.

³³ Up to the present, the Progressive Governance Network continues to hold annual conferences bringing together hundreds of heads-of-government, politicians, academics, and intellectuals to chart center-left policy and strategy. Among other locations, conferences have been held in Germany, the United Kingdom, the United States, Chile, South Africa, Sweden, Netherlands, Denmark, Ireland, and Norway. In addition to key third way figures like Clinton and Blair, attendees have included South African President Thabo Mbeki, U.S. Vice President Joe Biden, U.K. Prime Minister Gordon Brown, Canadian Prime Minister Jean Chrétien and Liberal MP Bob Rae (former leader of the Ontario social democratic NDP), Brazilian President Luiz Inácio Lula da Silva, Chilean President Michelle Bachelet, WTO head Pascal Lamy, Spanish Prime Minister José Luis Rodríguez Zapatero, and dozens of others. See: <http://www.policy-network.net/content/345/Progressive-Governance->.

the classical social democracy that had preceded it in the old Socialist International, remain unmistakably those of the third way.

With only a few months left before his presidency drew to a close, Clinton and the New Democrats basked in the international glow of a global center-left that had largely reoriented itself around the ideology they had crafted. At the Berlin meeting of the Progressive Governance Network in June 2000, echoing the words of Clinton in Florence, the final communiqué signed by fourteen world leaders committed themselves to “the core values of opportunity for all, responsibility from all, and community of all.”³⁴ They pledged their loyalty to ‘sound’ macroeconomic and fiscal policies, active labor market policies that encouraged employment, continuous investment in human capital and education, and reformed welfare systems adapted to the new economy. The third way remake of international social democracy was largely an established fact from this point. The process of ideological decontestation that the New Democrat faction had started within the Democratic Party in the mid-1980s had not only succeeded in reorienting their party and domestic American policy, but it also played a pivotal role in changing the historical course of international social democracy. The successful elaboration, promotion, and consolidation of a new ideology had been achieved.

Within a relatively short period of time, though, this achievement would come under new challenges. Internationally, the social democratic renaissance in Europe, which saw 13 of 15 Western European nations governed by the parties of the center-left, proved “neither sustainable nor enduring.”³⁵ Domestically in the U.S., factional conflict was reignited within the Democratic Party in the wake of the 2000 election and the new political situation brought about by 9/11.

³⁴ Progressive Governance Network, “Communiqué, Conference on Progressive Governance, Berlin, Germany.” June 3, 2000. U.S. Department of State Archive, <http://1997-2001.state.gov/>.

³⁵ Patrick Diamond, “From Fatalism to Fraternity: Governing Purpose and the Good Society,” In O. Cramme and P. Diamond (eds.), *After the Third Way: The Future of Social Democracy* (London: I.B. Tauris, 2012), 4-5.

Shortly after reaching the pinnacle of its success, the DLC found itself facing difficult times as the Clinton era came to an abrupt end and left-liberals enjoyed a new resurgence in the party.

The New Democrats Meet ‘Compassionate Conservatism’

Although wildly successful in its advance, the third way revolution that the DLC brought about within the Democratic Party did not go unchallenged. Many of the traditional New Politics-linked constituencies such as labor unions, women’s groups, and African-American organizations all continued to resist the party’s shift to the center. The New Democrats were perennially criticized for their heavy reliance on corporate sponsors, a critique dating back to Jesse Jackson’s play on the DLC’s initials as ‘Democrats for the Leisure Class’ in 1991. They had decisively captured the apparatus and agenda of the Democratic Party away from the left-liberal groups, but by the end of the decade this largely amounted to control of “a hollow shell”, as the capacity of the party to mobilize a grassroots following was greatly reduced.³⁶ Having failed to develop its own activist base, the New Democrat faction remained an elite group composed of elected officials, intellectuals, and political operatives.³⁷ The disorganized state of the left-liberals, however, was still great enough that they were unable to raise from their ranks a significant challenger to Vice President Al Gore for the 2000 Democratic presidential nomination.

The sole Democrat to challenge Gore in the primaries was former New Jersey Senator Bill Bradley who had first found fame as a basketball player for the New York Knicks.

³⁶ Klinkner, “Democratic Party Ideology,” 127.

³⁷ Developing an electoral base of committed third way voters was always a difficult proposition: “This puts Third Way governments in a quandary. It means that the overarching agenda – to liberate market forces while easing the transition for those who would otherwise fall behind – has no natural core of strong support among the electorate. Support won’t be found among the traditional left, many of whom would rather protect and preserve the old economy. Nor will it be found among the conservative right, many of whom are flourishing in the new economy and don’t want an activist government taking their money away.” Reich, “We Are All Third Wayers Now,” 50.

Positioning his platform to the left of the Clinton-Gore record on a number of issues, Bradley advocated universal health care, stricter gun control legislation, and the restriction of big money in elections through campaign finance reform.³⁸ He frequently reminded primary voters of his vote against the Clinton welfare reform bill in an attempt to show his distance from the centrist wing of the party. However, Bradley had himself been among the founders of the DLC and his strong stance in favor of NAFTA and support for lower tax rates did little to excite the more left-wing voters who predominate in nomination primaries.³⁹ His plan to turn Medicaid into a private insurance plan earned him the praise of the conservative Cato Institute, but it provoked the ire of left activists.⁴⁰ The endorsements of Minnesota Senator Paul Wellstone, a favorite of the party's grassroots, and New York Senator Daniel Patrick Moynihan, one of Clinton's chief Democratic antagonists in Congress, provided small but insignificant boosts to Bradley's effort.⁴¹ Support from Professor Cornel West and *The Nation* editor Katrina vanden Heuvel similarly failed to impress many on the left. Even the backing of Clinton Administration refugee Robert Reich, who had critiqued the DLC for being as "about as conservative as you can find and still be within the Democratic Party," did not add much heft.⁴² Demonstrating increasing distance from the White House, Reich publicly admonished *The New Republic* and the AFL-CIO for endorsing Gore, who he said was "smart and honest," but failed to match Bradley's "lofty visions about where the country should go."⁴³ In a wake-up call to its readers, *Counterpunch* magazine

³⁸ Robert Kuttner, "Is Bradley for Real?" *The American Prospect*, December 1999, <http://www.prospect.org/>.

³⁹ David Stoesz, "Social Policy: Reagan and Beyond," In J. Midgley and M. Livermore (eds.), *The Handbook of Social Policy* (Thousand Oaks, CA: Sage, 2009), 172.

⁴⁰ Greg Scandlen, "Four Cheers for Bill Bradley," CATO Institute, October 5, 1999, <http://www.cato.org/>; *Labor Party Press*, "Bill Bradley's Unjust Health Care," December 1999-January 2000, <http://lpa.igc.org/>.

⁴¹ James Dao, "Moynihan to Endorse Bradley, Favoring Friend Over the Vice President," *The New York Times*, September 22, 1999.

⁴² Reich, *Locked in the Cabinet*, 208.

⁴³ Robert Reich, "Why the Editors are Wrong. The Case for Bill Bradley," *The New Republic* (Reprinted by *The American Prospect*), February 24, 2000, <http://www.prospect.org/>.

pointed out that in addition to the Democrats of the respectable left, Paul Volcker of interest rate infamy and billionaire Warren Buffett were also on Bradley's list of endorsers.⁴⁴

Gore scored easy victories in every primary and sealed the nomination by Super Tuesday in March. The Gore-Bradley contest demonstrated the near-monopoly that third way politics held in determining the acceptable avenues for national Democratic candidates to take, with even the opinion-leaders of the left-liberal establishment compelled to choose between two New Democrats. The neglect of the left flank, however, would come to haunt Gore later in the campaign when, like Harry Truman before him, he faced his own Henry Wallace in the form of Ralph Nader.

After Gore's quick disposal of Bradley, he pivoted his campaign operation toward his Republican challenger. Facing a more contentious nomination fight than Gore had, Texas Governor George W. Bush nonetheless secured his party's nomination for president on the same night that Gore got the Democratic nod, Super Tuesday March 7, defeating 'maverick' Arizona Senator John McCain.⁴⁵ Though he is now remembered more for his assertive exercise of American military power abroad, tax cuts for the wealthy, and the economic policies which precipitated the 2008-09 financial crisis, at the time of the 2000 election Bush largely competed with Gore on a political landscape defined by the third way. It is now forgotten the degree to which Gore and Bush fought over who could better keep the good economic times of the second Clinton term rolling.

Bush called himself a "compassionate conservative," adopting a phrase that had been circulating in Republican circles for a number of years to describe a conservatism that believed

⁴⁴ Alexander Cockburn and Jeffrey St. Clair, "The Inflation of Dollar Bill Bradley," *Counterpunch*, January 31, 2000, <http://www.counterpunch.org/>.

⁴⁵ Martin Kettle, "Super Tuesday 2000 Accomplished Exactly What the Fixers Designed It to Do," *The Guardian*, March 8, 2000, <http://www.theguardian.com/>.

in traditional principles such as fiscal responsibility but was committed to helping those in need and refused to be used by the wealthy and powerful to maintain the status quo.⁴⁶ Myron Magnet, a critic of the welfare state's creation of dependency among the poor, declared the two-pronged goal of compassionate conservatism to be the reversal of the neglect shown toward the needy by Republicans since Nixon and the end of the failed bureaucratic 'help' offered by Democrats. Defending Bush from his detractors, Magnet wrote:

Compassionate conservatives...offer a new way of thinking about the poor. They know that telling the poor that they are mere passive victims, whether of racism or of vast economic forces, is not only false but also destructive, paralyzing the poor with thoughts of their own helplessness and inadequacy. The poor need the larger society's moral support; they need to hear the message of personal responsibility and self-reliance, the optimistic assurance that if they try – as they must – they will make it. They need to know, too, that they can't blame "the system" for their own wrongdoing.⁴⁷

The themes Magnet highlighted, which Bush would repeat on the campaign trail, exhibited such philosophical resonance with the third way that Bill Clinton accused the candidate of copying him. "The rhetoric of compassionate conservatism – half of those speeches sound like I gave them in 1992," Clinton said in an interview, calling Bush's parroting of New Democrat themes "very flattering."⁴⁸ The New Democrat faction was so successful in decontesting their principles of opportunity, responsibility, and community that competition between the two parties was now taking place on an ideological plane created by the third way. Compassionate conservatism was the third way tailored for Republicans.⁴⁹

⁴⁶ Historian and philanthropist Doug Weade is believed to have coined the term in 1979 with his speech 'The Compassionate Conservative', at a charity dinner in Washington. George W. Bush reportedly picked it up from Weade in 1987 when the latter was serving as an advisor to his father, President George H.W. Bush. See: Jacob Weisberg, *The Bush Tragedy* (New York: Random House, 2008), 92.

⁴⁷ Myron Magnet, "What is Compassionate Conservatism?" *The Wall Street Journal*, February 5, 1999.

⁴⁸ Quoted in: Andrew Cain, "Clinton Says Bush is a Copy of Him," *The Washington Times*, July 9, 1999.

⁴⁹ Bush's No Child Left Behind education agenda stands as an example of the mutual acknowledgment by the Bush Administration and the DLC of their ideological overlap. The DLC's Andrew Rotherham wrote: "When it was pointed out that Mr. Bush was appropriating many New Democratic education ideas, the Bush team cited it as evidence of their candidate's moderate credentials... Mr. Bush's education agenda is largely a New Democratic one... The new education bill, which is regarded widely as 'Bush's education initiative', was largely written by

With the contest against Bush shaping up as largely a battle for centrist turf rather than a pitched left-right battle of competing ideologies, Gore found himself in a conflicted relationship with both the Clinton legacy and the DLC. Embracing the President so soon after the impeachment drama held out the possibility that Gore could become a victim of Clinton fatigue; a study of media reports from the 2000 campaign showed 42 percent of news stories about Gore concerned his tainting by the Clinton scandals.⁵⁰ Clinton would later write that he thought Gore should have focused more on their record of “economic and social progress” to draw a clear distinction between himself and Bush.⁵¹ In an ineffectual effort to distance himself from the President’s scandals, though, Gore selected Connecticut Senator Joe Lieberman, who had criticized Clinton’s “disgraceful” and “immoral” behavior during the Monica Lewinsky affair, as his running mate.⁵² Choosing Lieberman, who was also the chair of the DLC at this time, did little to endear Gore to his base voters. Neither did it ‘balance the ticket’ ideologically, a concern often motivating the selection of vice presidential candidates. Instead, it followed the DLC’s model of putting two of its own on the ticket in 1992. Additionally, treating the elevation of a white Jewish man to the presidential ticket as an ‘ethnic breakthrough’ did not sit well with a number of African-American Democrats.⁵³ In many ways, Lieberman was the personification of the disjointed nature of the entire Gore campaign – a moralizing ostensibly anti-Clinton figure who was also the head of the organization most intimately linked with the victory and policies of Clintonism. With two prominent New Democrats again heading the ticket, it would have been reasonable to expect that the 2000 playbook would have been a repeat of the 1992 and 1996

Democratic Sens. Joe Lieberman (Conn.) and Evan Bayh (Ind.) along with other New Democrats.” See: Andrew Rotherham, “How Bush Stole Education,” *Blueprint*, March 25, 2002, <http://www.ndol.org/>.

⁵⁰ Bill Kovach and Tom Rosenstiel, “Campaign Lite: Why Reporters Won’t Tell Us What We Need to Know,” *Washington Monthly*, January-February 2001, <http://www.washingtonmonthly.com/>.

⁵¹ Bill Clinton, *My Life* (New York: Knopf, 2004), 927.

⁵² Richard Berke, “Senate Democrat Rebukes Clinton,” *The New York Times*, September 4, 1998.

⁵³ Christopher Caldwell, “Troubled Waters: Joe Lieberman’s Maxine Problem,” *The Weekly Standard*, August 28, 2000.

campaigns. However, Gore's uncertainty of how to deal with his Clintonite heritage, along with his well-documented predilection for focus-grouping and polling before making policy commitments, often left his operation without clear direction.⁵⁴

Surprisingly, the Gore campaign proved to be the beginning of a period when the DLC's hopes for continued dominance in the party would come up against unexpected challenges. Already in 1997, Gore appeared to be hedging his bets against relying too heavily on the DLC in case he needed the support of others outside the New Democrat faction. Commenting on PPI's policy agenda for the second Clinton term, Gore had said many of PPI's ideas were "sharply at odds with our [the Administration's] approach and with my own views."⁵⁵ There were stronger signs of a shift during the campaign as prominent DLCers such as William Galston and Al From found themselves shut out of managing the message and struggled to get a hearing with Gore, who had discovered a shift to populist themes served him better in the polls vis-à-vis Bush's compassionate conservatism than did a repeat of the Clinton agenda.⁵⁶ His embrace of the slogan, "The People Versus the Powerful," was a further worry for the DLC.⁵⁷ Will Marshall would comment after the election:

...the Gore campaign often looked and sounded like a throwback to the doomed Democratic campaigns of the 1980s, replete with vintage class warfare themes and narrowly tailored appeals to constituency groups. This backsliding from reform-minded centrism to interest group liberalism was a key factor in turning a race Gore should have won handily into a virtual tie.⁵⁸

⁵⁴ Alterman and Mattson, *The Cause*, 388.

⁵⁵ Al Gore, "Foreword," In W. Marshall (ed.), *Building the Bridge: 10 Big Ideas to Transform America* (Lanham, MD: Rowman and Littlefield Publishers, 1997), vii.

⁵⁶ According to Robert Dreyfuss, Galston recalled: "I listened to Gore's speech at the convention with incredulity... From the convention on, I had essentially no input into the campaign." Robert Dreyfuss, "How the DLC Does It," *The American Prospect*, April 2001, <http://www.prospect.org/>. From, meanwhile, said he had to work through Lieberman and blamed Gore's loss on the candidate's "emphasizing class warfare" rather than "the core principles of the New Democrat movement – opportunity for all, responsibility from all, a community of all." Al From, "Building a New Progressive Majority," *Blueprint*, January 24, 2001, <http://www.ndol.org/>.

⁵⁷ John Judis, "Why Democrats Must Be Populists," *The American Prospect*, August 19, 2002.

⁵⁸ Will Marshall, "Revitalizing the Party of Ideas," *Blueprint*, January 24, 2001, <http://www.ndol.org/>.

In the pages of the conservative *National Review*, meanwhile, it was even speculated that Gore was abandoning the New Democrats.⁵⁹ Top Clinton pollster Mark Penn, who said the path forward was to be found in a message of “strong, defensible, centrist positions on the federal budget, welfare, crime, immigration, and taxes,” was dropped by Gore.⁶⁰ He was replaced with another Clinton pollster, but one who was credited with pushing him more toward populism – Stan Greenberg of Macomb County ‘Reagan Democrat’ fame.⁶¹

At the same time that he was spurning people like Galston, From, and Penn, however, Gore was also placing another New Democrat into a key position in his campaign. Heading up the Gore policy shop was Elaine Kamarck, who promised that Gore’s strategy would differ little from Clinton’s, saying, “We have won twice on the general thrust of *The Politics of Evasion*, and I think we’ll win again.”⁶² Meanwhile, appointed to work as campaign manager alongside Kamarck was Donna Brazile, one of the Democratic Party’s most prominent female African-American leaders and a veteran of the 1984 Jesse Jackson and 1988 Michael Dukakis campaigns. She came under attack by the DLC in January 2000 for supporting what it characterized as a failed 1980s “base constituency group strategy” when she told *The Washington Post* that the four pillars of the Democratic Party were African-Americans, labor, women, and other ethnic minorities. Lieberman himself denounced Brazile at the time, saying: “Those are activist groups, but they don’t constitute the Democratic Party...and they certainly don’t constitute a majority of the country.” “The comments of Donna Brazile,” he continued, “were not a reflection of what

⁵⁹ Cited in: Tevi Troy, *Intellectuals and the American Presidency: Philosophers, Jesters, or Technicians?* (Lanham, MD: Rowman and Littlefield Publishers, 2002), 193.

⁶⁰ Mark Penn, “Seizing the Center: Clinton’s Keys to Victory,” In W. Marshall (ed.), *Building the Bridge: 10 Big Ideas to Transform America* (Lanham, MD: Rowman and Littlefield Publishers, 1997), 9.

⁶¹ Greenberg’s focus group polling in the 1980s in Macomb County outside of Detroit highlighted the transition of white working class voters from the Democratic Party to Ronald Reagan in the 1980 and 1984 elections. He had long advocated a shift toward a more populist agenda for the Democrats to recapture their grip on this once key constituency. He served as a political consultant for Bill Clinton, Nelson Mandela, Tony Blair, and Gerhard Schröder, in addition to many others. See: Greenberg, *Middle Class Dreams*.

⁶² Nicholas Confessore, “The Odd Couple,” *The American Prospect*, April 24, 2000.

the Gore campaign is doing.”⁶³ Such a declaration is hard to square with the fact that she was the campaign manager at the time. Robert Borosage, head of Campaign for America’s Future, challenged the attack on Brazile head-on, declaring flatly: “The DLC was wrong.” He went on to suggest that Brazile’s appointment and Gore’s opposition to Social Security privatization and school vouchers were representative of the populist shift in the campaign that left-liberals were helping to bring about.⁶⁴ However, Gore still regularly voiced his support for welfare reform, balanced budgets, tough-on-crime approaches, and tax credits like EITC over expanded entitlements. His presidential campaign seemed to have two heads with each one speaking to a different party faction – one to the predominant New Democrat group determining policy and another to the old New Politics activists needed to staff voter mobilization efforts.

The schizophrenia that enveloped the Gore campaign at its highest levels was indicative of the factional strife still percolating within the party. The New Democrats had successfully renovated the party ideologically yet their base of support was still largely an elitist one incapable of corralling voters into dependable organized blocks. The more liberal wing of the party still lacked an alternative policy agenda capable of competing with the third way but commanded the hearts and minds of the party’s activist base. The Gore-Lieberman campaign was symbolic of Democratic factionalism and demonstrated how shallow the third way’s roots were among the broader party base outside of Washington. The campaign seemed to wink at the activists, but when it came to the actual policy agenda it was still very much the New Democrat faction that laid down the boundaries of what was acceptable.

Gore’s continuing allegiance to the opportunity-responsibility-community framework and the similarities between the latter and Bush’s compassionate conservatism produced an opening

⁶³ Caldwell, “Troubled Waters.”

⁶⁴ Quoted in: Confessore, “The Odd Couple.”

on the left flank that was seized by Ralph Nader in the summer of 2000. Drawing support from the anti-globalization movement still active in the wake of Seattle, the environmental movement, significant sections of the Hollywood liberal establishment, left intellectuals, and some sectors of labor, Nader focused much of his fire on the Clinton/Gore record and its lack of achievement on many issues important to the left.⁶⁵ He railed against lesser-evilism and the domination of money in politics, calling the Democrats and Republicans “one corporate party with two heads wearing different makeup.”⁶⁶ Nader did not ignite any excitement among those activists committed to the Democratic Party, but it was a different story among the non-Democratic left. His campaign was hailed by the editors of the socialist *Monthly Review* as “the most extraordinary phenomenon in U.S. left politics in many years.”⁶⁷

Nader was the best-suited and arguably the only feasible candidate to make a progressive third-party run in 2000... [He] turned to electoral politics only when it became clear that the degree of corporate domination over both parties made the sort of public interest work he did nearly impossible... Nader is not a socialist, but he is a principled democrat who has the courage to call for sweeping reforms in the political economy when it is apparent that corporate domination and class inequality are undermining democracy.⁶⁸

Barbara Ehrenreich endorsed Nader, saying that she feared the “debilitating effect” a Gore victory would have on progressive activism.⁶⁹ Though never a serious contender for the White House, Nader appeared on the ballot in 43 states and the District of Columbia, capturing nearly three million votes, or 2.74 percent of the popular vote.

The details of how the 2000 election eventually ended need not be recounted in detail here. Suffice it to say that at the national level Gore won the national vote by a slim margin of

⁶⁵ Andy Whitmore, “Schism on the Left: The Motivations and Impact of Ralph Nader's Candidacy,” *The Political Quarterly* 79, no. 4 (2008).

⁶⁶ Ralph Nader, “Transcript of Speech at Madison Square Garden,” October 13, 2000, <http://www.gwu.edu/>.

⁶⁷ *Monthly Review*, “The Nader Campaign and the Future of U.S. Left Electoral Politics,” February 2001, <http://www.monthlyreview.org/>.

⁶⁸ *ibid.*

⁶⁹ Barbara Ehrenreich, “Vote for Nader,” *The Nation*, August 21, 2000.

nearly 544,000 votes, but lost the key state of Florida to Bush by 537 votes in a disputed recount decided by the Supreme Court.⁷⁰ Winning almost 100,000 votes in the state, Nader was accused by many Democrats of having stolen Gore's victory and handing the presidency to Bush.⁷¹ Among the most visceral of the attacks on Nader was that of Robert Scheer, a contributing editor of *The Nation*:

The lesson of election 2000, no matter the final photo-finish outcome, is that, for better or worse, the Democratic Party is the only political home for those with a progressive agenda... It is elitist in the extreme for Ralph Nader to scorn the judgment of those who make up the core constituency of the Democratic Party: labor, women's rights activists, minorities, civil libertarians, gays, environmentalists. What contempt he showed for his longtime allies, going into Florida on the last day of the campaign to denounce Gore in terms harsher than those he used for George W. Bush. Nader's nearly 100,000 Florida votes likely has cost the Democrats the White House and with it the veto power President Clinton has used to protect the very people that Nader was bamboozling.⁷²

With Scheer's pen, the whole factional history of the previous fifteen years gets re-written with Gore and Clinton cast as the protectors of all the New Politics constituencies that Nader had scammed and lied to. As it is impossible to determine how many of Nader's voters would have gone for either Gore, Bush, or not voted at all, blame for the Florida fiasco cannot be laid solely at Nader's feet. In their study of the behavior of third party voters, Neal Allen and Brian Brox found that while enough of Nader's voters may have chosen Gore to make the difference had he not been on the ballot, a larger number would have voted for other independent or third party candidates instead of going with either major party candidate.⁷³ Not wanting to give Nader any more power than he deserved, the DLC came to a surprisingly similar conclusion the week of the election.

⁷⁰ Federal Election Commission, *2000 Official Presidential General Election Results*, December 2000, <http://www.fec.gov/>.

⁷¹ Duncan Campbell, "Democrats Blame The 'Grim Reaper'," *The Guardian*, November 10, 2000; Todd Gitlin and Sean Wilentz, "Memo to Those Who Supported the Nader Campaign," *Dissent* 48, no. 2 (2001); Todd Gitlin, "Ralph Nader and the Will to Marginality," *Dissent* 51, no. 2 (2004).

⁷² Robert Scheer, "Nader Betrayed Those He Promised to Help," *The Nation*, November 20, 2000.

⁷³ Neal Allen and Brian Brox, "The Roots of Third Party Voting: The 2000 Nader Campaign in Historical Perspective," *Party Politics* 11, no. 5 (2005): 636

As for Florida, sure, Nader got more votes than George W. Bush's 1,800 vote election-night margin. But so, too, did Reform candidate Pat Buchanan (even without his extra help from inadvertent voting in Palm Beach County), and Libertarian candidate Harry Browne, and Natural Law candidate John Hagelin, and even Workers World Party candidate Monica Moorehead. By the logic of the Nader-as-Kingmaker story line, Al Gore would be planning his Administration today if he had snared a big chunk of the Hagelin vote by engaging in a little transcendental meditation on the campaign trail, or seized the Moorehead vote by quoting Karl Marx... As for the question of how Democrats can build a majority coalition in the future, it makes a lot more sense to figure out how to peel off some of the 48 percent of the popular vote won by George W. Bush – including nearly half the vote of political independents – than to lurch off the left side of the road in a futile pursuit for a share of Nader's 2.6 percent, which would cost Democrats a lot more votes in the Center.⁷⁴

Analyzing the traits of Nader voters, Priscilla Southwell found most possessed an educational level typical of the average voter, suggesting most would still have participated had Nader not been on the ballot and likely would have voted for Gore. But she says that Nader's base also had a significant young and nonpartisan cohort largely alienated from politics who may not have participated at all without Nader's candidacy.⁷⁵ Thus, the inability of the third way to inspire mass support outside of its elite base of politicians, operatives, and policy intellectuals also plays an important role in explaining the failure of the Gore campaign to energize an activist base. The core messages of third way ideology simply could not build bridges with the social movements around issues such as globalization, trade, and inequality. The New Democrats had won the battle of ideas in the party, but failed to secure the hearts of the base.

The hegemony that the DLC and moderate Democrats enjoyed in determining party policy during the Clinton years became questioned even further as Bush's emphasis on security and foreign affairs intensified following the terrorist attacks of September 11, 2001. The left-liberal elements in the Democratic Party began to see a resurgence of their fortunes with the military campaign in Afghanistan, and even more so during the build-up to the war in Iraq. The

⁷⁴ Democratic Leadership Council (DLC), "Idea of the Week: Ignore Nader," *New Dem Daily*, November 10, 2000.

⁷⁵ Priscilla Southwell, "Nader Voters in the 2000 Presidential Election: What Would They Have Done Without Him?" *The Social Science Journal* 41 (2004): 428.

newer generation of party activists did not have the same shared experiences of the life-defining disappointments of the McGovern, Carter, Mondale, or Dukakis campaigns which had motivated many in the DLC's founding cohort. The leading personalities of the New Democrat movement seemed to be growingly out of touch with a Democratic base drawn to the types of demands articulated by the more 'left' or 'progressive' wing of the party. Names like Dennis Kucinich and Howard Dean were bigger draws on the speakers' circuit than many of the leading lights of the New Democrats.

When the DLC again indicated its long-standing support for allowing individuals to set up personal investment accounts using a portion of their Social Security benefits in 2003 at exactly the time when most Democrats were eagerly opposing what they denounced as Bush's 'privatization' of the system, it set itself up to be portrayed as a Bush-enabler by party activists.⁷⁶ That same year, the DLC's effort to differentiate itself from the polarized anti-Bush activist base was further highlighted with the endorsement of the President's war in Iraq by DLC co-founder and PPI head Will Marshall.⁷⁷ Even with the anti-war movement electrified, much of the Democratic establishment still followed the DLC's lead and went along with supporting the war in Iraq. Former DLC chairmen Richard Gephardt (D-MO), Joe Lieberman (D-CT), and then-current DLC chair Evan Bayh (D-IN) all stood shoulder-to-shoulder with President Bush at the signing of the war resolution. Internationally, Prime Minister Tony Blair was another third wayer that joined the Iraq War bandwagon.

⁷⁶ Peter Farrara, "A Progressive Proposal for Social Security Personal Accounts," *Policy Report 176* (Lewisville: Institute for Policy Innovation, 2003), 3. Farrara referred to the 2003 DLC conference and quoted a portion of President Clinton's speech discussing the options for private individual investment accounts as part of a mix of reforms for Social Security. Such reforms had been suggested by PPI as early as 1997. See: David Kendall, "Modernizing Medicare and Medicaid: The First Step Toward Universal Health Care," In W. Marshall (ed.), *Building the Bridge: 10 Big Ideas to Transform America* (Lanham, MD: Rowman and Littlefield Publishers, 1997).

⁷⁷ Project for the New American Century, *Statement on Post-War Iraq*, March 19, 2003, <http://www.newamericancentury.org/>.

The shift toward a war footing by Bush, coupled with the intensity of the Democratic base's opposition to his plans, began to undermine the ideological overlap that had characterized the relationship between compassionate conservatism and the third way. These divergences created increased difficulties for the New Democrat faction. Looking back later, Will Marshall recalled:

The DLC was not adapting to the new environment in the way that it needed to. Now having said that, it wasn't easy, because there was a backlash against centrism, against pragmatism, against the kind of synthetic policy development we pioneered at PPI and DLC...trying to develop new policy syntheses that included insights from conservatives as well as liberals. It's really the rise of polarization after 2001 that more than anything else created an environment that made life very uncomfortable for centrists of all kinds.⁷⁸

After Howard Dean proudly declared his intention to speak for the "Democratic wing of the Democratic Party" and denounced the DLC as the party's "Republican wing" during the run-up to the 2004 primary, he set himself up as the newest foil for the DLC's critique of divisive liberal fundamentalism.⁷⁹ Although he was known previously as a centrist when he was governor in Vermont, Dean had built a solid following among Democratic activists for his strong opposition to the Iraq War. In the high-stakes atmosphere surrounding the election, From warned Democrats to reject the "strident and insulting anti-American voices" on the party's left, such as filmmaker Michael Moore and the "MoveOn crowd."⁸⁰ In a May 2003 DLC memo entitled, "The Real Soul of the Democratic Party," From and Reed denounced the Dean campaign and its supporters as the "McGovern-Mondale wing, defined principally by weakness abroad and elitist, interest group liberalism at home."⁸¹

⁷⁸ Marshall, Interview.

⁷⁹ Quoted in: Ronald Brownstein, "Old Divides Growing in Dean, Centrist Rift," *Los Angeles Times*, December 24, 2003.

⁸⁰ Quoted in: Matt Taibbi, "No More Moore: The DLC Joins the Witch-Hunt," *Common Dreams* (Reprinted from New York Press), December 4, 2004, <http://www.commondreams.org/>.

⁸¹ Ari Berman, *Herding Donkeys: The Fight to Rebuild the Democratic Party and Reshape American Politics* (New York: Farrar, Straus, and Giroux, 2010), 30.

Dean surged in the polls, however, with an innovative internet-driven fundraising strategy that relied on small donors, blogging, and social network-organized meetings of volunteers.⁸² With the DLC's admonitions not appearing to gain ground, *The Economist* magazine observed the organization's waning influence and lamented the "vanishing hopes of the electable wing of the Democratic Party."⁸³ The 1980s redux rhetoric of the DLC was proving increasingly divisive, and not even all those within its own camp were on board with such polarizing talk during times which demanded party unity. Elaine Kamarck, one of the DLC's chief ideologists and Gore's policy advisor in the 2000 campaign, endorsed Dean for the Democratic nomination.⁸⁴ In December 2003, Gore himself declared his support for Dean.⁸⁵ He remained competitive for the nomination, along with Richard Gephardt, until a late surge of support in the campaigns of Senators John Kerry and John Edwards. Substantial anti-Dean ads arranged by well-known Democratic fundraiser and DLC patron David Jones helped to undermine Dean by simultaneously questioning his progressive credentials and his ability to stand up to terrorism.⁸⁶ The DLC's efforts, along with the media reaction to the 'Dean Scream' after the Iowa Caucuses, eventually put a stop to Dean's insurgency. More than ten years later though, From still bitterly recalled the Dean challenge: "How many primaries did Howard Dean win? I think he may have won his own state of Vermont and the District of Columbia and he didn't win any others. So when actually put to a test, the noisemakers...who basically owe their existence to being ideological...don't seem to have much of an existence at all."⁸⁷ From and

⁸² Michael Cornfield, *The Internet and Campaign 2004: A Look Back at the Campaigners* (Washington: Pew Research Center, 2005), 1-3.

⁸³ *The Economist*, "The Ghost of Bill Clinton," August 2, 2003.

⁸⁴ Elaine Kamarck, "Democratic Idol: This Guy Can Rock the White House," *Newsday*, January 15, 2004.

⁸⁵ Adam Nagourney and Jodi Wilgoren, "Gore to Endorse Dean, Remaking Democratic Race," *The New York Times*, December 9, 2003.

⁸⁶ Joshua Frank, "Beltway Democrats Sink Dean for America," *Dissident Voice*, November 28, 2007, <http://www.dissidentvoice.org/>.

⁸⁷ From, Interview.

Reed declared the great myth of the 2004 primary had been “the misguided notion that the hopes and dreams of activists represent the heart and soul of the Democratic Party.”⁸⁸

But just as in 2000, the 2004 election proved to be one of mixed results for the DLC. With many of its leaders initially backing Lieberman in the primaries, the organization switched to attacking Dean and trying to associate itself more closely with the Kerry/Edwards campaign after it became obvious the former DLC chair stood no chance of securing the nomination.⁸⁹ Kerry ran on what amounted to a New Democrat platform and regularly trumpeted his allegiance to welfare reform and being tough on crime, but the Bush campaign’s efforts to make him look weak on the security front meant that he spent a lot of time attempting to burnish his credentials on fighting terrorism and better executing the war in Iraq.⁹⁰ The DLC, meanwhile, devoted its efforts to trying to prove Kerry really was a tough-minded foreign policy hawk of the New Democrat ilk rather than a flip-flopping liberal as attack ads suggested. Al From promised: “John Kerry will support the resources to succeed in Iraq. He's even called for more troops to secure it.”⁹¹ At the same time the DLC was painting Kerry as a warrior, a survey of the 2004 Democratic convention delegates showed 95 percent were opposed to the continuation of the war, demonstrating yet again that while the DLC controlled the head of the party, the heart belonged to the left-liberals.⁹²

Despite his protestations that he could handle the war on terror better than Bush, Kerry lost by more than three million votes. The DLC put together an autopsy panel to analyze the

⁸⁸ Quoted in: Frank, “Beltway Democrats Sink Dean for America.”

⁸⁹ Ari Berman, “Going Nowhere,” *The Nation*, March 3, 2005.

⁹⁰ David Halbfinger, “Shedding Populist Tone, Kerry Starts Move to Middle,” *The New York Times*, May 7, 2004; John Kerry, “Remarks to the Democratic Leadership Council,” May 7, 2004, <http://www.presidency.ucsb.edu>.

⁹¹ Al From, “2004 Democratic National Convention (Transcript of an online discussion),” *Washington Post*, July 26, 2004, <http://www.washingtonpost.com/>.

⁹² David Broder, “The Democrats’ Shaky Convergence,” *The Washington Post*, July 29, 2004.

campaign in the days immediately following Bush's re-election, and in his opening remarks, Bruce Reed offered the official DLC diagnosis of what went wrong.

The core of Democrats' problem is the same as it was when the DLC was founded 20 years ago: the middle class doesn't trust us enough to stand up for their security, their values, or their economic interests. From Franklin Roosevelt to Bill Clinton, the Democratic Party made its name by building the middle class. We don't win elections when they don't vote for us.... Democrats don't have to become more liberal or more conservative. We never have to take another poll again. We just need to remember that the burden of proof is on us.⁹³

From the DLC's perspective, not much had changed; the third way was still what the party needed. Three years later, when Lieberman lost a Senate primary fight to the insurgent grassroots campaign of anti-war Democrat Ned Lamont, the organization endorsed the Senator's decision to bolt from the party and run as an 'Independent Democrat'. Effectively, the DLC was now positioning itself as the defender of the Clintonite legacy against a party base that was moving in a more leftward direction. It was rigorously clinging to what the DLC defined as the centrist mantle in an atmosphere very different than the late 1980s when it had pioneered the shift to the middle. Its message, but more particularly its style, did not carry the same resonance. The election in early 2005 of its nemesis Howard Dean to the chairmanship of the DNC, ostensibly the top party office, exposed disorganization in New Democrat ranks and signaled how dim the DLC's star had become within some party circles.

Surprisingly, Dean had recovered quickly from his sudden fall from grace and managed to mount a successful effort to become the chairman of the Democratic National Committee in the year following the collapse of his presidential aspirations. Leary of his connections to the leftist base and his meltdown the previous year, leading figures in the Congressional party openly encouraged other candidates to step forward and oppose Dean. Several others did enter

⁹³ Democratic Leadership Council (DLC), "The Road Back," *New Dem Daily*, November 10, 2004, <http://www.dlc.org/>.

the race, including Donnie Fowler, son of former DNC chair Donald Fowler, former Congressmen Martin Frost of Texas and Tim Roemer of Indiana (both DLC members), as well as the head of the DLC breakaway group New Democrat Network, Simon Rosenberg. Senate Minority Leader Harry Reid and House Minority Leader Nancy Pelosi stood behind Roemer, but Dean had greater support among the state-level Democrats who made up the bulk of the 447-member DNC. They were impressed with his declared intent to build a ‘50-state-strategy’ that would invest in the party infrastructure in every state, not just the electorally competitive ones.⁹⁴ None of the other candidates, including the many competing New Democrats, was individually able to coalesce enough support to present a significant challenge to Dean. When the AFL-CIO decided to remain neutral, this freed its member unions to make endorsements of their own, and Dean secured the support of the influential Service Employees International Union and the American Federation of Teachers.⁹⁵ Although the leadership-backed New Democrat candidates were unable to stop Dean from winning the chairmanship, the supposed radicalism that had characterized his presidential campaign was noticeably absent from the race as he focused more on electoral strategy and technological infrastructure. Many DNC members said they had been courted intensely by Dean and were assured “that he was not the liberal and undisciplined caricature” of 2004.⁹⁶ Pelosi reconciled herself to Dean’s victory but told the press that “Governor Dean would take his lead from us,” while Reid reminded the new chair that he only had a constituency of 447 people, referring to the voting DNC members, but that his and Pelosi’s constituency “is much larger than that.”⁹⁷

⁹⁴ Adam Nagourney and Anne Kornblut, “Dean Emerging as Likely Chief for Democrats, *The New York Times*, February 2, 2005.

⁹⁵ Rasmus Kleis Nielsen, *Ground Wars: Personalized Communication in Political Campaigns* (Princeton: Princeton University Press, 2012), 52.

⁹⁶ Nagourney and Kornblut, “Dean Emerging as Likely Chief.”

⁹⁷ *ibid.*

The DLC had achieved its goal of ideologically redefining the Democratic Party nationally, but being so tied to the Clinton legacy meant that its ability to serve as the organizational center of the New Democrat faction was increasingly tenuous once Clinton departed the scene. Having been identified so closely with the battles of the past, the particular organizational incarnation of third way politics that the DLC represented proved to be an ill fit for a new period. Its political capital within the Democratic Party was further compromised by its identification with elements of the Bush security agenda. Will Marshall recalled the frustration among the leadership of the DLC and PPI during this period:

It had to do with the decisions made after 2000 when the question was how would the DLC exploit the successes of the '90s under Bill Clinton. I'm not sure that they ever satisfactorily answered that question and by the end of the decade it was pretty much shot... What happened is that the movement began to splinter. The polarization strategy was not helpful. It radicalized Democrats, made them disinclined to seek common ground on issues, and they didn't have a partner in the White House willing to do that after 2001 and the reaction to the 9/11 strikes.⁹⁸

Al From contended that the DLC had assigned itself the mission of turning the Democratic Party around and once that mission was achieved, "the purpose of that particular institution [DLC] is pretty much over."⁹⁹ If one were to judge the health of the New Democrat faction by looking at the state of the DLC, then it would have appeared the whole operation was winding down by the mid-2000s. DiSalvo concluded that the New Democrats "as a faction with a distinct point of view appears to be on the verge of irrelevance if not extinction."¹⁰⁰ Observing the rise of a "new progressive coalition," he said the DLC was "no longer directed at transforming or even modestly opposing the rest of the Democratic Party," but rather aimed at accommodation to the left as it retreated.¹⁰¹ As DiSalvo himself mentions though, nothing breeds failure like success.

⁹⁸ Marshall, Interview.

⁹⁹ From, Interview.

¹⁰⁰ DiSalvo, "The Death and Life of the New Democrats," 8.

¹⁰¹ *ibid.*, 16.

If the DLC was in decline, it was not necessarily because of the failure of the third way mission, but rather the exhaustion of its first wave. As Al From said, “The irony is that people who judge the movement by the existence or non-existence of the DLC are really missing the enormous changes we brought to the country...to me the institution itself was not as important as the movement.”¹⁰²

ThirdWay: The *New New Democrats*

If the midpoint of the Bush years coincided with the terminus of DLC dominance within the party, this period did not necessarily mean the end of the New Democrat faction or the third way ideology that had come to characterize the party in the 1990s. Although the ‘new progressive’ trend within the Democratic Party was on the upswing, its leftism was characterized more by a commitment to being anti-Bush and anti-war than to the formulation of an alternative agenda. It was a coalition united by what it was *against*, but uncertain of what it was *for*.¹⁰³ There were few progressive spokespersons that articulated any proposal that envisioned a drastically different socioeconomic future for the country. Even Dean during his own run for the presidency reminded voters and the media of his history of balancing budgets while governor and his sterling ‘A’ record from the National Rifle Association.¹⁰⁴ While some were eager to declare the end of the DLC’s influence and attributed this to an end of centrism’s domination of the party, as we saw in Chapter One, such judgments deserve to be tempered.

Though internet fundraising made him a legend and Dean’s ‘50-state-strategy’ eventually prevailed, such battles over tactics should not be confused with ideological contestation. The policy framework that had so powerfully shaped and informed the rise of the New Democrats

¹⁰² From, Interview.

¹⁰³ DiSalvo, “The Death and Life of the New Democrats,” 15.

¹⁰⁴ Ari Berman, “The DLC is Dead,” *The Nation*, February 8, 2011, <http://www.thenation.com/>.

and their years in power under Clinton was still the hegemonic perspective in the first decade of the twenty-first century. The battle between Dean and From was not over the socioeconomic role of the state, as it arguably had been between Jesse Jackson and the DLC a generation earlier. The battles of the early 2000s largely concerned opposition to Bush and the extent to which cooperation with his agenda was allowed; issues such as Social Security and tax cuts played a supporting role to the much bigger concerns of Iraq and foreign policy. Tactical disputes were often at the center of the confrontations between New Democrats and the left-liberals during this period, a political detour that the DLC blamed on their opponents and argued was costly to the party as a whole. Rahm Emanuel and Bruce Reed chastised the rest of the party for forgetting the lessons of the Clinton years:

...an innocent voter could be forgiven for concluding that the Democrats' unifying principle was not how much we wanted to transform the country but how much we wanted to beat the other side. All we seemed to care about was winning – and consequently, we weren't very good at that, either... We passed up an opportunity to define ourselves to the nation. Like Al Gore in 2000, John Kerry had good ideas, but campaigned on what was wrong with his opponent. The last Democratic presidential nominee to put his agenda at the center of his campaign was Clinton in 1996. (Not to belabor the point, but Clinton won.) That means it has been ten years since the Democratic Party effectively told the American people what we stand for.¹⁰⁵

At the same time the DLC was trying to spark the old fires of factional warfare and rally its loyalists, another Democratic centrist group opened up shop in Washington. Though other moderate Democratic organizations – Progressive Policy Institute, New Democrat Network, New Democrat Coalition, Congressional Blue Dogs – had existed for a number of years, all of them revolved around the DLC hub to greater or lesser degrees. But in November 2004, just after the loss to Bush, *Washington Post* staff writer John Harris (who would go on to later found *Politico*), scooped a story about the formation of a new centrist group which had obvious links to the DLC, but which was marketing itself in a different direction. Harris' story was about a group calling

¹⁰⁵ Rahm Emanuel and Bruce Reed, *The Plan: Big Ideas for America* (New York: PublicAffairs, 2006), 18.

itself ThirdWay, “the latest in a series of organizations aimed at rescuing the Democrats from the perception that they have lost touch with the middle class.”¹⁰⁶ Harris detailed a dinner party he attended hosted by Nancy Jacobson, wife of Clinton pollster Mark Penn in Georgetown. Also on the guest list was a collection of other Clinton Administration alumni: communications director Don Baer, *Politics of Evasion* co-author William Galston, Gore Chief of Staff Ron Klain, as well as the current DLC chairman, Sen. Evan Bayh (D-IN).

Founding this new group was a quartet of staff that was experienced in the D.C. backroom side of politics but decidedly younger than the Al From and Will Marshall generation. After serving as press secretary to Congressman Mel Levine (D-CA), ThirdWay president Jonathan Cowan first appeared on the national political stage as a prominent voice in the ‘Generation X’ efforts of the early 1990s to overturn what he and his cohorts in the organization Lead Or Leave saw as a “nuclear” debt burden piled up by the reckless spending of the baby boomers.¹⁰⁷ Some derided their organization and its leaders, however, as a ‘smoke-and-mirror operation’ consisting of political spin and publicity gimmicks with few grassroots connections.¹⁰⁸ An article in *The American Prospect* described their efforts as the 1990s counterpart to the 1962 SDS Port Huron Statement, “but with a different slant” aimed at a new generation that was socially liberal and fiscally conservative.¹⁰⁹

The complaints of the Gen X movement were focused on unfunded liabilities, limited labor market opportunities, and, above all, the national debt. Cowan was the co-author of *Revolution X* along with Rob Nelson, which foretold a dark future of intergenerational warfare in the early twenty-first century when the baby boomers “will be stepping off the employment

¹⁰⁶ John Harris, “New Group to Tout Democrats’ Centrist Values,” *The Washington Post*, November 11, 2004.

¹⁰⁷ For background, see also: Stephen Craig and Stephen Bennett (eds.), *After the Boom: The Politics of Generation X* (Lanham, MD: Rowman & Littlefield, 1997).

¹⁰⁸ Martha Brant, “Gen X’s Dynamic Duo Flames Out,” *Newsweek*, May 21, 1995.

¹⁰⁹ Heather McLeod, “State of the Debate: The Sale of a Generation,” *The American Prospect*, December 10, 2001.

treadmill and into their retirement slippers” and start gobbling up pensions and health care benefits.¹¹⁰ They predicted this would set off a “backlash against the elderly” on the part of generations below them who refuse to any longer sacrifice their own future so that seniors can “live beyond [their] means.”¹¹¹

In *Revolution X*, Nelson and Cowan outlined a ‘redefinition’ of politics for their generation. Left versus right would be replaced by post-partisanship; the notion of ‘what I’m owed’ is to give way to ‘what I can do’; ideology should yield to pragmatism; political parties will be traded for ‘solutions’; life politics instead of Washington politics; and universal entitlements will be phased out in exchange for targeted need-based handouts.¹¹² Gen Xers were urged to participate in a number of ‘campaigns’ to get their debt frustration onto the national agenda, such as asking their grandparents to renounce their AARP memberships or publicly burning their own Social Security cards: “You don’t really need it since you’ll never be collecting a dime.”¹¹³ Acceptance of gay rights, concern for the environment, fiscal restraint, and government downsizing were all combined in the agenda of Lead Or Leave. It was the politics of the later ThirdWay organization in prototype form.

Wealthy backers were often the driving force that propelled Gen X debt- and deficit-focused groups like Cowan’s into the national media spotlight, for they had no substantial grassroots membership or fundraising base. This reliance on large donors became a target continually used by ThirdWay’s opponents to this day. For instance, it has been claimed that Peter G. Peterson, former Nixon cabinet member, 1970s Lehman Brothers CEO, founder of the

¹¹⁰ Rob Nelson and Jon Cowan, *Revolution X: A Survival Guide for Our Generation* (New York: Penguin Books USA, 1994), 60.

¹¹¹ *ibid.*, 65-68 and 156. Their thinking was influenced by the work of William Strauss and Neil Howe on generational cohorts and the historical process. See: William Strauss and Neil Howe, *Generations: The History of America’s Future, 1584-2069* (New York: William Morrow and Company, 1991); and William Strauss and Neil Howe, *13th Gen: Abort, Retry, Ignore, Fail?* (New York: Vintage Books, 1993).

¹¹² Nelson and Cowan, *Revolution X*, 13.

¹¹³ *ibid.*, 16 and 100.

Blackstone Group hedge fund, and long-time advocate of entitlement reform and deficit reduction, bankrolled Cowan's Lead Or Leave and is involved in funding ThirdWay today.¹¹⁴ Indeed, Nelson and Cowan had approvingly quoted Peterson concerning the "bad check" being left by baby-boomers for the next generation in their book, but no evidence of a Peterson funding connection to ThirdWay has so far appeared.¹¹⁵ Matt Bennett, a senior vice president at ThirdWay denied claims of a Peterson connection outright, sarcastically commenting: "We wish we were a Pete Peterson front group, but we've never gotten a dime from Pete Peterson. We've never spoken to Pete Peterson."¹¹⁶ Whether Peterson has ever been a funder of the organization or not, explaining the attention given to pension and Social Security reform by ThirdWay does not require reference to the personal agendas of billionaire backers. As we have seen in previous chapters, entitlement reform has always been a key component of the third way's conceptual morphology. As an adjacent concept connected to the core principle of responsibility, it has been an important part of New Democrat ideology from the start.

After Lead Or Leave quietly disappeared in the 1990s, Cowan went on to serve as Chief of Staff for Andrew Cuomo, at the time Secretary of Housing and Urban Development, before heading up another non-profit organization aimed at finding a middle path on gun reform called Americans for Gun Safety (AGS). The organization was heftily (and solely) financed by the chairman of the employment website, Monster.com, Andrew McKelvey.¹¹⁷ Cowan led the group along with all the same personnel who would later make up the top staff of ThirdWay. As president of AGS, Cowan demonstrated he was well-versed in DLC-style talking points, stating in 2001 that "the time has come for a third way on the gun issue – one that supports the rights of

¹¹⁴ William Black, "The NY Times Calls Third Way 'Center-Left' and Turns a Study on its Head," *New Economic Perspectives*, March 21, 2013, <http://neweconomicperspectives.org/>.

¹¹⁵ Nelson and Cowan, *Revolution X*, 59.

¹¹⁶ Matt Bennett, Interview, July 17, 2013.

¹¹⁷ Debra Rosenberg, "Million Moms March to a Merger," *Newsweek*, June 27, 2001.

gun owners, but also calls for greater responsibility for gun owners, dealers and manufacturers... The country has been offered a false choice on this issue between gun safety and gun rights.”¹¹⁸ At this time, AGS publicly signaled its affiliation (even if still unofficial) with the New Democrats. In a signed article for the DLC’s magazine *Blueprint*, Cowan and co-author Jim Kessler demonstrated a mastery of New Democrat rhetorical strategy by positioning themselves between simplified right and left positions in the debate over gun laws:

On the right is the National Rifle Association (NRA)...[which] argues that gun ownership is an absolute constitutional right that allows no restrictions on the sale, manufacture, or possession of firearms. Any limitations, it warns, will inevitably lead to total gun confiscation... On the left are various gun-control groups that view gun ownership as an absolute wrong... You're either pro-gun or anti-gun. You believe there is an individual right to own a gun or you don't... The American people reject both views... The building blocks of a third-way gun policy are in place. This vast political middle ground is up for grabs.¹¹⁹

That third way was exemplified, according to them, in the bipartisan McCain-Lieberman ‘gun show loophole’ bill, which would have required background checks at all gun shows, but not “impose gun-show paperwork requirements on collectors who sell guns in their homes.”¹²⁰ But in the prevailing atmosphere of political polarization, the ‘compromises’ in this bill left all sides in the debate unhappy. The NRA’s Institute for Legislative Action denounced the bill as being “designed to run gun shows out of business,” and alarmingly declared it to be “clearly the first step towards the true goal of banning all legal private sales.”¹²¹ Meanwhile, gun control advocates complained it left open too many opportunities for so-called ‘mini’ gun shows in the form of private sales and pointed out that most of its proposals, such as shorter times for

¹¹⁸ *ibid.*

¹¹⁹ Jonathan Cowan and Jim Kessler, “Changing the Gun Debate,” *Blueprint*, July 12, 2001.

¹²⁰ *ibid.*

¹²¹ National Rifle Association Institute for Legislative Action, “Attacks on Gun Shows Expected Soon,” *NRA-ILA FAX Alert* 9, no. 23, June 7, 2002, <http://www.nraila.org/>.

background checks, were actually rehashed versions of earlier gun lobby proposals from previous years.¹²² The AGS efforts with the McCain-Lieberman bill did not bear much fruit.

Eventually AGS morphed, without much fanfare or publicity, into ThirdWay, an organization roughly modeled on the DLC/PPI partnership. AGS became “an initiative within Third Way,” led, as mentioned, by the same core group.¹²³ The ideological lineage of ThirdWay was clearly connected to the New Democrat faction, but the reasons for its founding had more to do with the sputtering of the gun issue and funding challenges than a consciously-planned effort to succeed the DLC. According to Matt Bennett, the transition from AGS to ThirdWay was linked to the diminishing amount of funding from McKelvey, whom he described as their “angel” funder.

He [McKelvey] was a billionaire...[but] by the time we got to 2005, Monster.com was doing less well because the economy... You know, it's a very cyclical business. And so he made it clear that he just wasn't going to be able to do it anymore. We had done four years of the gun issue, so we were ready for some broader challenges. But we felt like we had a model that worked really well. So we actually went to talk to Al [From] and Bruce [Reed] at the DLC to see if they were interested in partnering in some way. It didn't work for them, which was fine with us. So we took a little bit of remaining money, with McKelvey's permission, and began exploring opening up a broader think-tank that did more things.¹²⁴

The remaining money left from McKelvey was used as seed capital to launch ThirdWay as the AGS effort headed toward its end. There was ambiguity, though, in Bennett's description of the proposed partnership with the DLC (the details of which were not forthcoming). The fact that the DLC carried a lot of baggage from its endorsement of the Iraq War and the intense hatred it inspired among party activists, however, was probably something ThirdWay was wise to avoid.

¹²² Violence Policy Center, “Press Release: Violence Policy Center Opposes McCain-Lieberman Gun Show Bill,” May 15, 2001, <http://www.vpc.org/>.

¹²³ See the organizational description in: Jim Kessler, *Missing Records: Holes in Background Check System Allow Illegal Buyers to Get Guns* (Washington: Third Way, 2007).

¹²⁴ Bennett, Interview.

Any formal partnership or merger would have saddled this younger generation of third way leaders with the burdens of the last generation's battles.

On the staffing front, there is an unbroken line of continuity from AGS to ThirdWay. Three senior vice presidents have been on board at ThirdWay with Cowan from the start – Jim Kessler, Matt Bennett, and Nancy Hale. Kessler appears to bring the most policy experience to the table, having served as legislative and policy director for Chuck Schumer (D-NY) during both his House and Senate days. He played a role in the negotiations over the 1994 Clinton crime bill.¹²⁵ Kessler is a prolific media commentator and columnist, being one of ThirdWay's most often published and quoted figures, with articles appearing in both mainstream and specialized publications.¹²⁶ Heading up the public affairs portfolio (the same role he held at AGS) is Matt Bennett, former liaison to governors for President Clinton. Around the time AGS was nearing the end of its life and prior to the launch of ThirdWay, Bennett served as communications director for General Wesley Clark's short-lived campaign for the White House in the 2004 election, joining other Clinton veterans such as Eli Segal, Mickey Kantor, and Richard Sklar.¹²⁷ At the time, at least one commentator speculated that the sudden influx of Clinton-era staffers into the Clark campaign was part of a stalking horse effort by the former President and his wife to spoil Howard Dean's chances of gaining the nomination and to clear the way for an eventual Hillary Clinton run.¹²⁸ Bennett was one of the supposed Clinton placeholders running the Clark campaign. Rounding out the quartet is Nancy Hale, who has a long background in nonprofit consultation and messaging. Her biography on the ThirdWay

¹²⁵ Jim Kessler, "Making Crime Pay," *Democracy: A Journal of Ideas* 12 (2009): 60-70.

¹²⁶ Kessler even carried the decontestation of third way principles into mainstream popular culture, serving as a consultant for an entitlement reform-themed episode of the Netflix series, *House of Cards*. Richard Eskow, "Real-Life Frank Underwoods: Netflix, 'House of Cards' and Third Way," *OurFuture*, March 3, 2015, <http://www.ourfuture.org/>.

¹²⁷ Katharine Seelye, "Clark Puts Clinton Veterans in High Posts," *The New York Times*, October 11, 2003.

¹²⁸ Kelly Vlahos, "Democrats Battle for Heart of Clark Campaign," *FoxNews.com*, October 23, 2003.

website states that she “was instrumental in forming the mission and strategy of ThirdWay and scores of other groups and in helping to develop their business plans, infrastructure and fundraising operations.”¹²⁹ She previously served as managing director for the Tides/Tsunami Fund, which provides financial and management services for big donors aiming to fund social entrepreneurs and other social justice projects. All four – Cowan, Bennett, Kessler, and Hale – had played leading roles in AGS from the time of its founding through the various renditions of the McCain-Lieberman bill and the eventual petering out of those efforts around 2004-05, the time at which ThirdWay was beginning to be discussed in the press.

In addition to its leading staff members, as of late 2014 ThirdWay also has eleven honorary co-chairs made up of six Senators and five House members, some of whom are long-time New Democrats, such as Sen. Thomas Carper (D-DE), but also including others with a more liberal reputation like Rep. James Clyburn (D-SC).¹³⁰ Another group of emeritus co-chairs includes some of ThirdWay’s initial supporters, such as Obama cabinet secretaries Kathleen Sebelius and Ken Salazar.¹³¹ Given ThirdWay’s early focus on the Senate, there was a number of centrist Senate Democrats as well, including Evan Bayh (D-IN)(former DLC chairman and short-listed as a candidate to be Obama’s running mate) and Blanche Lincoln (D-AR). As these lists demonstrate, the organization is not plagued to the same degree as the DLC was in its earlier days with the image of being overwhelmingly Southern, white, and male. Though their overall

¹²⁹ Staff Biographies in the “About Us” section of the ThirdWay website, <http://www.thirdway.org/staff/4>.

¹³⁰ Current honorary co-chairs as of August 2014 from the House: James Clyburn (D-SC), John Dingell (D-MI), Ron Kind (D-WI), Joseph Crowley (D-NY), and Jared Polis (D-CO). From the Senate: Thomas Carper (D-DE), Claire McCaskill (D-MO), Mark Udall (D-CO), Jeanne Shaheen (D-NH), Kay Hagan (D-NC), and Chris Coons (D-DE). In June 2013, Allyson Schwartz had also appeared, but she resigned in January 2014 over a ThirdWay op-ed criticizing Elizabeth Warren in the *Wall Street Journal*. List is from ThirdWay website: <http://www.thirdway.org/>.

¹³¹ Emeritus co-chairs as of August 2014: Kathleen Sebelius (Secretary of Health and Human Services), Ken Salazar (former Obama Secretary of the Interior), Ellen Tauscher (Special Envoy for Strategic Stability and Missile Defense), Blanch Lincoln (D-AR), Evan Bayh (D-IN), Melissa Bean (D-IL), and Gabrielle Giffords (D-AZ). Names that had appeared in June 2013 but have since been removed: Mark Pryor (D-AR), Jane Harman (D-CA), and Artur Davis (D-AL). List is from ThirdWay website: <http://www.thirdway.org/>.

numbers are currently smaller than was the DLC's list of adherents at its peak, ThirdWay's affiliated members of Congress present a more varied geographical background, a larger number of women, and greater racial diversity.

However, the 'pro-business' image that was the subject of many left-liberal attacks on the DLC continues to be a favorite topic of ThirdWay's critics. William Black, former deputy director of the commission that investigated the savings and loan debacle of the early 1990s and author of a number of polemics against ThirdWay, calls the group "faux liberal" and has gone so far as to characterize it as "Wall Street on the Potomac."¹³² Similarly, the group's economics program left *U.S. News and World Report* describing ThirdWay as "Wall Street Democrats."¹³³ When questioned about ThirdWay's sources of funding, Bennett responded by shifting the focus to his group's left critics and says the organization is really no different from all the other think-tanks and policy shops in Washington – including the left-leaning ones associated with the 'new progressive coalition'. He concedes that ThirdWay secures its donations from a very narrow funding base, but emphasizes that this is similar to all other liberal groups.

Our base is not particularly broad. We don't get donations from people writing us \$100 checks or over the internet. We have major donors on our Board of Trustees. We have a few others, and we get a little bit of corporate money. And we have some foundation money. So it's the same mix as every other group in Washington, other than the ones that are funded by just one source. This is how everybody is funded. And if you look, the biggest donors to CAP [Center for American Progress] are George Soros and the Sandler brothers. They're very nice people but they happen to make all their money in financial services also. So it's kind of hard to argue that we are any different.¹³⁴

¹³² William Black, "Wall Street Uses the Third Way to Lead Its Assault on Social Security," *New Economic Perspectives*, November 13, 2012, <http://neweconomicperspectives.org/>.

¹³³ U.S. News Staff, "Wall Street Democrats Try to Revive Clintonomics," *U.S. News and World Report*, February 14, 2007.

¹³⁴ Bennett, Interview.

Bennett’s counter-critique of other Washington Democratic organizations is largely accurate, but it does not necessarily rebut ThirdWay’s left critics who allege it is beholden to the segment of the financial sector that supports the Democratic Party.

A review of ThirdWay’s governing Board of Trustees and the backgrounds of its members shows that at least twenty out of thirty-one trustees work or have worked in the financial sector, many in the particularly lucrative private equity and hedge fund markets. For its part, ThirdWay says it is led by a “prominent private sector Board of Trustees, drawn from finance, industry, academia, the non-profit sector and government.”¹³⁵ However, the board is clearly heavily weighted toward those involved in the financial sector and light on those from industry, academia, and other backgrounds.

Table 3. Members of ThirdWay Board of Trustees Listed by Economic Sector¹³⁶

Member	Sector	Position
John L. Vogelstein	Finance	Chair, New Providence Asset Management
David Heller	Finance	Former Global Head of Equity Trading, Goldman Sachs
Bernard L. Schwartz	Finance	CEO, BLS Investments; former CEO, Loral Space & Communications
Georgette Bennett	Nonprofit; Academia	President, Tannenbaum Center for Interreligious Understanding
William D. Budinger	High-tech	Former CEO, Rodel Inc.
David A. Coulter	Finance; Law	Managing Director, Warburg Pincus; former vice chair, JP Morgan Chase
Jonathan Cowan	Nonprofit; Government	ThirdWay co-founder; former Chief of Staff for HUD Secretary Andrew Cuomo
Lewis Cullman	Paper products	Former president, Cullman Ventures, Inc.
William M. Daley	Finance; Government	Former Midwest vice chair, JP Morgan Chase; Obama’s Chief of Staff; Commerce Secretary under Clinton
John Dyson	Finance; Government	Chair, Millbrook Capital Management; former NYC Deputy Mayor under Giuliani
Robert Dyson	Finance	CEO, Dyson-Kissner-Moran
Andrew Feldstein	Finance	CEO, BlueMountain Capital Management; former managing director, JP Morgan Chase
Brian Frank	Finance	Director, MSD Capital
Michael B. Goldberg	Finance; Law; Transport	Former Managing Director, Kelso & Company; board member for three transport companies

¹³⁵ List of Board of Trustees at ThirdWay website: <http://www.thirdway.org/>.

¹³⁶ Compiled using information from: <http://www.thirdway.org/trustees> (As of August 24, 2014).

Peter A. Joseph	Energy; Finance; Nonprofit	Chair, Trenton Fuel Works; founder of two private equity firms; president of Israel Policy Forum
Derek Kaufman	Finance	Head of Global Fixed Income; Citadel LLC; former managing director, JP Morgan Chase
Derek Kirkland	Finance	Morgan Stanley Financial Institutions Group
Ronald A. Klain	Finance; Law; Government	President, Case Holdings; Chief of Staff to Vice President Joe Biden; senior aide to President Obama
Thurgood Marshall, Jr.	Law (lobbyist); Government	Partner, Bingham McCutchen LLP; former Cabinet Secretary and Assistant to President Clinton
Susan McCue	Political consulting; Government	President, Message-Global LLC; former Chief of Staff to Senate Majority Leader Harry Reid
Herbert Miller	Real Estate	Former CEO, The Mills Corporation (mall development)
Michael Novogratz	Finance	President, Fortress Investment Group LLC
Rachel Pritzker	Nonprofit	President, Pritzker Innovation Fund
Kirk Radke	Law	Partner, Willkie Farr & Gallagher (private equity transactions)
William Reeves	Finance	Co-founder, BlueCrest Capital Management; former managing director, JP Morgan Chase
Howard Rossman	Finance	President, Mesirow Advanced Strategies, Inc.
Marc Spilker	Finance	Senior Advisor, Apollo Global Management; former partner, Goldman Sachs
Ted Trimpa	Political consulting; Lobbying	President, Tripma Group LLC
Christine Varney	Law; Government	Partner, Cravath, Swaine & Moore LLP; former Assistant Attorney General (Antitrust); former FTC Commissioner
Barbara Manfrey Vogelstein	Finance	Former partner, Apex Partners & Co. Ventures
Joseph Zimlich	Finance; Real Estate	CEO, Bohemian Companies

Like the DLC before it, ThirdWay is incorporated as a 501(c)(4) non-profit, giving it tax-exempt status. This also means it is able to receive unlimited donations without the burden of having to reveal who its donors are, unlike political parties which must publicly list all contributors. The status also limits the organization to advocacy and lobbying for issues, while preventing any direct support for or endorsement of candidates. No lists of donors or contributors have been made public by ThirdWay, despite calls by its opponents to do so. During an interview, Bennett differentiated between defining contributions as ‘corporate’ that come directly from corporations and those which come from individuals who may work for a particular corporation but give money on their own behalf, implying that ThirdWay’s opponents, like William Black, lump them all together. It should be noted, however, that such a practice of

tracing and categorizing political contributions by a donor's employer is not uncommon. It is standard practice in data collection by the Federal Election Commission and the non-partisan Center for Responsive Politics. Observing a relation between corporate or corporate-employee money and influence in an organization certainly does not reflect control of the corporation over it necessarily, but the money surely did not hurt.

If corporate membership is any key, the organization is off to a rousing start. Though it's barely out of the gates, the group has already recruited about 40 sponsors – including such business stalwarts as the U.S. Chamber of Commerce, the American Petroleum Institute, the Pharmaceutical Research and Manufacturers of America, insurance giant AIG and Bell South. Most of these members ponied up \$25,000, and with the help of some individual contributors, the group has managed to secure a \$2 million budget for its first year.¹³⁷

According to a report in *The Boston Globe*, ThirdWay's annual budget, "backed by Wall Street" and "corporate titans," reached \$9.3 million by 2014.¹³⁸ The corporate and financial industry connections of ThirdWay's board and its reliance on corporate funders demonstrates continuity with the DLC tradition of aligning itself with the 'pro-business' side of the Democratic Party, in contrast to the labor unions and equity-seeking groups that have been more commonly associated with the left-liberal wing of the party.

The 'New Myths'

Beyond the guest list at the Georgetown dinner party or the old *Blueprint* articles, in a lot of other ways, the founding of ThirdWay was like getting the old band back together again. David Osborne, co-author of the original Clinton-Gore new public management handbook *Reinventing Government*, appeared on the list of staff.¹³⁹ And William Galston and Elaine Kamarck produced a sequel to their 1989 manifesto *The Politics of Evasion* for ThirdWay's

¹³⁷ Tory Newmyer, "In Search of the Third Way," *Roll Call*, May 2, 2005, <http://www.rollcall.com/>.

¹³⁸ Noah Bierman, "Third Way in Struggle for the Democratic Party's Soul," *The Boston Globe*, October 6, 2014, <http://www.bostonglobe.com/>.

¹³⁹ List of staff at ThirdWay website: <http://www.thirdway.org/staff/162>.

debut, this one called *The Politics of Polarization*. Updating their critique of the Democratic Party, they argued that American politics were more polarized than the American people – the largest number of whom place themselves in the center. Although the two parties were pulling further apart, the authors rely on polling data to argue that there was actually a “backdrop of sustained ideological stability” among the electorate, with 21 percent identifying as liberal, 34 percent as conservative, and a plurality of 45 percent identifying as moderate.¹⁴⁰ Thus, by playing constantly to their respective bases and pulling away from the middle, both parties were squandering the chance “to capture the hearts and the votes of the vast legion of moderate voters” and forge a new electoral majority.¹⁴¹ They urged the Democratic Party to seize the opportunity of building a moderate-liberal coalition uniting its own base with voters in the middle under a centrist banner. *The Politics of Polarization* was a push toward the center updated for a contemporary context. On a number of social and political issues, the paper advocated an accommodation to what the authors perceived to be current middle class thinking.

First, in a call to battle against the left, the party was told it had to confront “Michael Moore Democrats” on foreign policy and responsibly embrace the positive potential of the American military in the world.¹⁴² While remaining critical of Bush’s handling of the War on Terror, the party should develop national defense policies that “reflect patriotism, strength, and resolve.”¹⁴³ They picked up on themes similar to those proposed at the time by Will Marshall and Jeremy Rosner at PPI, who were promoting a “progressive internationalism” to occupy a “vital center between the neo-imperial right and the noninterventionist left, between a view that assumes our might always makes us right, and one that assumes because America is strong it

¹⁴⁰ William Galston and Elaine Kamarck, *The Politics of Polarization* (Washington: ThirdWay, 2005), 3.

¹⁴¹ *ibid.*, 4.

¹⁴² *ibid.*, 61.

¹⁴³ *ibid.*

must be wrong.”¹⁴⁴ Secondly, Galston and Kamarck cautioned the party to avoid extremist positions on social issues. For instance, on *Roe v. Wade*, Democrats should still support the core of the decision, but drop their “intransigence on questions such as parental notification and partial-birth abortion”; and when it comes to marriage equality, the best course of action is to “oppose court-imposed gay marriage” and leave it to the individual states to resolve.¹⁴⁵ Third, on the economy, global competition is to be embraced while developing a modern safety net based on a return to a social insurance model of the welfare state. Though there is an increased willingness to engage social issues compared to the 1989 paper, which advocated avoiding divisive cultural debates, there is next to nothing new philosophically in what is proposed. The basic line of thought of these positions has always been part of the New Democrat model. The long-held third way allegiance to the enabling state and the core concepts of opportunity and responsibility were restated and reinforced.

Accepting that “businesses will succeed and fail” and that “jobs will be created and destroyed,” the party has to convince “average citizens [to] tolerate...uncertainty and risk” by guaranteeing a safety net in case of hard times.¹⁴⁶ Fourth, in an age of media politics, candidates must be chosen according to whether they can pass the “personality test.”¹⁴⁷ Criticizing the lack of strength and empathy displayed by previous presidential candidates, like Dukakis, Gore, and Kerry, the paper says someone is needed that will not be perceived as condescending and can connect with Americans. With class-based competition supposedly at an end in American politics, the Democratic Party is charged with the task of cementing a coalition of educated

¹⁴⁴ Will Marshall and Jeremy Rosner, “Introduction: A Progressive Answer to Jihadist Terror,” In W. Marshall (ed.), *With All Our Might: A Progressive Strategy for Defeating Jihadism and Defending Liberty* (Lanham, MD: Rowman and Littlefield Publishers, in cooperation with Progressive Policy Institute, 2006), 4-5.

¹⁴⁵ Galston and Kamarck, *Politics of Polarization*, 61.

¹⁴⁶ *ibid.*, 62.

¹⁴⁷ *ibid.*, 63.

professionals and average working families that can challenge the Republican coalition of “denizens of corporate boardrooms and NASCAR race tracks.”¹⁴⁸ It is the old de-classed, de-gendered, and de-racialized concept of community placed front and center once more.

Integrating the critiques and suggestions of *The Politics of Polarization*, ThirdWay outlined how progressives could answer the challenges of a conservative-dominated era and presented what it called a “new middle class economic message” in a follow-up paper entitled *The Politics of Opportunity*.¹⁴⁹ While acknowledging that conservative ascendance and the Democrats’ perceived weakness on national security issues had damaged progressive performance, the paper placed the bulk of blame on the inadequacy of the Democrats’ economic agenda. The latter was blamed for the party’s failure to appeal to the middle class, defined by the authors as those voters with household incomes between \$30,000 and \$75,000.¹⁵⁰ To win again with the middle class, progressives have to stop emphasizing the disparities and injustices of the American economic system, and instead embrace the positive. Basically, the middle class believes in the American dream and therefore that is what should be at the heart of the center-left’s economic messaging. People do not want to hear about the inequalities of the economy or the injustices of globalization. The optimistic Clinton approach of 1992 that emphasized opportunity, responsibility, and community should be followed: “Americans see our society as a

¹⁴⁸ *ibid.*, 64.

¹⁴⁹ This “middle class message” was the work of economic program director Anne Kim, Jim Kessler, and trustees Bernard Schwartz and Adam Solomon. Before joining ThirdWay, Kim was formerly a “corporate attorney with Hogan and Hartson, a top health care industry lobby shop,” and since leaving ThirdWay has joined the DLC’s old think tank, Marshall’s PPI, as a senior fellow. Kessler’s background working with Sen. Chuck Schumer (D-NY) was detailed earlier in this chapter. Schwartz was ThirdWay’s first chairman, headed the Loral satellite company for more than three decades, currently chairs his own investment company, and is a director for the New America Foundation, another organization aimed at deficit reduction and funded in part by the Peter G. Peterson Foundation. In addition to serving on ThirdWay’s board, in his professional life Solomon was chairman of StoneWater Capital and had been a longtime supporter of the DLC before his death in 2008. See: Ryan Grim, “Third Way Memo On Public Health Care Stirs Progressive Outrage,” *Huffington Post*, July 9, 2009, <http://www.huffingtonpost.com/>; “Our Funding” section at New America Foundation website, <http://newamerica.net/about/funding/>; and Democratic Leadership Council (DLC), “Press Release: Statement by Al From on the Death of Adam Solomon,” April 4, 2008.

¹⁵⁰ Kim, Kessler, Schwartz, and Solomon, *The Politics of Opportunity*, 3.

basically fair one, where hard work is rewarded; progressives emphasize obstacles to middle-class success. Progressive messaging centers on economic security and economic justice; the middle class aspires to wealth and doesn't see big business or the wealthy as enemies.”¹⁵¹

The Politics of Opportunity was yet another in a long line of manifestos aimed at decontesting the core concepts of third way ideology and of shutting down alternative visions of the Democratic Party's purpose. In undermining left-liberal narratives, ThirdWay sought to control the language and meanings used by the party; it was engaged in an act of legitimation and political decision. Any predilection Democrats may have for economic populism or for taking on those at the top of the income scale should be dampened and exchanged for an upbeat and optimistic message of success – for even “56% of households with annual incomes of less than \$20,000” say “they are doing ‘fairly well’ financially.”¹⁵² As long as people are feeling good about things, the advice is not to create potential grievances or talk about injustices that people do not perceive in their life. Going beyond such messaging failures, Democrats (particularly 2004 presidential candidate John Kerry) are upbraided for actually believing that America's economic future is not so bright and could even be in decline.

With the onset of the financial crisis after 2007-08, it would appear that ThirdWay's memo on the messaging of economic prosperity came too quickly. In such a changed atmosphere, one might expect a self-proclaimed progressive think tank to shift its strategic advice toward limiting austerity, halting foreclosures, strengthening the welfare state, or increasing government stimulus to generate growth. Given the conceptual morphology that animated third way ideology, however, such a shift was not a possibility. A response to the crisis could only be formulated with reference to adjacent concepts such as fiscal discipline,

¹⁵¹ *ibid.*, 2.

¹⁵² *ibid.*, 5.

entitlement reform, reinventing government, and the market. As the next chapter will demonstrate, the slide of the country into recession and the election of a Democratic president and Democratic majorities in both the House and Senate in 2008 provided ThirdWay the opportunity to once again preach the New Democrat gospel to a receptive audience unconvinced about a return to Keynesianism.

Conclusion

In focusing on the continuity of the third way's ideological traditions from the DLC through to today's ThirdWay organization, this chapter has examined the history of the New Democrat faction's efforts at decontestation up to the eve of the Obama era. It has reviewed the ways in which the New Democrats took these efforts onto the global stage as well as the difficulties they faced in a new period of political polarization at home. Though it held on for a few more years, eventually the DLC itself succumbed to a changed political atmosphere. In 2009, Will Marshall severed the Progressive Policy Institute from the DLC, a parting that, while not rancorous, was attributed by him to "a lack of strategic direction and clarity" in the DLC.¹⁵³ With the DLC losing altitude, he decided to reinvent PPI as a stand-alone think-tank. Al From had retired and Bruce Reed, his successor as head of the DLC, departed to work in the White House once again, this time as Chief of Staff to the incoming Vice President Biden.¹⁵⁴ Roger Hickey at the left-liberal Campaign for America's Future characterized the closing as being "symptomatic that the New Democrats have gone away, both as an organization and also as a tendency within the Democratic Party."¹⁵⁵ Though it is true that the DLC itself fractured, the

¹⁵³ Marshall, Interview.

¹⁵⁴ From, Interview.

¹⁵⁵ Hickey, Interview.

New Democrat faction survived and in fact saw its organizational rebirth with the founding of ThirdWay.

The DLC may be gone, but as its long-time adversary Jeff Faux at EPI commented, the organization itself, “like so much in political life...was scaffolding.”¹⁵⁶ Scaffolding gets you so far and then you don’t need it anymore. Dean Baker, at the Center for Economic and Policy Research (CEPR), said the DLC was just “just one tool for advancing a pro-business agenda” among many in the party. The New Democrats did not giving up driving the Democratic Party, he said, they just sold off the old car.¹⁵⁷ Saddled with two decades of political baggage, the DLC passed the torch to a new organization and a new generation. “The DLC didn’t really have a purpose” anymore with its enemies weakened, according to Joseph Schwartz, a leader in DSA. “They don’t have to fight anymore...they’re folding up shop because they weren’t sure what their project was anymore – they had won.”¹⁵⁸ Al From, expressing similar sentiments, says closing the organization was simply “the New Democrat way to do things; if you’ve achieved your mission, you end the program.”¹⁵⁹ Others agreed. Ezra Klein wrote, “If I were Al From, I’d feel pretty good about myself. For better or for worse, the DLC won.”¹⁶⁰

The DLC had been more than just a policy shop. It was a vehicle designed to provide ideas, but at the same time it was a fundraising network for its members, it provided cover for Democrats seeking to bolt from the ‘liberal Washington’ agenda, and it engaged in the kind of organizational and ideological warfare necessary to knock out the ‘New Politics’ faction. By the early twenty-first century, such an organization is no longer needed for the moderate faction of the party. The New Left is a memory. The trade unions are weaker than ever. The left-liberal

¹⁵⁶ Faux, Interview.

¹⁵⁷ Dean Baker, Interview, August 26, 2013.

¹⁵⁸ Schwartz, Interview.

¹⁵⁹ From, Interview.

¹⁶⁰ Ezra Klein, “The Death of the DLC?” *Washington Post*, February 7, 2011.

wing of the party, represented by an as-yet ill-defined ‘new progressive coalition’, finds itself supporting proposals by the Obama Administration which could have been the work of Dwight Eisenhower or even, in some cases, like healthcare, Richard Nixon. The political spectrum in the United States has undeniably shifted, thanks in large part to the New Democrat faction and its third way ideology.

The work of moving not just the Democratic Party, but also the entire country away from the left has been accomplished. The DLC, in the words of Al From, “had stopped the headlong dash into social democracy,” however slow or tenuous such a ‘dash’ may have ever been.¹⁶¹ That is why an organization like the DLC is no longer needed. Its work is done – the mission accomplished. As the next chapter will show, although two party factions still exist and Barack Obama has felt obliged to play the role of broker between them, the ideological victory achieved by the New Democrats at the end of the 1990s still largely holds.

Today, think-tanks like ThirdWay and PPI continue to carry on the ideological traditions of the DLC and the New Democrat faction. It is their members and alumni who are first on the list for political appointment to top positions. Though not alone in influencing the agenda, their publications and talking points often inform the policy proposals that emanate from the White House. It is no surprise, then, that at his retirement in 2009, Al From was able to comfortably say he was proud of the successes of the New Democrat movement. He was confident that Will Marshall at PPI and Jon Cowan at ThirdWay would carry on the mission.¹⁶² “The DLC,” he said, “has largely achieved what we set out to do.”¹⁶³

¹⁶¹ From, *The New Democrats*, 173.

¹⁶² *ibid.*, xiv.

¹⁶³ Democratic Leadership Council (DLC), “Press Release: Al From, Who Built the DLC and Changed American Politics, Announces Retirement,” March 5, 2009. <http://www.dlc.org/>.

CHAPTER SEVEN

CLINTONISM 2.0: OBAMA AND THE THIRD WAY

It was Obama who grasped the mantle of Clintonism and became the ‘Man from Hope.’ ...so the result in Iowa does not herald the death of Clintonism. Rather, it’s the launch of Clintonism 2.0.
– Matt Bennett, on Obama’s January 2008 Iowa Caucus victory over Hillary Clinton¹

When Barack Obama was elected in November 2008, much of the left-liberal activist wing of the Democratic Party was in a state of near euphoria. The George W. Bush Presidency, considered illegitimate by the left since the 2000 Florida recount controversy, was going out with a bang. In a stunning economic collapse unmatched since the Great Depression, the principles of neoliberalism seemed to be facing intellectual crisis. Although disastrous for the country, the recession brought a moment of bittersweet satisfaction to left-liberals who had spent eight years resisting the Bush agenda. They pointed to the costs of the prolonged military campaigns in Afghanistan and Iraq, tax cuts for the wealthy, and the unfunded Medicare Part D expansion as some of Bush’s major economic missteps. But left-liberals also enjoyed the opportunity to heap blame on their factional opponents, the New Democrats. The policies of Bill Clinton, it was argued, were at least as much to blame as those of George W. Bush in making the economy vulnerable to the risky financial practices believed responsible for the economic meltdown. “Both embraced the so-called Washington Consensus, a policy agenda of fiscal austerity, central-bank autonomy, deregulated markets, liberalized capital flows, free trade, and privatization.”² The primary difference was that Clinton and the New Democrats had the good fortune to preside over the inflation of the bubble while Bush was stuck with it when it was bursting – “Clinton laid the groundwork.”³

¹ Quoted in: Ben Smith, “The Man From Hope?” *Politico*, January 5, 2008, <http://www.politico.com/>.

² Timothy Canova, “Legacy of the Clinton Bubble,” *Dissent*, 55, no. 3 (2008): 41.

³ Baker, Interview.

As seen in previous chapters, in their spurning of the interventionist Keynesian state as a relic of a bygone era, Clinton and the New Democrat faction had promoted the wired and networked ‘new economy’ with high technology and a deregulated financial sector at its core. The ‘red tape’ of big government bureaucracy that supposedly kept the public sector trapped in inefficiency and waste had been the target of Gore’s Reinventing Government initiatives. Over the course of the 1990s, this deregulation movement had expanded into the private sector with the aim of freeing up banking and finance to more flexibly take advantage of opportunities in a globalized economy. Roger Hickey at Campaign for America’s Future characterized it as the era of “Rubinomics,” named for Clinton’s Treasury Secretary Robert Rubin.⁴

It was Clinton who had cooperated with Republicans to pass the Financial Services Modernization Act (FSMA) in 1999 that reversed Depression-era regulations prohibiting the combination of investment banking, commercial banking, and insurance services into single companies. That law opened the way to the creation of the ‘too big to fail’ banks that required massive public bailouts in 2008-09. Rubin, who pushed for passage of the law, would later go on to work for FSMA beneficiary and major subprime mortgage player Citigroup. And in December 2000, as his presidency drew to a close, it was also Clinton who signed the Republican Congress’s Commodity Futures Modernization Act (CFMA) on the advice of Rubin’s successor at Treasury, Larry Summers. The bill legalized risky financial instruments like collateralized debt obligations (CDOs) and the insurance schemes called credit default swaps (CDSs) which ended up being at the center of the mortgage-based meltdown.⁵

So it might be expected that with the collapse of the neoliberal infrastructure that Clinton had done so much to help construct, the New Democrats at DLC and ThirdWay would have felt

⁴ Hickey, Interview.

⁵ Canova, “Legacy of the Clinton Bubble,” 45-46.

pressured to alter their message, or at least moderate some of their long-standing prescriptions concerning the role of government. Indeed, in the frenzy surrounding the financial crisis, many of neoliberalism's other acolytes were pulling back. In the face of auto nationalizations and bank bailouts, economic researcher and globalization booster Daniel Yergin, for instance, was declaring, "The pendulum between state and markets is swinging back before our very eyes."⁶ On the cover of *Newsweek*, a pair of hands – one Republican red and the other Democratic blue – embraced in a handshake reminiscent of social democratic emblems of old under the headline "We Are All Socialists Now."⁷ With the exception of some political sidestepping concerning the need to tighten financial regulations, however, the central ideological core of the New Democrat message did not change in the ensuing years. The same core concepts that the DLC had spent more than two decades defending continued to structure the policy guidance that ThirdWay provided to the incoming President Barack Obama.

With the inauguration of a new era in Democratic Party politics, this chapter analyzes Obama's ideological orientation and his positioning relative to the major party factions as both a candidate and as President. It seeks to situate Obama within the factional conflict, questions where his ideological loyalties lie, and places him within the analysis of conceptual decontestation. As the chapter will show, Obama's relationship with the two competing factions of the Democratic Party has been an ambiguous one. During his first presidential campaign, he portrayed himself as a representative of the self-declared progressives, often identifying publicly with their positions on controversial issues like the Iraq War or NAFTA renegotiation.⁸ Such

⁶ Daniel Yergin, quoted in: Pete Engardio, "Forget Adam Smith. Whatever Works," *Business Week*, October 27, 2008, 22.

⁷ Jon Meacham and Evan Thomas, "We Are All Socialists Now," *Newsweek*, February 6, 2009. This was the *Newsweek* cover story.

⁸ Obama had opposed the Iraq War as far back as October 2002. Speaking to an anti-war rally in Chicago, he said: "I stand before you as someone who is not opposed to war in all circumstances... What I am opposed to is a dumb war. What I am opposed to is a rash war... I know that an invasion of Iraq without a clear rationale and without

positions won him the allegiance of many voters in the Democratic primaries, and signaled a departure from the hawkish and pro-free trade stances characteristic of the DLC.⁹ The framework of his approach to a number of major policy challenges while in office, however, has often indicated a greater affinity with the moderation of the New Democrats than with the government activism associated with the left-liberals. So where does Obama fit within the ideological architecture of factional politics in the Democratic Party?

Thus far, the dissertation has outlined the history of the party in the neoliberal period as a tale of factional struggle between a left-liberal wing tied to social democratic politics and a centrist wing that has not only adapted to but also carried forward many of the transformations of the Reagan Revolution. With the weakening of the New Democrats during the last years of the Bush Presidency, this factional war had come to somewhat of a draw by the time of the 2008 campaign. Many left-liberals (though by no means all) backed Obama, who built his career within the same Chicago Democratic politics that had given the country the Daleys on one hand and Jesse Jackson and Harold Washington on the other. The New Democrats, who had preferred Hillary Clinton in the long primary battle, quickly joined the Obama chorus once it was clear

strong international support will only fan the flames of the Middle East, and encourage the worst, rather than the best, impulses of the Arab world, and strengthen the recruitment arm of al-Qaida.” National Public Radio, “Transcript: Obama’s Speech Against the Iraq War,” October 2, 2002, <http://www.npr.org/>. On the matter of NAFTA, in the Democratic Candidates Debate of February 2008, Obama declared his intent to renegotiate the agreement if elected: “I think it is inaccurate for Senator Clinton to say that she’s always opposed NAFTA... she said that NAFTA, on balance, had been good for New York and good for America. I disagree with that. I think that it did not have the labor standards and environmental standards that were required in order to not just be good for Wall Street but also good for Main Street... the net costs of many of these trade agreements, if they’re not properly structured, can be devastating... I will make sure that we renegotiate, in the same way that Senator Clinton talked about. And I think actually Senator Clinton’s answer on this one is right. I think we should use the hammer of a potential opt-out as leverage [against Canada and Mexico] to ensure that we actually get labor and environmental standards that are enforced.” *New York Times*, “The Democratic Debate in Cleveland (Transcript),” February 26, 2008, <http://www.nytimes.com/>.

⁹ Al From attempted to show the DLC was not worried by Obama’s NAFTA positions since he still had an intellectual connection to the New Democrats: “I mean his chief economist, Austan Goolsbee, is a fellow at the Progressive Policy Institute, which is our think-tank.” Quoted in: Jason Horowitz, “Barack Obama, D.L.C. Clintonite?” *Observer*, March 4, 2008, <http://www.observer.com/>. Commenting further on From’s assessment, Horowitz wrote: “Mr. From said that he would not be so presumptuous to call Mr. Obama the purest D.L.C. politician out there. But nevertheless believes Mr. Obama has adopted whole-cloth the approach to winning elections that he and his cohorts had long advocated.”

their candidate would not emerge as the nominee. Given his base constituency and the changed balance of forces within the party, Obama's relationship to the New Democrat faction was bound to be more circumspect than was Bill and Hillary Clinton's. Though he often strived to differentiate himself from 'Clintonism' in his writings and campaigning, what this chapter will demonstrate is that such distinctions have been largely of a tactical nature, rather than a principled one.

The chapter proceeds by first examining Obama's own statements about his ideological pedigree in his published works and early interactions with New Democrat organizations as a candidate. The attempts made by the New Democrat faction (particularly ThirdWay) to shape Obama's agenda following his election are then examined with attention to their continuity with similar efforts of the DLC and PPI in 1992. The appointments made by the President to his first cabinet and his choice of policy advisors are analyzed with an eye toward what they reveal about which factional pool of talent Obama draws from – another indicator of his own ideological outlook. Then, the two signature policy legacies of the first Obama term – the American Recovery and Reinvestment Act (ARRA) and the Affordable Care Act (ACA) – are analyzed to determine the extent to which their conception, purported goals, and implementation aligned with the third way ideological framework.

One Foot In, One Foot Out: Obama and Factionalism

Before becoming President, Barack Obama had exhibited the stances one would expect of a left-of-center Democratic Senator from a safely blue state in the Bush era. He was against the Iraq War, cautiously supportive of the campaign in Afghanistan, somewhat critical of free trade agreements like NAFTA, and in favor of universal healthcare and an expansion of labor union rights. He was identifiably a liberal, but not necessarily of the social democratic Dennis

Kucinich or Paul Wellstone variety. His positions generally prompted most to place him to the left of his main primary opponent Hillary Clinton, who was the obvious New Democrat candidate in the race.¹⁰ In 2006, DLC, PPI, ThirdWay, the Center for American Progress, the New Democrat Network, and the Hope Street Group had collaborated on a project chaired by Hillary Clinton called the “American Dream Initiative,” which formed the basis of many of the ideas in her later campaign platform.¹¹ Jeff Faux said of the Obama-Clinton duel: “He was certainly not the candidate that the DLC would have thought about. The DLC candidate was Hillary. Obama was elected because he got the liberal and minority votes in a lot of states and they added up to more than the big state victories of Hillary.”¹² The popular perception that Obama stood to the left of Clinton’s centrism was due primarily to two factors: his outspoken opposition to the Iraq War and her 2002 vote in support of it; and his successful strategy of building a more multiracial and multigenerational constituency base compared to Clinton.

Competing to make history, with one potentially becoming the first African-American president and the other the first female president, each of the two candidates electrified different segments of the Democratic base. Clinton won among women and in the large industrial states that had been traditional Democratic strongholds, while Obama performed best with African-Americans, youth, and the anti-war movement. The influence of the first two of these groups, both known for historically lower turnout rates, proved particularly important in 2008 as the number of Democratic primary voters nearly doubled from the 2004 total of 16.2 million to 30 million.¹³ Obama had pinpointed the importance of African-Americans and youth for his

¹⁰ Tariq Ali, *The Obama Syndrome: Surrender at Home, War Abroad* (London: Verso, 2011), ch. 1.

¹¹ Democratic Leadership Council (DLC), *The American Dream Initiative* (Washington: Democratic Leadership Council, 2006).

¹² Faux, Interview.

¹³ Martin Walker, “The Year of the Insurgents: The 2008 U.S. Presidential Campaign,” *International Affairs* 84, no. 6 (2008): 1095-97.

campaign in the summer of 2007, pledging: “I guarantee you African-American turnout, if I’m the nominee, goes up 30 percent around the country, minimum... Young people’s percentage of the vote goes up 25-30 percent. So we’re in a position to put states in play that haven’t been in play since LBJ.”¹⁴ There was no denying the symbolism of a nationally-competitive Black candidate, and it was clear that Obama excited young people in a way that even the charismatic Bill Clinton had not. As Peter Dreier wrote, “There has not been a candidate since Bobby Kennedy and Eugene McCarthy who has inspired so many young people to become involved in public service and grassroots activism.”¹⁵ The final results of increased turnout among the two groups in 2008, while not as high as Obama predicted, still showed an impressive 22 percent increase for African-Americans and 9 percent for youth aged 18-29.¹⁶

Closer examination of Obama and Clinton’s policy prescriptions, though, reveals little evidence for categorizing them as hailing from distinctly different wings of the party.¹⁷ If anything, it could be argued that some of Clinton’s proposals during their nomination battle actually fell to the left of Obama’s on a strictly left-right spectrum, such as on healthcare.¹⁸ Both of their plans preserved the private insurance market and spurned a single-payer public system, but Clinton’s proposal (as well as that of John Edwards) included an individual mandate to purchase insurance.¹⁹ The mandate had been highlighted by health policy experts as the policy instrument most likely to expand coverage barring implementation of a universal single-payer

¹⁴ Quoted in: Nedra Pickler, “Obama Says He Can Turn Out Black Voters,” *Washington Post*, August 20, 2007.

¹⁵ Peter Dreier, “Will Obama Inspire a New Generation of Organizers?” *Dissent*, July 3, 2007, <http://www.dissentmagazine.org/>.

¹⁶ Jody Herman and Lorraine Minnite, “The Demographics of Voters in America’s 2008 General Election: A Preliminary Assessment,” *Project Vote Research Memo*, November 18, 2008, 2; and Sharon Wright Austin and Danielle King, “President Barack Obama and Racial Politics,” In J. Davis (ed.), *The Barack Obama Presidency: A Two Year Assessment* (New York: Palgrave Macmillan, 2011), 52.

¹⁷ Rory McVeigh, Josh Dinsman, Austin Choi-Fitzpatrick, and Priyamvada Trivedi, “Obama vs. Clinton: Categorical Boundaries and Intra-Party Electoral Outcomes,” *Social Problems* 58, no. 1 (2011): 47.

¹⁸ Paul Krugman, “Clinton, Obama, Insurance,” *The New York Times*, February 4, 2008.

¹⁹ Antonia Maioni, “Health Care Reform in the 2008 U.S. Presidential Election,” *International Journal* 64, no. 1 (2008): 140.

system.²⁰ Obama criticized the mandate when Clinton and Edwards proposed it during the campaign, but it would later become a core element of his Affordable Care Act, or Obamacare. Similarly, as the number of homes entering foreclosure increased rapidly, Clinton took a more populist stand than Obama. In December 2007, she railed against Wall Street for practices that “enabled and encouraged reckless mortgage lending” and proposed a moratorium on subprime foreclosures.²¹ By March 2008, she was calling on the Federal Housing Administration (FHA) to buy up foreclosed mortgages, as well as those already in negative equity, in order to prevent more families losing their homes.²² Obama, like McCain, called on the banks to voluntarily modify mortgage loans, but offered little guidance about what should be done to help those already in foreclosure.²³

Such positions already had left-liberal economist Paul Krugman questioning the progressive aura building around candidate Obama. “Mr. Obama,” he wrote in March, “is widely portrayed, not least by himself, as a transformational figure who will usher in a new era. But his actual policy proposals, though liberal, tend to be cautious and relatively orthodox.”²⁴ Christine Stansell also questioned the automatic assumption that Obama was the candidate most in tune with the party’s progressive base, saying “Clinton’s solid stance on feminist issues - abortion rights (identical to Obama’s) and universal health care and gay rights (to the left of Obama’s) – did not put off blue-collar whites and Hispanics, male and female, who were supposed to be conservative on social issues.”²⁵ And broaching the racial symbolism of the

²⁰ Jonathan Gruber, “Covering the Uninsured in the United States,” *Journal of Economic Literature* 46, no. 3 (2008).

²¹ Hillary Clinton, “Remarks on Wall Street on the Housing Crisis,” December 5, 2007, <http://www.presidency.ucsb.edu/>.

²² Hillary Clinton, “Remarks on Halting the Housing Crisis at the University of Pennsylvania in Philadelphia,” March 24, 2008, <http://www.presidency.ucsb.edu/>.

²³ Jack Rasmus, *Obama’s Economy: Recovery for the Few* (London: Pluto Press, 2008), 26.

²⁴ Paul Krugman, “Loans and Leadership,” *The New York Times*, March 28, 2008.

²⁵ Christine Stansell, “All Fired Up: Women, Feminism, and Misogyny in the Primaries,” *Dissent* 55, no. 4 (2008): 34.

Obama campaign, Adolph Reed challenged the assumption that just because Obama was Black he was automatically more progressive. As far back as Obama's early days in Chicago, in 1996, Reed had described him as "a foretaste of the new breed of foundation-hatched black communitarian voices...a smooth Harvard lawyer with impeccable do-good credentials and vacuous-to-repressive neoliberal politics."²⁶ By the time of Obama's 2008 contest with Clinton, Reed was even more contemptuous of the claim that Obama was less of a neoliberal than the former First Lady or that he was necessarily a boon to African-American advancement:

He's a vacuous opportunist. I've never been an Obama supporter... His political repertoire has always included the repugnant stratagem of using connection with black audiences in exactly the same way Bill Clinton did – i.e. getting props both for emoting with the black crowd and talking through them to affirm a victim-blaming "tough love" message that focuses on alleged behavioral pathologies in poor black communities. Because he's able to claim racial insider standing, he actually goes beyond [Bill] Clinton and rehearses the scurrilous and ridiculous sort of narrative Bill Cosby has made infamous.²⁷

Reed's blunt critiques of Obama stand at odds with how Black Democrats in Congress related to him. Whereas the Congressional Black Caucus (CBC) had a tense relationship with Bill Clinton in the 1990s over his welfare, crime, and social spending policies, its leaders have been more willing to leave room for Obama to stray from a progressive agenda.²⁸ Rep. Emanuel Cleaver (D-MO), the head of the CBC, admitted that his group often overlooks Obama policies or policy failures in a way that it would not for other politicians. When questioned by *The Root* about whether the CBC gave Obama "a pass because he's black," Emanuel responded: "Well, I'm supposed to say he doesn't get a pass, but I'm not going to say that. Look, as the chair of the Black Caucus I've got to tell you, we are always hesitant to criticize [him]... With 14 percent black unemployment, if we had a white president we'd be marching around the White House...

²⁶ Adolph Reed, "The Curse of Community," *Village Voice*, January 16, 1996.

²⁷ Adolph Reed, "Obama No," *The Progressive*, May 2008.

²⁸ Paul Frymer, "Race, Parties, and Democratic Inclusion," In C. Wolbrecht and R. Hero (eds.), *The Politics of Democratic Inclusion* (Philadelphia: Temple University Press, 2005), 133.

Obama knows we are going to act in deference to him in a way we wouldn't to someone white.”²⁹

The confused positioning in the Obama-Clinton race, as well as the conflicting evaluations made of Obama by African-American leaders, leaves it difficult to make automatic conclusions about his ideological approach or factional allegiance. Classifying him vis-à-vis the third way or the loosely-defined ‘progressivism’ of the left-liberals is not simple. “Like so much of the New Democratic story,” Obama himself is “full of contradictions.”³⁰ The first place to begin is with an examination of his own statements about his approach to governance and public policy. In his 2006 book, *The Audacity of Hope*, Obama discussed the political values and beliefs that motivated him. Beyond an analysis of his actions as President, the book stands out as the most complete elaboration of his own ideological views to date. What we find is a somewhat mixed collection of Democratic viewpoints characterized overall by an affinity with recognizable third way thinking, especially in its dismissiveness toward the activist base of the party, which he said tended toward “zealotry”.³¹ In *Audacity*, Senator Obama credited what he characterized as former President Bill Clinton’s pragmatism and his attempt to go beyond ideological labels for wringing out “the excesses that had kept it [the Democratic Party] from winning elections.”³²

It was Bill Clinton’s singular contribution that he recognized the categories of conservative and liberal played to Republican advantage and were inadequate to address our problems...he instinctively understood the falseness of the choices being presented to Americans. He saw that government spending and regulation could serve as vital ingredients and not inhibitors to growth, and how markets and fiscal responsibility could help promote social justice. He recognized that not only societal but also personal responsibility was needed to combat poverty. In his platform – if not always in his day-

²⁹ Quoted in: Keli Goff, “Could Gay Marriage Spur Black Voter Drop?” *The Root*, September 17, 2012, <http://www.theroot.com/blogs/>.

³⁰ Faux, Interview.

³¹ Barack Obama, *The Audacity of Hope* (New York: Vintage Books, 2006): 47.

³² *ibid.*, 42.

to-day politics – Clinton’s Third Way went beyond splitting the difference. It tapped into the pragmatic, non-ideological attitude of Americans.³³

The now familiar refrain of the need for a politics ‘beyond left and right’ that was the *raison d’être* of the third way is a central prescription that comes out of Obama’s assessment of the poor state of political debate in the country. While acknowledging the success of Republicans in winning on the basis of polarizing strategies, Obama warns Democrats not to pursue their own “partisan and ideological strategy,” for to do so would be to “misapprehend the moment” the country is in.³⁴ Presenting a partisan agenda would be a ‘dumbing down’ of debate in Obama’s mind. Instead, a politics of synthesis and compromise are the order of the day.

For it’s precisely the pursuit of ideological purity, the rigid orthodoxy and the sheer predictability of our current political debate, that keeps us from finding new ways to meet the challenges we face as a country. It’s what keeps us locked in “either/or” thinking: the notion that we can only have big government or no government; the assumption that we must either tolerate forty-six million without health insurance or embrace “socialized medicine.” It is such doctrinaire thinking and stark partisanship that have turned Americans off politics.³⁵

The criticisms that Obama makes of the left-liberal faction of the party could be lifted from one of Galston and Kamarck’s DLC or ThirdWay manifestos. The left’s efforts to preserve past Democratic welfare achievements are “exhausted, a constant game of defense, bereft of the energy and new ideas needed to address the changing circumstances of globalization or a stubbornly isolated inner city.”³⁶ It is almost as if the Clinton years never happened and the party is still stuck in the McGovern-Mondale rut. Obama’s language evokes the same image of a disconnected minority party content in its own purity that Al From and Will Marshall had projected in the mid-1980s. A reader could almost be forgiven for forgetting that the New Democrat faction had dominated the party’s policy agenda for over a decade and a half by this

³³ *ibid.*, 43.

³⁴ *ibid.*, 48.

³⁵ *ibid.*, 49.

³⁶ *ibid.*, 47.

time. In the main, Obama believed that the Democratic Party was no longer the bearer of progressive or cutting-edge ideas. Instead, it had “become the party of reaction”:

In reaction to a war that is ill conceived, we appear suspicious of all military action. In reaction to those who proclaim the market can cure all ills, we resist efforts to use market principles to tackle pressing problems. In reaction to religious overreach, we equate tolerance with secularism, and forfeit the moral language that would help infuse our policies with a larger meaning.³⁷

But at the same time that Obama offers praise for many of the core and adjacent concepts of third way ideology and heaps scorn on the fundamentalist left-liberal faction of his party, he also criticizes those who take a “‘centrist’ approach” of triangulating with the right wing and their own left while failing “to notice that with each passing year they are giving up more and more ground.”³⁸ This is an interesting critique, given that progressives have characterized the negotiation skills of the Obama Administration as particularly weak or naïve. For instance, Roger Hickey, at Campaign for America’s Future, warned the White House against “showing all your cards” in negotiations because the President just gets “taken to the cleaners...over and over again” by Republicans.³⁹ Without mentioning Clinton and the New Democrats directly, with the inclusion of the word ‘triangulating’, Obama is making a direct criticism of what he saw as one of Clinton’s failings. The problem is not the search for a third way according to Obama, but rather the unprincipled or crude way Clinton pursued it.

Instead Democrats should confidently assert that “we don’t have to choose between an oppressive, government-run economy and a chaotic and unforgiving capitalism” – though it is unclear what challenges had presented the nation with such an option.⁴⁰ “Americans,” he said, “are willing to compete with the world... willing to tolerate more economic instability and are

³⁷ *ibid.*, 48.

³⁸ *ibid.*, 47.

³⁹ Hickey, Interview.

⁴⁰ Obama, *Audacity of Hope*, 188.

willing to take more personal risks to get ahead” as long as government “makes the investments that give us a fighting chance.”⁴¹ The opportunity-creating, social investment state must be responsible enough to step up to the plate and do what is necessary, but it should never overextend itself into areas better left to the market. To ensure that it meets this challenge, Democrats must be guided by the advice of President Abraham Lincoln, who gets repurposed in Obama’s book as a neoclassical economist:

Like those who came before us, we should be asking ourselves what mix of policies will lead to a dynamic free market and widespread economic security, entrepreneurial innovation and upward mobility. And we can be guided throughout by Lincoln’s simple maxim: that we will do collectively, through our government, only those things that we cannot do as well or at all individually and privately.⁴²

And who are those who ‘came before us’ seeking such a formula? “Reagan and Clinton,” the two leaders who did the most to trim “some of the fat of the liberal welfare state,” may have made mistakes, but are worth studying, according to Obama.

What we see throughout *Audacity of Hope* is an attempt to keep one foot in both camps of the Democratic Party, along with a wink to moderate level-headed Republicans. He extends a hand to those who “cling to more traditional conservative virtues of temperance and restraint” rather than the radicals who subscribe to the “ideological core of today’s GOP...absolutism.”⁴³ He takes to task the left-liberal faction of his party for its reactionary stances against all military action, its knee-jerk rejection of market principles, and its adherence to the old time religion of New Deal and Great Society welfarism. The centrists, meanwhile, are accused of just splitting the difference with conservatives.

Judging by the (non-)ideological space he attempts to carve out for himself, it is as if Obama is his own third way – belonging to both factions of the party while also belonging to

⁴¹ *ibid.*, 221.

⁴² *ibid.*, 188.

⁴³ *ibid.*, 45 and 46.

none. He is the non-ideological, pragmatic progressive who looks for solutions that ‘work’ and sees his counterparts among ‘thinking Republicans’. Speaking at the launch of Robert Rubin’s Hamilton Project in 2006, Senator Obama expounded on the need for pragmatic politics, scolding both liberals and conservatives for clinging to “outdated politics and tired ideologies”, instead of “coalescing around what actually works.”⁴⁴ He is the technocrat with a heart. His positioning in those pre-presidential days is a masterful example of the post-partisan political image that his campaigns and speeches labored to construct. “The Obama phenomenon,” according to Will Marshall, can only be understood with reference to the candidate’s perceived post-partisanship:

He did well by being a foil to Bush and the discontents of the Bush years. He himself was very attractive and charismatic – represented a transformation from an America getting past our bad racial past, or maybe not getting past it, but demonstrating unimpeachable progress in the right direction... And don’t forget, Obama ran as someone who was a post-partisan. He wasn’t going to aggravate the polarization that was so evident in American politics. He ran as someone who was going to transcend it. A large part of his appeal as a newcomer, you could even say a neophyte, coming from outside Washington, he wasn’t implicated in it and he could somehow – through the forces of personality and intellect – come up with ideas beyond the binary choices that the two parties are always deadlocking over.⁴⁵

Yet with his belief that the role of government lay in “promoting opportunity” in a world of unstoppable globalization, his critique of the way left-liberals value “rights and entitlements over duties and responsibilities,” and his commitment to the “cross-generational obligations” of family and community, Obama’s political self-identification was proof of the extent to which the third way’s core concepts had been so thoroughly decontested among Democrats.⁴⁶ Though he did not proclaim outright allegiance to third way ideology or embrace the exact slogans of the

⁴⁴ Quoted in: Michael Grunwald, *The New New Deal: The Hidden Story of Change in the Obama Era* (New York: Simon and Schuster, 2012), 32. The Hamilton Project is a policy shop headed by Robert Rubin operating under the Brookings Institution and aimed at developing market-friendly economic policy. Its primary audience is the policymaking elites of the Democratic Party.

⁴⁵ Marshall, Interview.

⁴⁶ Obama, *Audacity of Hope*, 208, 39, and 67.

New Democrat faction, the ideological lineage of his outlook is clearly rooted in the conceptual morphology mapped out in Chapter Two.

The third way nature of the thinking expressed in *Audacity of Hope* differed, however, from the somewhat allergic response to any perceived New Democrat association that Obama had exhibited just a few years prior to its publication. While running for the U.S. Senate in 2003, Obama publicly renounced any affiliation with the organized third way trend in his party. This was a time when the DLC was still influential but its visible power in the party was receding as the controversy surrounding the Iraq War was at its height. Opposition to Bush was ratcheting up and it was less politically acceptable in national Democratic circles to speak out for the centrist position.⁴⁷ When *The Black Commentator* notified Obama that the DLC had hitched itself to his rising star by listing him in its *New Democrats Directory* in 2003, his response was one of complete rejection of any association with the organization. In an open letter to the magazine, Obama stated categorically that “I am not currently, nor have I ever been, a member of the DLC.”⁴⁸ In refuting a third way connection, he called for progressives within the party to “describe our core values” and boldly stake out positions, such as renegotiation of NAFTA, but he also cautioned against “blanket denunciations of the DLC or any other faction within the Democratic Party.”⁴⁹ When facing only the voters of Illinois, Obama positioned himself as a progressive. But he quickly reminded anyone reading that he was also not necessarily *against* the centrists of the DLC. Will Marshall, who had encouraged Obama to join the DLC previously, put the whole affair down to ‘Chicago politics’ and tactical positioning in the face of a divided party.

⁴⁷ Marshall, Interview.

⁴⁸ Obama, quoted in: Bruce Dixon, “Obama to Have Name Removed from DLC List,” *The Black Commentator* 48, June 26, 2003.

⁴⁹ *ibid.*

Yes, when he was put on a list, I think when he was running for Senate...his people did ask to have him taken off, which we put down to Chicago politics. That is, it's a Black guy running in Chicago and the DLC wasn't particularly strong in Chicago. I don't think he saw any benefit from joining and with the constituencies he was facing he probably saw some downsides... And his general strategy was not to identify with any tendency or faction within the party, which I have to say, was smart. Probably tactically I'd almost have to agree with his decision not to link up with the DLC...he wasn't labor's guy, he wasn't our guy, he wasn't the teachers' guy. He had enough independence to make his post-partisan message sound credible.⁵⁰

When Obama prevailed over Clinton in the drawn-out 2008 Democratic primaries, the DLC was eager to let bygones be bygones and again attempted to associate itself with the soon-to-be President. Perhaps sensing the organizational decline that the DLC was already facing though, Obama skipped its convention that summer. His future Chief of Staff and later Chicago Mayor, Rahm Emanuel (D-IL), delivered the keynote speech at the gathering instead. The press questioned whether this snub of the DLC by the party's nominee was a sign that Clintonism was out of favor. Former congressman and then-DLC chairman Harold Ford Jr. (D-TN) declared there were no major differences on the issues between his organization and the nominee and that their main goal was getting him elected. Chicago Mayor Richard M. Daley brushed aside questions about why Obama was playing basketball a few blocks away and having a haircut instead of attending the DLC meeting. He said Obama was "really very, very busy" and did not have to be at every big meeting because "we're all representing Barack Obama."⁵¹

ThirdWay had been even quicker than the DLC in hedging its bets and beginning the migration from the Clinton camp to Obama. Following Obama's Iowa caucus victory and Clinton's third place finish behind both Obama and Edwards in early January 2008, Matt Bennett talked in optimistic terms about what Obama really represented. While there was obviously an organizational self-interest in making sure it ended up on the winning team, ThirdWay also

⁵⁰ Marshall, Interview.

⁵¹ Abdon Pallasch, "Democratic Leadership Council United Behind Obama," *Chicago Sun-Times*, June 30, 2008, <http://blogs.suntimes.com/>.

exhibited greater prescience than many others in those early days when the hype (and hope) surrounding Obama among many left-liberals was soaring to new heights. Rather than seeing the Obama insurgency as a repudiation of the ‘old’ moderate Clinton wing of the Democratic Party, Bennett saw the Obama victory as a triumph for Clintonism. Just as neoliberalism had become the default political economy, New Democrat ideology had, in a Gramscian sense, become the default hegemonic ideology for successful Democratic candidates. Bennett took comfort in the fact that third way ideology was guaranteed representation on the presidential ticket whether or not the New Democrats’ first-choice candidate was able to successfully retake the offensive.

The central conclusion out of Iowa is not only ironic but vital for the Democratic Party to learn (or re-learn): Iowa was a victory for Clintonism. Vital, because last night was a profound rejection of those who seek to install an angry, divisive neo-populism as the centerpiece of the Democratic Party. John Edwards is the standard-bearer for this wing of the party, which has been preaching...that Democrats must focus on mobilizing rather than expanding their base and that only a confrontational, hyper-partisan and doctrinaire politics can deliver a new majority. And ironic because it was Bill Clinton himself, running in 1992, who proved conclusively that hope trumps anger – that it is not about who will fight the power or who has experience, it’s about who can most skillfully project hopeful optimism about the future, and can persuade voters, beyond the Democratic base, that he will transcend what he called the ‘brain dead politics of Washington’ (his own way of selling a post-partisan worldview).

To underscore ThirdWay’s comfort in the outcome and the wider repositioning it implied, Bennett went on:

And thus, in a bizarre twist, it was Obama who grasped the mantle of Clintonism and became the ‘Man from Hope.’ We think that Hillary’s central imperative now is to reclaim that mantle. She must remember – as she did so well in her 2000 Senate race – that experience never beats hope, and that the past is never a winning rationale for a candidacy. So the result in Iowa – even if Hillary course-corrects and wins New Hampshire – does not herald the death of Clintonism. Rather, it’s the launch of Clintonism 2.0.⁵²

⁵² Quoted in: Smith, “The Man From Hope?”

Clinton did win in New Hampshire, but after a long primary battle that went on for five more months, Obama eventually prevailed as the nominee. In June, the two candidates returned to the New Hampshire town of Unity, where each of them had won exactly 107 votes during the primary, in a symbolic merging of their campaigns behind the Obama election effort.⁵³

The result of the November presidential election was a foregone conclusion by October, with Obama already appearing to be the one in charge of responding to the economic crisis during his joint meetings with Bush and McCain. It was becoming clearer that the recession that appeared to start in the housing sector actually had deeper roots in the deregulated casino that finance had become since the Clinton financial reforms of the 1990s. By this time, it was not only the banks that were coming crashing down, but jobs numbers were also in full retreat and the foreclosure crisis that had been building over the summer was accelerating even faster. In the last months of the election campaign, more than half a million joined the unemployment rolls, with another million estimated to have already dropped out of the labor force.⁵⁴ In January, days before Obama was sworn in, the foreclosure rate had doubled to 7.56 percent since September, and the delinquency rate jumped from 14.43 percent to nearly a quarter of all mortgages.⁵⁵ The depth of the challenge facing Obama, and the requisite scale of expected government response to it, were without precedent since the Great Depression and FDR's inauguration in 1933. It was at this point, with talk of bank and auto 'nationalizations' in the air, that much of the mainstream press indulged in writing about the advent of a new Keynesianism or speculated that some kind of 'socialism' was back in vogue. With interest suddenly sparked

⁵³ Jeff Zeleny, "Working Together, Obama and Clinton Try to Show Unity," *The New York Times*, June 8, 2008.

⁵⁴ Bureau of Labor Statistics, *The Employment Situation: December 2008* (Washington: U.S. Government Printing Office, 2009).

⁵⁵ Alex Tanzi, "U.S. Mortgage Delinquency, Foreclosure Rates," *Bloomberg*, February 16, 2009, <http://www.bloomberg.com/>.

in the old pre-neoliberal, social democratic era, the New Democrats went to work plugging the holes in the dam.

The New *Mandate for Change*

Sensing the scale of the intellectual crisis undermining the commitment to free markets and the limited state, ThirdWay wasted no time in trying to provide a framework of action for the President. Just as their *Politics of Evasion* had made the original New Democrat case in 1989 and *Politics of Polarization* had helped re-launch the movement in 2005, Galston and Kamarck's November 2008 manifesto aimed to set the agenda for the Democratic Party in the new age of Obama. It was reminiscent of the New Democrat guidebook for the incoming Clinton Administration, *Mandate for Change*, which had been issued by Will Marshall's PPI in January 1993.⁵⁶ Published by ThirdWay within days of Obama's victory speech at Grant Park, *Change You Can Believe In Needs a Government You Can Trust* identified a pervasive lack of confidence in the federal government among the American public. It aimed to remind Democrats not to confuse the party's opinion poll support with widespread backing for an interventionist state along Keynesian lines. Calls for a 'New New Deal' had to be tempered and any expansion of the measures already taken by the government to stabilize the faltering economy deserved a second thought. "Contrary to the assumptions of many progressives," Galston and Kamarck wrote, "the desire for change doesn't always translate into a desire for more active government. Change means change. Trust must be earned."⁵⁷

The clear audience for the paper was the incoming Obama Administration. The grudging support of the public for a financial sector rescue package was pitched as something akin to a

⁵⁶ Marshall and Schram, *Mandate for Change*.

⁵⁷ William Galston and Elaine Kamarck, *Change You Can Believe In Needs a Government You Can Trust* (Washington: ThirdWay, 2008).

‘rally round the flag’ moment like those preceding military campaigns – a moment whose effect would fade. The President was advised to “begin his administration with carefully chosen confidence-building measures,” and to “make the case, step by step, and demonstrate through promises kept that government can once again be an effective agent of change.”⁵⁸ Moderation and stepped measures, not wide-scale federal action in the economy, were needed to build up public support for the government and make possible future advances in the policy fields of health, energy, and infrastructure.

The example of Clinton’s veering from New Democrat principles early in his presidency was also revived as a warning to Obama not to repeat similar heresies. The public was not expecting or insisting on a reform of health insurance when Clinton came to office in 1993, but had instead expected the first focus to be on welfare reform, according to Galston and Kamarck. When Clinton’s insistence on pursuing such a large-scale expansion of the government’s role ultimately floundered, it “diminished trust and contributed to devastating losses in the 1994 mid-term elections.”⁵⁹ As government expands, leaders have to be aware that they may be taking on intractable problems and setting themselves up for failure. It was Clinton’s embrace of fiscal restraint, demonstrating self-discipline and commitment to long-term priorities, which helped rebuild the public’s trust in Galston and Kamarck’s eyes and got him a second term. President Obama was warned not to similarly set the bar too high for himself by advancing “transformational goals” that could prove elusive.⁶⁰ In choosing such a path, Obama would endanger the possibilities for center-left advance for a whole new generation. In order to save the center-left, Obama had to not be too leftist.

⁵⁸ *ibid.*, 2-3.

⁵⁹ *ibid.*, 12. See also the discussion on pages 19-22.

⁶⁰ *ibid.*, 16.

To make their case, ThirdWay highlighted the dismal number of voters who expressed trust in the federal government – only 17 percent as of 2008, down from highs in the 60-76 percent range in the 1960s.⁶¹ As Galston and Kamarck acknowledge, simply knowing that the public mistrusts the government does not necessarily reveal what the public wants the federal government to do to regain that trust. It could very well be the case that levels of trust for government would be just as low at a Tea Party rally, for instance, as at an Occupy Wall Street encampment. However, Galston and Kamarck warned left-liberals who called for Obama to enact a ‘liberal shock doctrine’ on the scale of LBJ that they should be aware that “2009 will be more like 1993 than 1965.”⁶² LBJ’s context of an expanding economy, vast tax resources, and confident voters greatly differed from the global financial crisis, budget deficits, and the electorate with little faith in government that faced Obama.

After concluding the tale of Clinton’s failure and redemption, Galston and Kamarck set out a ThirdWay reform agenda for Obama’s first one hundred days. Anticipating that their ‘purist’ critics in the party would read their essay as ‘pessimistic and deflationary’, they say that its message is in line with public sentiment and that to forge too far ahead of that sentiment is to tempt failure. They urged the President to ‘clean up’ government and begin the process of creating a ‘smart government’ in a reinvention exercise reminiscent of Vice President Gore’s. Better use of technology and new performance measures should be used to cut ineffective programs. The Bush Administration practice of awarding no-bid contracts to private firms for the fulfillment of public services was to be reformed (though the contracting-out of projects itself was not to stop). Earmark reform was placed on the agenda. And in a show of his independence from the left-liberals, Obama was encouraged to use executive orders to “eliminate special

⁶¹ *ibid.*, 5, Table 1.

⁶² *ibid.*, 23. For the ‘liberal shock doctrine’, see: Rick Perlstein, “A Liberal Shock Doctrine,” *The American Prospect*, September 2008.

interest regulations” and appoint high-ranking cabinet officials from the ranks of the Republican Party.⁶³ As in all their previous manifestos, the conceptual elements of third way ideology played a central role in Galston and Kamarck’s advice to the President.

Once in office, Obama announced initiatives largely in line with all of the points on ThirdWay’s agenda. However, like the first New Democrat president, this one did not follow all of the advice of the centrist policy establishment. His choice to embark on healthcare reform as one of his first orders of business, for instance, caused worry for ThirdWay: “President Obama will probably win on health care reform. But voter backlash has steeled the Republican Party to mount a full-scale opposition. Victory on health care will be a triumph of the partisan culture that President Obama pledged to defeat.”⁶⁴ Obama acted quickly, though, to offer reassurances he was not the big government liberal that the right feared and the left hoped for.

The *Second* Third Way Administration

Less than two months after his inauguration, Obama addressed a private meeting at the White House State Dining Room with sixty-five members of the New Democrat Coalition, the caucus of third way Democrats in the House of Representatives. Speaking to the group about his first proposed budget, Obama sought to ease concerns and gain their support by letting them know that contrary to the assertions of some, he was indeed a member of their club. At that meeting, the President declared to those attending in no uncertain terms, “I am a New Democrat.”⁶⁵ With both the grueling fight of the primaries and the easier general election now behind him, Obama finally no longer felt compelled to so stringently reject the third way label.

⁶³ Galston and Kamarck, *Change You Can Believe In*, 26.

⁶⁴ Bill Schneider, “Stuck in a Moment You Can’t Get Out Of,” *ThirdWay Perspectives*, August 27, 2009, <http://perspectives.thirdway.org/>.

⁶⁵ Jonathan Martin and Carol Lee, “Obama: ‘I’m a New Democrat’,” *Politico*, March 10, 2009, <http://www.politico.com/>.

Though he courted left-liberal activists in seeking the nomination, when the time came to govern it was the New Democrats who were embraced. Bruce Reed, who had headed up the welfare reform efforts at the Domestic Policy Council under Clinton and succeeded Al From as leader of the DLC just days before, penned an exuberant op-ed under the gushing headline, “Yes He Is.” Recounting the President’s description of himself as a “fiscally responsible, pro-growth Democrat who supports free and fair trade and opposes protectionism,” Reed said Obama was “leading the country the way he promised he would: neither to the left nor right but on a path that’s new and different.”⁶⁶ The economic ideas and political constituencies that have influenced Obama’s policymaking show that Reed was probably correct in identifying the President as one of his own.

Joseph Peschek has described Obama’s political economy as a form of “corporate centrism” focused on securing business confidence and resulting in a “continuity with, rather than departure from, neoliberalism.”⁶⁷ The appointments process and the elaboration of policy under Obama have been characterized by both a ‘demand constraint’ and a ‘resource constraint’, turning to the analysis of Erik Olin Wright and Joel Rogers. With the political success of his government dependent on the economic well-being of private capital, “the only demands that get raised [when making policy] are those compatible with capitalist interests and a good business climate.” Non-business groups hoping to influence the policy process, meanwhile, possess far fewer financial and technical resources and thus face “severe resource constraints in having their interests translated into public policy.” This structural imbalance in economic power translates

⁶⁶ Bruce Reed, “Yes He Is: Obama Calls Himself a New Democrat and Shows What It Means,” *Slate*, March 11, 2009, <http://www.slate.com/>.

⁶⁷ Joseph Peschek, “The Obama Presidency and the Great Recession: Political Economy, Ideology, and Public Policy,” *New Political Science* 33, no. 4 (2011): 432, 429.

into an unequal ability to exert political power.⁶⁸ Discussing the trade union movement's difficulty in seeking to influence the Obama agenda, AFL-CIO Deputy Chief of Staff Thea Lee argued that there was a "definitely a resource mismatch" between labor and business-oriented interests. Noting that labor often found itself at "cross-priorities" with the Obama Administration, she said that the unions "just need to take as a matter of faith that they [business-oriented interests] will outspend us."⁶⁹

The impact of these dual constraints in the Obama Administration demonstrate the drive and capacity of the business-oriented New Democrat faction to contain and partially re-direct what G. William Domhoff called the "potential independence" of the federal government away from any measures that might substantially endanger market priorities.⁷⁰ A look at the personalities appointed to top cabinet posts and key advisory roles demonstrates the influx of these positions into the Administration. The number of third way adherents appointed at the White House after Obama's victory demonstrate that his proclamation of allegiance to New Democrat philosophy was more than just a rhetorical flourish. A whole host of DLC, New Democrat Coalition, and ThirdWay affiliates would end up with positions in either the first or second Obama Administrations, while most of the Congressional Progressive Caucus (CPC) and left-liberal policy advisors went without invitations to join the Obama team. Bruce Reed was recruited away from the DLC leadership to become Vice President Biden's Chief of Staff. Rahm Emanuel left Congress to fill the same role for the President. Hillary Clinton, Janet Napolitano, Bill Richardson, Ken Salazar, Tom Vilsack, and Kathleen Sebelius were all DLC alumni who found themselves with an Obama cabinet appointment. ThirdWay board member William

⁶⁸ Erik Olin Wright and Joel Rogers, *American Society: How It Really Works* (New York: Norton, 2011), 344-46.

⁶⁹ Thea Lee, Interview, July 17, 2013.

⁷⁰ G. William Domhoff, *Who Rules America? Challenges to Corporate and Class Dominance* (New York: McGraw-Hill, 2010), xiii-xiv.

Daley, who was a top manager for J.P. Morgan Chase, would later succeed Emanuel as White House Chief of Staff when the latter resigned to run for Chicago mayor. The CPC, the left-liberal group of House members, could only count Hilda Solis as one of their own in the cabinet during that first term. She was appointed to head up the Labor Department, a position lacking any effective macroeconomic policymaking function. Thea Lee lamented that the third way faction continued to be “frustratingly strong in the Obama Administration, as it was in the Clinton Administration.”

Clinton obviously came out of the DLC so he was explicitly part of that new wave of centrist Democrats. [With Obama] it’s very complicated. I think you have different threads; it’s not a single entity. You have the views of Wall Street, you have the views of multinational corporations, you have rich people... that are all very prominent and powerful in the Democratic Party. Our view is that the labor movement is the foundation, and in some ways the bread and butter of the Democratic Party...but ‘we don’t get no respect’. Any constituency that is secure is taken for granted...that’s how I think labor is seen.⁷¹

In addition to the New Democrat politicians that Obama took on, the economic policy team he assembled was also largely a club of “retreads from the Clinton Administration,” almost none of whom could be said to hail from the left spectrum within the Democratic universe.⁷² Succeeding former Goldman Sachs chairman Henry Paulson at Treasury was Timothy Geithner, also notable for his ties to the financial industry. Ben Bernanke was put in charge of the Federal Reserve, which stepped in with unlimited bond purchases and next to zero interest rates in an attempt to prop up the economy. The circle of economic policy advisers included Robert Rubin (another former Goldman Sachs chair and villain in the left-liberals’ account of the deregulation of the Clinton years), Larry Summers (Rubin’s successor as Clinton’s Treasury secretary), and Paul Volcker (known for the ‘Volcker Shock’ of massive interest rate increases in the last years of the Carter Administration). Robert Wolf from UBS Bank, the previously mentioned J.P.

⁷¹ Lee, Interview.

⁷² *ibid.*

Morgan Chase manager William Daley, Citadel hedge fund manager Ken Griffin, and Hyatt Hotel heiress (and early Obama campaign financier) Penny Pritzker rounded out the group of advisors counseling Obama in those early days.⁷³ Leadership of the Commodity Futures Trading Commission was given to Gary Gensler, one of the main supporters of derivatives deregulation under Clinton.⁷⁴ And DLC/PPI Senior Economist Austan Goolsbee was tapped for the Council of Economic Advisors (CEA).⁷⁵

Progressive economists like Paul Krugman, Joseph Stiglitz, Dean Baker, and Jeff Faux were not asked to advise the President on the economic recovery. Moderate social democrats like these got “no traction with the White House,” where there was a “dominance of center-right pro-market ideology and the weakness of the labor, social democratic movement.”⁷⁶ The only left-liberal who was appointed to the Administration’s economic team was Vice President Joe Biden’s chief economist, Jared Bernstein, who came from Faux’s Economic Policy Institute.⁷⁷ Even though these left economists, like everyone else, accepted the need to ‘save the banks’ in order to prevent another Great Depression, there was little openness on the Obama team to what Dean Baker called “the fact that this recession need not have taken place” or the judgment that vigorous fiscal measures could have countered it.⁷⁸ Instead, ‘Rubinomics’ was further entrenched as the guiding economic philosophy of the Obama Administration, just as it had been for Bill Clinton – the same set of policy ideas that Baker and others hold responsible for initiating the bubble economy, starting with the dot.com stock inflation of the 1990s. Joseph Schwartz has suggested that Obama’s policy circles were “vaguely aware of the left, whether it

⁷³ Rasmus, *Obama’s Economy*, 29.

⁷⁴ Pam Martens, “Obama’s Economics Brains Trust,” *Counterpunch*, April 2-4, 2010, <http://www.counterpunch.org/>.

⁷⁵ Progressive Policy Institute (PPI), “Press Release: The Talented Mr. Goolsbee,” September 10, 2010.

⁷⁶ Schwartz, Interview.

⁷⁷ Office of the President-Elect, “Press Release: Vice President-elect Biden Announces Chief Economist and Economic Policy Advisor,” December 5, 2008.

⁷⁸ Baker, Interview.

be Krugman, Campaign for America’s Future, or the Economic Policy Institute, but de facto their policies are not so different from ThirdWay.”⁷⁹ Baker is far more blunt, characterizing the Obama Administration as “overwhelmingly dominated by the business wing” of the Democratic Party. “Setting the agenda on monetary policy, fiscal policy, currency policy, and trade policy,” they have left progressives to play “a blocking role...to prevent major changes to Social Security or Medicare” rather than initiating new social democratic advances.⁸⁰

The two signature policy achievements of the first Obama term – the stimulus bill, the American Recovery and Reinvestment Act (ARRA), and the Affordable Care Act (ACA) – bear out the comments of those interviewed above. In the next two sections, each of these pieces of the Obama legacy will be examined in turn. The extent to which they exhibited and reinforced the concepts of third way ideology and the role that the New Democrat faction played in shaping them are key areas of focus. Understanding the character of Obama’s team of top advisors (particularly in the agenda-setting agencies such as Treasury, the Fed, and CEA) and highlighting the role of New Democrats in both the White House and Congress are central to explaining the conception and implementation of the ARRA and ACA.

The Stimulus: A New New Deal?

Just before he became President, Obama had supported the \$700 billion bank bailout known as TARP – the Troubled Assets Relief Program – engineered by outgoing Bush Treasury Secretary Henry Paulson. In those weeks prior to the election, ThirdWay feverishly pushed talking points for Democrats to reframe the bailout they voted for as a ‘line of credit’ to the

⁷⁹ Schwartz, Interview.

⁸⁰ Baker, Interview.

banks for which full repayment was expected.⁸¹ The unpopularity of this program and the sheer necessity of further action to prop up the economy made Obama eager to establish his own legacy for dealing with the economic crisis once he was elected. Although Christine Romer, a member of the incoming Council of Economic Advisors, proposed a stimulus measure of \$1.2 trillion to balance the \$2 trillion already lost from declining GDP, Obama's eventual proposal to Congress asked for \$787 billion worth of outlays toward economic recovery.⁸² At first glance, even a stimulus of this size was a project on a grand scale that appeared to bypass ThirdWay's counsel to start small with trust-building measures. "The stimulus, which we believe he had to do, wasn't exactly a moderate Democratic approach, even though we and other moderate Democrats supported it because it was a crisis. I think spending a trillion dollars really, really fast isn't exactly the kind of fiscal discipline we normally would call for," Matt Bennett said.⁸³ That fact alone merits giving the stimulus careful consideration in any analysis of whether Obama is a third way president. A closer examination of the process by which the size of the stimulus was arrived at, however, reveals that the New Democrats on Obama's team played the determining role. Roger Hickey recounted the differing opinions that existed within Obama's policymaking circle:

I hate Summers for all kinds of reasons, but he's a Keynesian. He was worried about the economy and so was Christine Romer in the Council of Economic Advisors and Jared Bernstein and others...they were really worried. They told us it's the political people who were refusing to do more. So we got a meeting with some of the political people at the White House. It was me and Bob Kuttner and Dean Baker – an unlikely trio at the White House. What we said was, look, put forward a big, big jobs plan and explain to the public like you should have been doing all along, that the crisis is much more serious than even we had thought and that we've got to do more to get the economy going and to create jobs, and challenge Republicans. Run against the

⁸¹ Anne Kim, Matt Bennett, and Jim Kessler, "Reframing the Bailout," *ThirdWay Middle Class Program Memo*, September 2008.

⁸² Jeff Faux, *The Servant Economy: Where America's Elite is Sending the Middle Class* (Hoboken: John Wiley and Sons, Inc., 2012), 121.

⁸³ Bennett, Interview.

Republicans and run like Harry Truman against the do-nothing Congress. And we were told, “No, we’re not going to do that.” The public won’t buy more spending; they’re against government in all forms. And secondly, there are some Democratic Senators who won’t vote for such a thing.⁸⁴

The final stimulus that Obama proposed was right in the middle of the range of \$550 to \$890 billion that had been suggested to him by Larry Summers, the former Clinton Treasury Secretary that he picked to head the National Economic Council, and his New Democrat Chief of Staff, Rahm Emanuel.⁸⁵ In a memo to Obama just before he took office, Summers warned that unemployment was not the only concern and that any stimulus over \$1 trillion could backfire because the sticker shock would destroy investor confidence and drag the market further down: “Recall also, the goal of the stimulus package is not just to reduce unemployment and create jobs. It is also designed to be an insurance package against catastrophic failure of financial institutions and other key industries.”⁸⁶ Emanuel, meanwhile, served as the President’s emissary to Congress during negotiations on the stimulus. So even before Obama took office, New Democrats were already shaping his economic response to the recession.

The bill that was eventually enacted into law in February 2009, within weeks of Obama’s inauguration, passed almost completely along party lines with only three Republican Senators signing on.⁸⁷ Between the time of Obama’s election in November and his taking office in January, the panic surrounding the economic meltdown only accelerated. The ideological foundations of market fundamentalism that had informed neoliberal public policy for thirty years were being questioned openly in public debate and the mainstream press. The Obama stimulus,

⁸⁴ Hickey, Interview.

⁸⁵ Faux, *The Servant Economy*, 121-22.

⁸⁶ Larry Summers, “Memo to President Obama: Update on Economic Policy Work,” December 15, 2008, 10. The only public copy of this document available is from *The New Yorker*: <http://www.newyorker.com/news/news-desk/the-summers-memo>.

⁸⁷ Theda Skocpol and Lawrence Jacobs, “Reaching for a New Deal: Ambitious Governance, Economic Meltdown, and Polarized Politics,” In T. Skocpol and L. Jacobs (eds.), *Reaching for a New Deal: Ambitious Governance, Economic Meltdown, and Polarized Politics in Obama’s First Two Years* (New York: Russell Sage Foundation, 2011), 18.

though trimmed by his New Democrat advisors, still accentuated speculations and predictions about a return to Keynesianism and the possibilities of a new period of advance for American left-liberalism. As if Obama had raised the state from the dead following Clinton's slaying of it in the 1990s, *The New York Times* described the stimulus as the "striking return of big government."⁸⁸ *Newsweek's* declaration that Democrats and Republicans alike were "all socialists now" recalled Richard Nixon's much earlier surrender to Keynesian orthodoxy.⁸⁹ Even *The Economist* was admitting that, although it was "meddling government" which caused the current "market distortions", what was needed now was "intervention to get out of it."⁹⁰

Though holding some reservations about the size of the stimulus, John Judis of *The New Republic* joined in celebrating the Obama stimulus as an economic strategy that would "shift even more dramatically the balance of economic power away from the private and toward the public sector."⁹¹ He went so far as to say that "The American relationship of state to economy will begin to look like that of France and Sweden."⁹² The fact that a robust economic recovery did not quickly materialize leaves questions concerning the adequacy of the stimulus though, and the failure to follow up with further stimulus when necessary requires a second look at claims that Obama's efforts really represented such a social democratic turn. None of this, of course, has prevented the Obama Administration from claiming, rightly so, that things would have gotten a lot worse without the President's efforts. Agreeing with such sentiments, but from a critical perspective, Jeff Faux looked back on the stimulus efforts as the best that could realistically have been hoped for from a Democratic Party so changed from the days of LBJ.

⁸⁸ David Herszenhorn, "A Smaller, Faster Stimulus Plan, But Still With a Lot of Money," *The New York Times*, February 13, 2009.

⁸⁹ Meacham and Thomas, "We Are All Socialists Now."

⁹⁰ *The Economist*, "What Would Ayn Rand Do?" January 14, 2009, <http://www.economist.com/blogs/>.

⁹¹ John Judis, "Fundamentally Different," *New Republic*, February 23, 2009, <http://www.newrepublic.com/>.

⁹² *ibid.*

Obama arguably represented the country's last best hope, the most inspiring leader that the two-party system could have produced at this moment of crisis... The president's supporters maintained that he had done the best he could... He produced an economic stimulus that stopped the free fall of the economy into a possible depression. They are probably right; he did do the best he could. Furthermore, he was probably the best that we had of the group of presidential candidates who were electable. But the best we had of those who were electable was not good enough.⁹³

The \$787 billion was split into three primary categories, with further divisions by program or project.⁹⁴ A bit less than \$400 billion went to immediate short-term spending for 2009-10. Approximately \$100 billion was devoted to longer-term infrastructure investment, while around \$300 billion consisted of tax cuts, the largest portion of which went to business. The \$400 billion of immediate short-term stimulus represented just under 3 percent of total U.S. GDP, a smaller stimulus compared to other economies that spent far higher amounts in percentage terms in the wake of the economic crisis. China, for instance, passed a stimulus plan worth around 17 percent of its GDP.⁹⁵ The scale of the stimulus was a prime target of left-liberal economists who believed Obama was allowing the big-government allergies of Clintonism to inhibit the response that was really needed. Robert Kuttner considered it inadequate given the depth of the recession and said it ignored the reality that such a severe pullback created an opportunity for strong government action.⁹⁶ In not concentrating more on direct spending and job creation, Robert Reich said the stimulus's shortcomings were the Administration's "original sin."⁹⁷

Much of the short-term immediate spending was aimed at safety net subsidies or stopgap public sector layoff prevention, and a large part went to propping up faltering state and municipal

⁹³ Faux, *The Servant Economy*, 119-20.

⁹⁴ M. Stephen Weatherford, "The Wages of Competence: Obama, The Economy, and the 2010 Midterm Elections," *Presidential Studies Quarterly* 42, no.1 (2012): 14.

⁹⁵ Rasmus, *Obama's Economy*, 17.

⁹⁶ Robert Kuttner, *A Presidency in Peril: The Inside Story of Obama's Promise, Wall Street's Power, and the Struggle to Control Our Economic Future* (White River Junction, CT: Chelsea Green Publishing, 2010), 73.

⁹⁷ Robert Reich, "The Obama Agenda and the Enthusiasm Gap," *The Wall Street Journal*, August 3, 2010.

budgets. It is true that relatively little was devoted to new immediate job creation programs, but food stamps were doubled, state and local governments were infused with cash to halt cuts to their staff, and funds were dedicated to covering the costs of unemployment insurance payments. Rather than trumpeting new job creation, the Administration during this period instead began to talk more about the number of jobs the President's policies had saved from elimination. The failure of new jobs to materialize from the tax component of the stimulus, however, delayed hopes of a further robust Main Street recovery.

The heavy reliance on tax cuts in the stimulus bill – nearly half of the increased spending – was in line with ThirdWay's warnings against over-taxation of business and market-led economic growth. Left-liberals were, inevitably, left even further discouraged. The thinking on the part of Obama's policy advisors was that tax cuts would spur a recovery for corporate profits which would in turn result in increased investment and hiring – a rehash of trickle-down theory. There was a clear preference for a private sector-driven recovery and a limitation of direct government intervention. As is now known, the profit recovery did come, but most of the largesse was hoarded, used to pay down debts, or invested in other markets.⁹⁸ The fact that Tea Party Republicans were able to charge Obama with socialism while nearly every actual socialist or social democrat in the country was criticizing the business-orientation of Obama's stimulus created an absurd picture in the midst of the recession. Krugman encapsulated the exasperation of the Democratic left with the president who had been their great hope:

The answer from the right is that the economic failures of the Obama administration show that big-government policies don't work. But the response should be, what big-government policies? For the fact is that the Obama stimulus – which itself was almost 40% tax cuts – was far too cautious to turn the economy around... Put it this way: a policy under which government employment actually fell, under which government

⁹⁸ Dean Baker, *False Profits: Recovering from the Bubble Economy* (San Francisco: Berrett-Koehler Publishers, 2010).

spending on goods and services grew more slowly than during the Bush years, hardly constitutes a test of Keynesian economics.⁹⁹

The eventual extension of the Bush tax cuts, with Obama's collusion, was seen as a continuation of the mistake made with the ARRA and dimmed the left-liberal view of the President even further. In *Dissent*, Marcellus Andrews declared:

Year one of the Obama era has been a disappointment for left-liberals... We still swoon to his message of hope and justice – to his belief that we can use public power to right the wrongs of the past and prevent future catastrophes. But we are angry with Obama for being, well, a politician. We are upset by the many compromises he has had to make as he tries to help our country recover from a monumental failure of global finance, restore our broken health insurance system, and end two ill-conceived wars against terrorism. Our disappointment is a sign of the great hopes we vested in him.¹⁰⁰

For all that it achieved in halting the bleeding of the recession, the ARRA's biggest potential for changing the American economy perhaps still lies years ahead in some of its longer-term investments. That possibility was the focus of Michael Grunwald's very optimistic evaluation of the Obama stimulus, which was at odds with many Democratic-aligned left economists. Grunwald heralded the stimulus as a *New New Deal*, not classically left-liberal in the Democratic sense, but a major down payment for the creation of a competitive twenty-first century economy.

It was the biggest and most transformative energy bill in U.S. history... the biggest and most transformative education reform bill since the Great Society. It was a big and transformative health care bill, too, laying the foundation for Obama's even bigger and more transformative reforms... It included America's biggest foray into industrial policy since FDR, biggest expansion of antipoverty initiatives since Lyndon Johnson, biggest middle class tax cut since Ronald Reagan, and biggest infusion of research money ever... It updated the New Deal-era unemployment insurance system... And it's blasting money into the economy with unprecedented transparency and oversight.¹⁰¹

⁹⁹ Paul Krugman, "When Zombies Win," *The New York Times*, December 19, 2010.

¹⁰⁰ Marcellus Andrews, "The Political Economy of the Trapped," *Dissent*, April 19, 2010, <http://www.dissentmagazine.org/>.

¹⁰¹ Grunwald, *New New Deal*, 10-11.

The overall message to left-liberals and progressives was that the Change – with a capital C – that Obama promised had arrived. But because this change did not look like the old Democratic policy they were accustomed to, they just did not know how to appreciate it. Grunwald declared upfront that Obama’s change was not the “unshackled liberalism” that left-liberals might have hoped for or the socialism that demagogic Republican leaders claimed was coming to pass. Instead, Obama’s themes were what they had always been: “equal opportunity for all, better but not bigger government” and “We’re-In-This-Together.”¹⁰² It was opportunity, responsibility, and community rephrased. Grunwald called this vision “reconstructed liberalism” – it was a liberalism reconstructed along third way lines.¹⁰³ Grunwald’s book defending the stimulus served as a centrist rebuff to Obama’s left-liberal critics, reminding them that the President had found success by not listening to them.

Following the Democratic defeats in the 2010 midterms, even the soft-Keynesianism of the stimulus that had been designed by New Democrats was surrendered in the face of new calls for austerity raised by the Tea Party and third wayers within Obama’s own party. The dominant narrative of the election loss that year pushed by the New Democrat faction was that Democrats were punished by voters for Obama’s ‘over-reaching’ left agenda and that a re-centering was needed. Obama was advised by David Broder, a columnist friendly with ThirdWay, to take solace in the fact that voters “liberated him from his confining alliances” with left-liberals in Congress, like Nancy Pelosi and Harry Reid. The President was told he could now return to his “original design for governing, which emphasized outreach to Republicans and subordination of party-oriented strategies.”¹⁰⁴ Just as Newt Gingrich had freed Clinton from his entanglement with Democrats in Congress, perhaps John Boehner could do the same for Obama. Left

¹⁰² *ibid.*, 457.

¹⁰³ *ibid.*, 33.

¹⁰⁴ David Broder, “Election Results and President Obama’s Mistakes,” *The Washington Post*, November 3, 2010.

skepticism about the possibilities of a further advance of government stimulus was proven correct once the full acceptance of austerity became apparent. Interpretations that the election failure represented voter dissatisfaction with the centrist nature of Obama's governing strategy were rejected outright.¹⁰⁵ Deficit reduction and entitlement reform, concepts which had always played a strong role in the third way's ideological morphology as adjacent concepts, became the poles around which policy debates would revolve in the latter part of Obama's first term and the beginning of his second.

Health Insurance Reform: Sinking the Public Option

On the social policy front, the Patient Protection and Affordable Care Act (usually shortened to ACA or Obamacare) is an initiative still being implemented, so its full effect cannot yet be evaluated. But given its goals of expanding health coverage to over 95 percent of the population, the magnitude of its expansion of the American welfare state will be historic if successful. Its key components and the process by which it was formulated and passed, however, also clearly reveal the influence of third way concepts and factional adherents in shaping Obama's policy agenda. Though it will almost certainly end up being the signature legacy of the Obama Presidency, the ability of Republicans to exploit its complex nature, its protracted and divisive drafting process, and popular confusion over what it actually entails has made Obamacare, at least in the short to medium-term, a liability for Democrats in many areas of the country.¹⁰⁶

Given the scale of the challenge that economic policy represented, why did Obama choose to make healthcare reform a central priority when coming to office in 2009? Many, not

¹⁰⁵ As an example, see: Christopher Phelps, "The Democrats' Problem Was Not Overreach," *Chronicle of Higher Education*, November 14, 2010.

¹⁰⁶ Charles Babington, "Mark Pryor Hurt by Anti-Obama Mood in Arkansas," *Huffington Post*, January 13, 2014, <http://www.huffingtonpost.com/>.

least of all ThirdWay, had counseled delaying an overhaul of the health system until the dire threat of the recession had been addressed. But running against Hillary Clinton, the real driving force behind President Clinton's scuttled 1993 attempt at health reform, meant that Obama could not avoid making healthcare a central plank in his platform. Former South Carolina Senator and John Kerry running-mate John Edwards had also made universal coverage the banner theme of his populist presidential campaign during the nomination contest. Since the primary battle largely played out before the financial collapse that occurred in the fall, healthcare – along with plans for ending the Iraq War – dominated the debates between the Democratic candidates. The centrality of healthcare thus meant that some action to realize a plan for insurance reform was a political necessity even though the economy had moved front-and-center by the time of the general election. As well, there is the tendency, observed by Steven Schier, for presidents to face a decline in political capital as their time in office lengthens, inspiring a 'get it while you can' mentality in the White House – another likely prompt for Obama to act on healthcare.¹⁰⁷

The manner in which the three Democratic candidates had emphasized the crisis nature of American healthcare and endlessly repeated the dismal statistics concerning costs and coverage meant that whichever of them won the White House had to act if for no other reason than optics.¹⁰⁸ All of them had spent months discussing the fact that more than fifteen percent of the population was without any insurance coverage at all, that millions more had paltry coverage that was undependable at best, and financial ruin was a possibility for millions of families anytime serious illness struck. The poor performance of the health system was further emphasized by the

¹⁰⁷ “The evidence... depicts a decline in presidential political capital after 1965. Since that time, presidents have had lower job approval, fewer fellow partisans and less voting support in Congress, less approval of their party, and have usually encountered an increasingly adverse public policy mood as they governed.” Steven Schier, “The Contemporary Presidency: The Presidential Authority Problem and the Political Power Trap,” *Presidential Studies Quarterly* 41, no. 4 (2011): 802.

¹⁰⁸ Jacob Hacker, “Why Reform Happened,” *Journal of Health Politics, Policy and Law* 36, no. 3 (2011): 440.

fact that the country was spending approximately sixteen percent of GDP (\$2.1 trillion in 2006) on the sector, compared to numbers that hovered around ten percent in other developed OECD countries while still buying universal coverage.¹⁰⁹ With healthcare having been such a predominant theme of the nomination fight, Obama had to put forward a policy for reform early on. He also argued that the rising costs of healthcare presented the most significant threat to the nation's balance sheet, both public and private, thus placing healthcare reform as a necessary part of his economic recovery plan.¹¹⁰

So what were the components of Obama's vision for reforming America's health system? In 2003, he had declared to an audience of AFL-CIO members that he was a supporter of "a single-payer universal healthcare program," but added that to achieve it Democrats had to first take back the White House, Senate, and House.¹¹¹ By the time he took office in January 2009, the Democratic Party had managed to achieve all three of those requirements, yet the universal single-payer system he had supported was of course no more politically feasible now than it was when he had talked about it before that audience of trade unionists. Expressing the view of the socialist left, Tariq Ali argued that the "deep-rooted conservatism" of the Obama Administration meant it would have been "foolish to expect anything substantial" on the healthcare front.¹¹² To be fair to Obama, it would have been foolish to expect the final result of healthcare reform to be a single-payer system given the political realities facing him and the balance of power that confronted the Democratic Party. With the Clinton reform attempt having turned into a flop that

¹⁰⁹ See: Deborah Thorne and Elizabeth Warren, "Get Sick, Go Broke," In J. Hacker (ed.), *Health at Risk: America's Ailing Health System and How to Heal It* (New York: Public Affairs, 2008); OECD Directorate for Employment, Labour, and Social Affairs, *OECD Health Data for 2010*, <http://www.oecd.org/>; and McKinsey Global Institute, "Accounting for the Cost of U.S. Health Care: Why Americans Spend More," December 2008, <http://www.mckinsey.com/>.

¹¹⁰ Barack Obama, "Remarks by the President at the Opening of the White House Forum on Health Reform," March 5, 2009, <http://www.whitehouse.gov/>.

¹¹¹ Quoted in: Ali, *The Obama Syndrome*, 93.

¹¹² *ibid.*, 92.

had long-term negative consequences for the public's views about the capacity of government to undertake large-scale policymaking, Obama was surely eager to find a pragmatic bill that could be passed and put into practice.¹¹³ However, the surrender of even a 'public option' in the final bill meant it would end up being, in substance, the delivery of some forty million plus new customers to the private insurance industry – save those poor enough to qualify for Medicaid.

Whereas a sense of impending doom had motivated Democrats of all factional allegiances to swiftly pass the stimulus, no such rapid movement was forthcoming with health insurance reform. Instead, the process of negotiating and rewriting the bill dragged from March 2009 into Obama's second year. Although much of the media focused on the fight between the President and Republicans opposed to a 'government takeover' of healthcare, the more substantive debate was that between the competing factions of the Democratic Party. With a Democratic majority in both the House and the Senate, the Republicans were largely shut out from having any determining influence on the specifics of the bill – it was a “virtually pure Democratic product.”¹¹⁴ The real fight was between the left-liberal faction pushing for a public option (with some social democratic elements still holding onto hopes for single-payer) and the New Democrats grouped around ThirdWay.

Just as the formal healthcare debate opened, Jon Cowan and Jim Kessler sought to disarm the left-liberal faction by surprisingly acknowledging one of their opponents' biggest criticisms of the DLC and the Clinton White House. Responding to Campaign for America's Future leader Robert Borosage's criticism of ThirdWay Senators Evan Bayh, Tom Carper, and Blanche

¹¹³ For extended analyses of the Clinton bill and the consequences of its failure, see: Theda Skocpol, *Boomerang: Health Care Reform and the Turn Against Government* (New York: Norton, 1997); and Jacob Hacker, *The Road to Nowhere: The Genesis of President Clinton's Plan for Health Security* (Princeton: Princeton University Press, 1997).

¹¹⁴ Lawrence Brown, “The Elements of Surprise: How Health Reform Happened,” *Journal of Health Politics, Policy and Law* 36, no. 3 (2011): 425.

Lincoln as ‘obstructionists’ who were trying to sink the President’s healthcare reform, the ThirdWay leaders said that only moderates and the middle class would ultimately decide the fate of the healthcare agenda. But they gave ground to the “scorn and skepticism” that Borosage and the left-liberals held for the centrists. “In 1992,” they wrote, “Democrats nominated and the country elected a moderate with an ambitious agenda to lead the nation. After a crushing defeat in the 1994 midterm elections, the air came out of the balloon. ‘Moderate’ became synonymous with small thinking. Health care reform was replaced by school uniforms. And for the next 10 years, the moderate vision lacked scope and clarity.” Now, Cowan and Kessler projected, a new generation of moderates was coming forth with bold ideas and action to give new life to the movement and these efforts are being given leadership by “a president who calls himself a ‘new Democrat’.”¹¹⁵ The left-liberal wing of the party was encouraged to get on board to make the Obama Presidency a more successful one.

With single-payer removed from the table by the ‘New Democrat President’ before negotiations in Congress even got under way, the main point of contention throughout much of 2009 was whether the reform bill would have a public insurance option. This public plan would not be government-provided healthcare, but rather a government-run, premium-financed insurance provider that would compete with private insurers in the marketplace.¹¹⁶ As it would not be a profit-centered agency and would pay its employees set salaries along public servant lines, the public option insurance company would theoretically be able to cut overhead costs and thus force competition and lower premiums on private sector providers. Its inclusion in the final healthcare reform bill became the primary goal of the left-liberal wing of the party since single-

¹¹⁵ Jon Cowan and Jim Kessler, “Agenda Rests on Moderate Dems,” *Politico*, March 24, 2009, <http://www.politico.com/>.

¹¹⁶ Jill Quadagno, “Right-Wing Conspiracy? Socialist Plot? The Origins of the Patient Protection and Affordable Care Act,” *Journal of Health Politics, Policy and Law* 39, no. 1 (2014): 47-48.

payer was out of consideration. Obama maintained throughout the negotiating process that he favored the inclusion of a public option, but always hedged on making it a centerpiece of the health overhaul, calling it at various times a “sliver” of the reform package or one component “within a basket of insurance choices.”¹¹⁷ On most occasions, Obama expressed his belief in a public option, but he never made it an irrevocable condition for any eventual reform package.

ThirdWay’s first major memo on the healthcare reform debate was leaked before its planned release, and the proposals it contained outraged left-liberals. Resurrected in it was the insurance industry’s prop middle class couple ‘Harry and Louise’ from the 1993 television ads that had helped sink Clinton’s bill. The message to Democrats was the need to understand the difference between ‘supporting’ reform and ‘wanting’ it among the middle class. Harry and Louise were passive supporters of healthcare reform, but according to ThirdWay, they would not become its active advocates unless they see what is in it for them. And what did Harry and Louise want? The official version of the memo that was eventually released focused on stability – “stable coverage, stable costs, and stable quality.”¹¹⁸ What this meant, in essence, was that the private insurance plans already held by the middle class should not be tampered with in the course of reform. The earlier, leaked version of the memo had been much more direct in pinpointing the public option as a threat to reform. Including a public option threatened to “fracture the emerging consensus.”¹¹⁹ Since the insurance industry had supposedly already conceded to many demands that motivated the need for a public plan, such as ending pre-existing condition bans, ThirdWay believed there was no longer any need for a divisive public option.

¹¹⁷ Quoted in: Michael Kranish, “Health Co-ops’ Fans Like Cost and Care,” *The Boston Globe*, August 19, 2009; and MSNBC News Service, “Obama: Public Option Should Be Part of Reform,” September 7, 2009, <http://www.nbcnews.com/>.

¹¹⁸ Jim Kessler and Anne Kim, “Offering Stability to Harry and Louise – A Strategy to Get to Yes on Health Care Reform,” *Third Way Economic Program Memo*, July 6, 2009.

¹¹⁹ Anne Kim, David Kendall, and Jim Kessler, “The Hybrid: A Public Plan Alternative for Harry and Louise (Working Draft),” *ThirdWay Economic Program Memo*, June 4, 2009, 1.

But if there *was* going to be a public option, ThirdWay thought it should be a ‘hybrid’ and experimental one. The compromise they extended to left-liberals consisted of four primary elements. First, there had to be an explicit rejection of any price controls or rate-setting along the lines of Medicare. This was pitched as a way to defang Republican attacks that reform would be a government takeover. A side benefit would be the continued functioning of fair competition for private insurers. Second, any government plan had to be “wholly part of the market and subject to its rules.”¹²⁰ In practice, this would mean that the hybrid public plan would be restricted to limited segments of the insurance market, particularly those who worked in small businesses of ten employees or less or whose employer did not provide insurance – basically no one who was already in a major group plan administered by a private provider would be eligible to switch to the public plan. Additionally, any public plan could not rely on federal bailouts, government funding, or any special subsidies for its members. Thirdly, the plan should be subject to a sunset provision, or a so-called ‘reverse trigger’, by which it would be eliminated after a four-year period if it did not have an undefined “positive impact on the private insurance market” and inspire a proactive (rather than automatic) reauthorization by Congress.¹²¹ This was the requirement that gave the hybrid plan its experimental quality – it was to be a four-year trial. What this would imply, though, was that so as long as the private insurance companies could hold out and refuse to ‘positively’ reduce their costs or change their practices, the termination of the public plan would likely become a near certainty given the habitual inaction and increasing partisan polarization in Congress. The fourth component of the ThirdWay plan was an accreditation scheme that would rate insurers according to their ability to reduce the annual growth of costs by 1.5 percent. That is not a reduction in costs, but a reduction in the growth of

¹²⁰ *ibid.*, 3.

¹²¹ *ibid.*, 4.

costs. With a preference for the market, a restraint on government funding, and sunset clauses, ThirdWay's hybrid private-public option bore all the hallmarks of third way ideology's conceptual framework.

With this hybrid experimental plan, the New Democrats were *officially* joining progressives in calling for a public insurance option. The terms they sought to place on their hybrid model were a guarantee, however, that such a public option was likely to be unworkable and short-lived. ThirdWay's claim to be offering a compromise reform plan was belied by the promotion of private insurers' interests in the details of their memo, as outlined above. The background of its chief authors, Anne Kim and David Kendall, also further sullied ThirdWay's credentials on the issue. As mentioned in the previous chapter, Kim had served as an attorney with a top healthcare industry lobby and had also written health policy for the conservative Blue Dog Democrat Coalition in Congress.¹²² Co-author Kendall was then serving on the Board of Directors of the Wye River Group on Healthcare, an organization funded in part by health insurance giant CIGNA, and he had in the past served as a consultant for the insurance firm, Blue Cross-Blue Shield.¹²³ Contribution reports from the political action committee (PAC) of another insurance company, Humana, showed "dues" payments of \$50,000 to ThirdWay each year from 2009-11, spanning the period of the healthcare debate. There were also varying contributions of up to \$5,000 made to other centrist groups from 2009 to 2014, such as the New Democrat Coalition PAC, the Blue Dog PAC, and the Moderate Democrats PAC.¹²⁴

¹²² Grim, "Third Way Memo on Public Health Care."

¹²³ *ibid.*

¹²⁴ Reports for the years 2009 to 2014 are available at: Humana Political Action Committee, *Political Contributions and Related Activity Report, 2009-14*, <https://www.humana.com/>. The reports only disclose "dues" payments of \$50,000 or more, so it is not possible to ascertain whether Third Way received lesser amounts during the years in which it does not appear in a report. For more on these connections, see: Lee Fang, "GOP Donors and K Street Fuel Third Way's Advice for the Democratic Party," *The Nation*, December 3, 2013, <http://www.thenation.com/blog/>.

So when the left-liberal *Daily Kos* interpreted the leaked Kim/Kendall memo as ThirdWay “doing the dirty work of the insurance lobby from the ‘left’,” it was not without reason.¹²⁵ ThirdWay spokesperson Sean Gibbons, however, stressed that the memo was merely a draft and said his organization was constantly evolving its thinking as conditions changed. He said think-tanks write dozens of drafts, and that ThirdWay remained “an ally in the health care reform fight.”¹²⁶ The finalized version of the memo released in July kept the Harry and Louise theme, but focused on a vague message of stability for the middle class and had none of the details of the earlier June document. The main ThirdWay goals for reform were already in the public arena from the leaked memo; there was no need to restate them. New Democrats in Congress and the Administration would take care of the rest.

In the fall, it was ThirdWay Senator Blanche Lincoln of Arkansas who played the key role in finally sinking the public option for good. In a speech delivered at the University of Arkansas campus in September, Lincoln declared she could not support a public plan that was government-financed or failed to be deficit-neutral.¹²⁷ She provided the necessary vote for the Senate to begin the initial debate on healthcare reform, but her signal (along with those of other New Democrats) about where that process should end made the inclusion of a public plan to force competition on private insurers next to impossible. With the Senate so closely divided between Democrats and Republicans, Lincoln’s statement showing that ThirdWay Senators would not vote for a public option made it a foregone conclusion that there would be no public component in the final bill.

¹²⁵ Joan McCarter, “‘Third Way’ on Public Option: Make One That Can’t Work,” *Daily Kos*, June 8, 2009. <http://www.dailykos.com/>.

¹²⁶ Grim, “Third Way Memo on Public Health Care.”

¹²⁷ Arkansas News Service, “Lincoln: Public Option Too Expensive,” *ArkansasNews.com*, September 1, 2009, <http://arkansasnews.com/>.

The Obama Administration, which had so far kept up a rhetorical commitment to the value of a public option, started backtracking on any notion that it was a necessary part of reform. Already in late August, Health and Human Services (HHS) Secretary Kathleen Sebelius (a ThirdWay co-chair) started telling the press that a public plan was “not the essential element” of the President’s goals.¹²⁸ By the time the Senate compromised on a version dropping the public option, a concession to Lincoln and her New Democrat colleagues, the White House was commending the body for its ‘bipartisan approach’ to reform. When Obama convened another healthcare summit in February 2010, there was no further discussion of a public option. ThirdWay and its affiliates in the Senate had successfully stripped the slightest element of public competition from the bill. Obama then pressured Nancy Pelosi and House Democrats to drop their earlier commitment to a public option and vote in support of the neutered Senate version of healthcare reform.

The final bill, the Patient Protection and Affordable Care Act, was sent to President Obama, and he promptly signed it into law on March 23, 2010. The two primary means by which it expands insurance coverage are the creation of the ‘state health insurance exchanges’, which are essentially pools of the uninsured aimed at liability-sharing and cost reduction, and the individual mandate. The products on offer in these exchanges are all provided by the private insurance industry. Low-income Americans would be offered means-tested subsidies if they are still unable to afford coverage. For the lowest income earners, states will be provided funds to expand their Medicaid rolls should their governments choose to accept them.¹²⁹ “Basically it is using public money to cover more people through private insurance in a private healthcare

¹²⁸ David Jackson, “Obama May Drop Public Option in Health Care,” *USA Today*, August 17, 2009.

¹²⁹ Quadagno, “Right Wing Conspiracy,” 50.

system.”¹³⁰ The individual mandate, a requirement that every person purchase health insurance coverage in the private market place or face a tax penalty, had been one the main elements of Hillary Clinton’s earlier health proposals. It was an idea with a long lineage that had first been put forward by President Richard Nixon in 1974, but it died with his impeachment. It was later picked up again by President Jimmy Carter but failed to gain support in the midst of a flagging economy.¹³¹ So the individual mandate, decried by Republicans in 2009 as a socialist takeover and dismissed by left-liberal Democrats as a sell-out to the private insurance industry, had a long pedigree of support in both political parties.

Because so much of ACA would not take effect for a number of years and because the White House continually did a poor job of explaining what the bill would actually do for Americans or how it would work, it became an easy target for Republicans in the ensuing years. Though the economy remained the top concern of voters in the midterm elections of 2010, Obamacare also became a hatchet used by Republicans to retake the House and chip away at the Democratic majority in the Senate. In a stinging boomerang effect for the New Democrats, though, it was actually their oft-allies, the conservative Blue Dog Democrats, who bore the brunt of the Congressional defeat that year. Republican gains were centered in swing districts held by centrist and conservative Democrats – those who were easiest to pick off. In a surprising twist, Arkansas’s Blanche Lincoln, leader of the Senate fight against the public option, lost her seat to Republican Congressman, Dr. John Boozman, who made her support of Obamacare a key campaign issue. In a reversal of the supposed 2006 and 2008 Democratic ‘waves’, the GOP was restored to Congressional dominance in what James Campbell characterized as the return of the

¹³⁰ Schwartz, Interview.

¹³¹ Jill Quadagno, *One Nation, Uninsured: Why the US Has No National Health Insurance* (New York: Oxford University Press, 2005).

American electorate to its center-right orientation and partisan parity.¹³² Polls showed that 68 percent of voters thought the stimulus was largely a waste of money, while on Obama's showcase policy achievement of healthcare, opponents outnumbered supporters 47 percent to 38 percent.¹³³ For the rest of his presidency, Obama would have to confront a Republican-dominated legislative branch. However, as the next chapter will demonstrate, such a turn of events was not necessarily a hindrance to the advance of the New Democrats' third way agenda.

Obama has called the ACA an "historic piece of legislation" that was "built on the private insurance system we have now and runs straight down the center of American political thought."¹³⁴ Probably even more than the stimulus, it will be remembered as one of his chief accomplishments. The role played by New Democrats in shaping its development and determining its final form means that, on the domestic policy front, the Obama legacy will be one viewed as largely in line with the precepts of Clintonism and the third way. The responses by the two factions of the Democratic Party after the passing of the ACA illustrated where the balance of forces within the party stood at the midpoint of the first Obama Administration. In an op-ed for ThirdWay celebrating the signing of the law, Bill Schneider proclaimed, "Now everything changes. This, more than anything else: Obama has won a historic victory. He looks like a winner. And in American politics, winning begets winning."¹³⁵ Writing for *Dissent*, Marcellus Andrews took a different perspective. "A powerful sign of our current woes," he commented, "is the spectacle of a mildly liberal president and Democratic majority celebrating

¹³² James Campbell, "The Midterm Landslide of 2010: A Triple Wave Election," *The Forum* 8, no. 4 (2010): Article 3.

¹³³ *ibid.*

¹³⁴ Quoted in: Colleen Grogan, "You Call It Public, I Call It Private, Let's Call the Whole Thing Off?" *Journal of Health Politics, Policy and Law* 36, no. 3 (2011): 401.

¹³⁵ Bill Schneider, "Health Bill Changes Everything," *ThirdWay Perspectives*, March 29, 2010.

the passage of an extremely limited health insurance reform measure over the objections of a hard right libertarian opposition. Oh, how our standards have fallen.”¹³⁶

Conclusion

The ideas that the New Democrat faction kept percolating in Washington, though not always credited to them, have continued to find a welcoming home in the Obama Administration. ThirdWay has not enjoyed the same central placement and public embrace by Obama that the DLC could rely on with President Clinton, but it still has an influential voice in the White House and Congress. It is true that third way ideology has not been pursued with the amount of rigor and dedication that New Democrats might like, and Obama’s fidelity to their outlook has at times been put into question by his own uncertainties about being tied to the faction. But an examination of the role that DLC and ThirdWay personnel have played at key moments during the Obama Presidency and the influence that New Democrat positioning has had on his two primary policy achievements demonstrate that the third way conceptual system of opportunity, responsibility, and community still possesses a strong currency in national Democratic politics.

The third way ideology, like the larger political-economic infrastructure of neoliberalism from which it was born, came up against potentially existential challenges with the financial collapse. It now appears that although they took some dents, both have come out of the crisis relatively intact. Occupy Wall Street and other protest movements have come and gone, but a post-neoliberal order has thus far failed to materialize. Meanwhile in the Democratic Party, the major public policies pursued by Obama show that the third way, though no longer embraced as a self-describing label by a sitting president, continues to animate party strategy. As Adolph

¹³⁶ Andrews, “The Political Economy of the Trapped.”

Reed lamented, “Rather than a departure...Obama’s political style presumes and consolidates Clintonism’s ideological and programmatic victory.”¹³⁷ The New Democrat faction, now under the leadership of ThirdWay, has proven adept at making sure their ideological concepts remain decontested in Democratic presidential politics. In February 2011, when the DLC finally went dark, Kenneth Baer, author of *Reinventing Democrats* and now Communications Director of the OMB for Obama, offered words of encouragement to New Democrats and said of ThirdWay: “Their power is rising. They put out original policy ideas that are rooted in reality and relevant to the moment. They are really the only organization owning the reform space in the Democratic Party.”¹³⁸

As the next chapter moves to assess the Obama Presidency as it entered a new age of austerity following the 2010 midterm elections, the rising power of ThirdWay will become even more apparent. Though Obama attempted to remain aloof from the factional divide within his party and continued to frustrate the New Democrats at times, third way ideology still possessed the power to influence national debate and determine the policies of the Democratic Party.

¹³⁷ Adolph Reed, “Why Labor’s Soldiering for the Democrats Is a Losing Battle,” *New Labor Forum* 19, no. 3 (2010): 9.

¹³⁸ Quoted in: Kirsten Powers, “DLC Shut Down: The Democrats’ New Power Base,” *The Daily Beast*, February 8, 2011, <http://www.thedailybeast.com/>.

CHAPTER EIGHT

THE THIRD WAY IN THE AGE OF AUSTERITY

We will launch an unprecedented effort to eliminate unwise and unnecessary spending that has never been more unaffordable for our nation and our children's future than it is right now. We have to make tough choices and smart investments today so that, as the economy recovers, the deficits start coming down. We cannot have a solid recovery if our people and our businesses don't have confidence that we're getting our fiscal house in order. – Barack Obama¹

In this chapter, the New Democrat faction's reassertion of third way ideological predominance during the second half of the Obama Presidency will be examined. Marked by a shift away from the government expansion that characterized his first two years in office, Obama's socioeconomic policies during this period increasingly came to embrace ThirdWay's proposals. It was also a period that saw the return of the Clintonian strategy of triangulation, originated by Dick Morris.² Following the 2010 midterm elections, the Democrats lost control of the House and Obama found himself facing a Republican opposition in Congress for the first time since he entered office. The rapid shift of ThirdWay from mediator between centrist and liberal Democrats in Congress to broker between the White House and the Republicans represented a resumption of the role in which New Democrats had always felt most comfortable. Playing the part of the responsible left, ThirdWay sought to marginalize the left-liberal faction of the party (even as modest as it had become in its own ambitions) and attacked its positions as unrealistic and disingenuous.

With the stimulus and Obamacare fights behind them, the New Democrats returned once again to their central concern of reforming the welfare state programs born of the New Deal and Great Society eras. With the imperative of compromise with left-liberals receding after 2010, the

¹ Barack Obama, "American Recovery and Reinvestment: Remarks of President-Elect Barack Obama," January 8, 2009, <http://www.change.gov/>.

² Rosenfeld, "American Social Democracy," 142.

agenda which had motivated the New Democrat faction since its foundation in 1985 was once more given pride of place in a new age of austerity. Older adjacent and peripheral concepts that had long animated New Democrat ideology, like entitlement reform, fiscal discipline, and deficit reduction, took center stage in the ThirdWay's suggestions to the President and Congress. The extreme positions staked out by the Republican Party in this period, with its talk of 'socialism' and 'death panels', made it easier for ThirdWay to present itself as the position of competent compromise amidst a politics of polarization between the Tea Party and Obama's increasingly vociferous critics on the left.³

When President Obama created the National Commission on Fiscal Responsibility and Reform, and appointed former Republican Senator Alan Simpson and former Clinton Chief of Staff Erskine Bowles to head it in April 2010, any discussion about further stimulus efforts was replaced by a new debate on how to deal with the axe of overspending supposedly hanging over the economic recovery. Instead of recommending the injection of further stimulus into the still lackluster economy, the Commission produced a report highlighting proposals right out of ThirdWay briefs. It declared: "The problem is real. The solution will be painful. There is no easy way out. Everything must be on the table."⁴ With its preference for \$2 of spending cuts for every \$1 of increased revenue, the plan set targets to balance the budget by 2015 and ultimately placed an effective cap on government spending at 21 percent of GDP.⁵ Opponents called Simpson-Bowles the "Cat Food Commission," implying that it would impoverish seniors and leave them eating canned cat food if cuts to Social Security and Medicare were implemented as

³ Anne Daguere, "US Social Policy in the 21st Century: The Difficulties of Comprehensive Social Reform," *Social Policy and Administration* 45, no. 4 (2011): 403.

⁴ National Commission on Fiscal Responsibility and Reform, *The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform* (Washington: U.S. Government Printing Office, 2010), 6.

⁵ Andrea Campbell, "Paying America's Way: The Fraught Politics of Taxes, Investments, and Budgetary Responsibility," In T. Skocpol and L. Jacobs (eds.), *Reaching for a New Deal: Ambitious Governance, Economic Meltdown, and Polarized Politics in Obama's First Two Years* (New York: Russell Sage Foundation, 2011), 404.

part of the reductions.⁶ Meanwhile, Jon Cowan at ThirdWay urged the President to endorse the Commission's recommendations before the Commission itself had even voted on them.⁷ The ultimate inability of Simpson-Bowles to gain legislative traction, though, should not be taken as proof of ThirdWay's failure to impact the austerity debate. As the following sections will show, from symbolic issues like Grand Bargains to chained CPI, ThirdWay has been out front in framing the turn from the 'soft-Keynesianism' that followed the financial collapse to the embrace of austerity since 2010.

Following its review of ThirdWay's conceptual framing of the austerity debate, this chapter will then turn to analyzing the continuing factional struggle in the Democratic Party with reference to the possibilities for a new resurgence by the left-liberal faction. As the hopes for further major legislative advances under Obama fade for activists after Simpson-Bowles, the inequality debate ignited by the Occupy Wall Street movement appears to be slowly bearing electoral fruit. In addition to the appearance of new progressive leaders like Senator Elizabeth Warren of Massachusetts and New York City Mayor Bill DeBlasio, there is the increasing visibility of electoral efforts just to the left of the Democratic Party, particularly the presidential campaign of nominally independent and self-declared democratic socialist Senator Bernie Sanders of Vermont. His candidacy is analyzed within the context of previous electoral efforts by the left to chart a path independent of the Democratic Party.

What this chapter will demonstrate, however, is that while the left-liberal faction is again becoming more assertive, the ideology of the third way remains predominant among the Democratic Party elite. On the policy front, the ideas of the New Democrats are still the ones

⁶ James Ridgeway, "Obama's 'Cat Food Commission,' and the Dancing Grannies for Medicare," *Mother Jones*, August 9, 2010.

⁷ Eric Laursen, *The People's Pension: The Struggle to Defend Social Security Since Reagan* (Oakland: AK Press, 2012), 657.

that frame the default positions taken by President Obama and the Democratic leadership. The third way ideological framework and policy apparatus created in the late 1980s and consolidated in the 1990s may have undergone changes in organization and personnel, but they have not so far been displaced from their agenda-setting role. The third way faces an increasing challenge from the party's left to be sure, but in the main, the Democratic Party is still the party of Clinton.

Triangulation's Return: The Search for a Grand Bargain

Just as the Republican taking of Congress in 1994 freed the DLC from having to engage with their left-liberal opponents and allowed it to focus on negotiating with the GOP leadership, so too did the 2010 Democratic loss of the House reinvigorate ThirdWay. Before the November verdict was delivered, in their first rejoinders to the budget debate in the fall of 2010, the primary target of ThirdWay's pleading for fiscal sanity was not the Republicans, but rather their fellow Democrats. This was during a time when the organization was still promoting itself as "the leading think tank of the moderate wing of the progressive movement."⁸ In a policy memo entitled "Growth, Not Greece," released in September 2010, Jim Kessler and David Kendall described the rapidly increasing budget deficit as a "structural, not cyclical" challenge that threatened the very economic viability of the United States.⁹ Liberal intellectuals, such as Robert Reich, Brad DeLong, and Paul Krugman, are taken to task for denying or belittling the scale of the deficit problem and the crisis of entitlements. Progressive strategies are denounced in turn, such as taxing the wealthy ("we are kidding ourselves to believe that the budget shortfall can come near to closing through taxation on high earners") and increased corporate taxes ("raising the corporate tax rate...would retard growth"). The very possibility of increased taxation of any

⁸ See the "About Third Way" section in: Jim Kessler and David Kendall. (2010). "Growth, Not Greece: A Growth-Focused Deficit Reduction Agenda," *ThirdWay Economic Program Policy Memo*, September 30, 2010, 11.

⁹ *ibid.*, 1.

kind is questioned, as it is proclaimed that the country was “approaching the limits of taxation before it becomes self-defeating and confiscatory.”¹⁰ In dismissing the policy prescriptions of left-liberals, Kessler and Kendall were also decontesting a particular approach to fiscal policy that reinforced the long-held third way concepts of a disciplined state opposed to redistribution and entitlement.

Rather than “soaking the rich,” ThirdWay put forward a “growth-focused deficit reduction agenda.” Before making new investments funded by taxation, government should first trim itself to prove to the public it is serious about dealing with the deficit. This would include a cut to government contributions to federal employee pension plans, a consolidation of annual budgeting into a biennial process, earmark reform, and a ‘taxpayer right to know’ public accounting of all federal spending.¹¹ Other major components of this agenda, which were fleshed out in later documents, included tackling the ‘problems’ of Social Security, Medicare, and Medicaid; controlling healthcare inflation in a way that Obamacare did not; freezing discretionary spending; reducing agricultural subsidies; and shifting the money from these cuts toward investment spending.¹² Positioning the New Democrat faction as the sole repository of fiscal common sense, ThirdWay attacked ‘all-or-nothing’ approaches by what it characterized as the right extreme (Republicans), that favored all cuts, and the left extreme (left-liberal Democrats), that favored all taxation to solve the budget stalemate. The pressure exerted by the two sides of the ideological spectrum supposedly threatened to create a situation where “the center” will be “unable to hold” and inaction will lead to prolonged economic decline. Only a “combination of spending cuts and revenue increases” along the lines proposed by the bipartisan

¹⁰ *ibid.*, 4.

¹¹ *ibid.*, 7-8. On biennial budgeting, see also: David Kendall and Jim Kessler, “Biennial Budgeting: Better Value for Taxpayers,” *ThirdWay Economic Program Idea Brief*, September 28, 2010.

¹² See: ThirdWay, *The Case for Taking Up Entitlement Reform* (Washington: ThirdWay, 2011).

Simpson-Bowles Commission and President Obama is seen as capable of addressing the deficit dilemma.¹³ Taken as a whole, it is a twenty-first century version of the New Democrats' preference for an enabling social investment state over a redistributionist social welfare state.

The orientation of ThirdWay's interventions shifted following the 2010 midterm elections. With the debacle that the legislative process around Obamacare had become and the ongoing economic crisis still keeping unemployment levels high, it was expected by all that the Democrats would not only lose seats but control of the House as well. The sheer scale of Republican gains was not foreseen, however.¹⁴ With 63 seats lost in the House (the biggest decline for any party since 1938) and six in the Senate, Alex Waddan characterized 2010 as a "so-called 'wave' election" splitting Washington and leaving a "Tea Party-fuelled Republican majority in the House avowedly committed to frustrating what it deemed Obama's socialistic impulses and ensuring that he was a one-term president."¹⁵ Democrats succeeded in holding the Senate, but by a small margin. The voters' rejection of Obama seemed clear.

The reasons for that rejection, however, were not so clear. Joseph Peschek highlighted the obvious shift in the political environment, but said the correlation between it and public opinion was not obvious.¹⁶ Although the electorate returned control of the House to the GOP, did this signal a desire for a turn away from government action in the economy and health sectors, or rather for more effective action in these arenas than Obama had so far been able to

¹³ David Kendall and Ryan McConaghy, "Why All-or-Nothing Approaches Won't Fix the Budget," *ThirdWay Economic Program Memo*, May 26, 2011, 1 and 6.

¹⁴ Using a prediction model that took into account poll results, the effect of the President on his party's performance, and the open or incumbent status of a seat, Bafumi et al., forecasted a final House tally of 229 Republican seats to 206 for Democrats. The final result was 242 to 193, a much larger gain for the GOP. See: Joseph Bafumi, Robert Erikson, and Christopher Wleizen, "Forecasting House Seats from Generic Congressional Polls: The 2010 Midterm Elections," *PS, Political Science & Politics* 43, no. 4 (2010): 633.

¹⁵ Alex Waddan, "Two Years of Achievement and Strife: The Democrats and the Obama Presidency, 2009-10," In I. Morgan and P.J. Davies (eds.), *Broken Government? American Politics in the Obama Era* (London: Institute for the Study of the Americas, University of London, 2012), 141.

¹⁶ Peschek, "The Obama Presidency and the Great Recession," 443.

deliver? M. Stephen Weatherford argued that Obama actually made relatively few missteps in his policies dealing with the economic recession and that the Democratic loss was due more to the Republicans' ability to limit the effectiveness of those policies and their successful transformation of the election into a referendum on Obama.¹⁷ Theda Skocpol and Lawrence Jacobs pointed to the effectiveness of Republican efforts to conflate Bush's unpopular bank bailouts with Obama's recovery efforts. They said Republicans "succeeded in convincing many voters that the bailout and the American Recovery and Reinvestment Act (the stimulus) were one and the same."¹⁸ In an analysis of the dynamics of voter preferences in the election, Costas Panagopoulos concluded that sentiments were largely driven by negative assessments of President Obama's performance and the ongoing fragility of the economy. It was also clear, he argued, that healthcare reform had indeed become a liability for Democrats.¹⁹ In a separate study of original survey data, John Aldrich et al. found that a mass anti-Obama backlash was less to blame for Democratic losses; instead, they pinpointed two alternative explanations for the midterm shift. First, the rise of the Tea Party movement helped to nationalize the election and mobilize a core of voters who were already Republican in orientation. Second, a plurality of the respondents who had voted Republican but did not identify as Republican or Tea Party-affiliated held the two parties equally responsible for failing to deal with the recession. Of these, a majority even placed greater blame on the Bush Administration and Wall Street for the economic collapse, but they found the Democrats responsible for the slow pace of recovery.²⁰ At least

¹⁷ Weatherford, "The Wages of Competence," 8.

¹⁸ Skocpol and Jacobs, "Reaching for a New Deal," 19.

¹⁹ Costas Panagopoulos, "The Dynamics of Voter Preferences in the 2010 Congressional Midterm Elections," *The Forum* 8, no. 4 (2010): Article 9.

²⁰ John Aldrich, Bradford Bishop, Rebecca Hatch, D. Sunshine Hillygus, and David Rohde, "Blame, Responsibility, and the Tea Party in the 2010 Midterm Elections," *Political Behavior* 36, no. 3 (2014).

among a plurality of the independents who voted Republican, then, there appeared to be a desire for more vigorous government intervention into the economy.

ThirdWay drew opposite conclusions, however, and set out to seize the narrative about how Democrats should respond to the election outcome. In their view, the midterms amounted to yet another voter rejection of liberalism. In order to save the Democratic Party once again, it was necessary to get serious about entitlement reform.

The fundamental challenge that we see with the fiscal issue is that as entitlement spending goes up, you know through history and into the future, you see a direct and corresponding drop in the ability of government to do other things. To do things that are also progressive priorities – invest in infrastructure, education, and economic development that will help us restore growth. So we are very concerned that the two progenies of Democratic and progressive politics of the twentieth century – the safety net and spending on economic development – are in direct conflict with each other...one is eating the other.²¹

In order to foster an opportunity-creating, enabling government, the welfare entitlements mission had to be brought under control. For the New Democrats at ThirdWay, this control primarily meant reducing Social Security costs and increasing government's ability to inspire economic confidence. Immediately after the election, President Obama appeared to be reading from ThirdWay's script. He quickly pivoted toward closer identification with the concerns of business, signaling his openness to extending Bush-era tax cuts and scaling back on the increased regulatory efforts of his first two years. In his first post-election press conference, he spoke in near-apologetic terms to the business community at large:

There's no doubt that when you had the financial crisis on Wall Street, the bonus controversies, the battle around healthcare, battle around financial reform, and then you had [the] BP [oil spill], you just had a successive set of issues in which I think business took the message that, well, gosh, it seems like we may be always painted as the bad guy. And so I've got to take responsibility in terms of making sure that I make clear to

²¹ Bennett, Interview.

the business community as well as to the country that the most important thing we can do is to boost and encourage our business sector.²²

Roger Hickey contends that some in the Obama Administration began pushing for a deal with business that would offer cuts to Social Security and corporate tax reductions, thus “taking Social Security off the table for a generation.” Their calculation, apparently, was that by agreeing to some benefit reductions, and sweetening the deal with tax cuts, they could remove Social Security as an electoral hurdle for Democrats for several years to come. Thinking they had a chance to pull it off, however, was “arrogant fantasy.”²³

In the first of a series of policy briefs on fiscal responsibility, ThirdWay set forth an entitlement reform plan aimed at Social Security in January 2011. They devised what they called a “savings-led solution to saving Social Security.”²⁴ The major elements of the plan included raising the retirement age to seventy by 2077, a boost in benefits for the lowest income seniors, taxing benefits for high-income seniors, and a means-tested elimination of some benefits for wealthy retirees. The piece of ThirdWay’s plan that has gotten the greatest traction, though, was its proposal for the implementation of a chained consumer price index (‘chained CPI’), which is effectively a reduction in cost of living adjustments (COLAs) for Social Security payments. It works on the assumption that when the price of a commodity becomes too high, consumers substitute a cheaper but equivalent product. David Brown, policy advisor for ThirdWay, argued it was really as simple as picking between chicken and turkey:

Shoppers like chicken about the same as they like turkey, and they buy equal amounts of each. Then the price of chicken rises. As a result, some consumers buy more turkey and less chicken. Because they like chicken and turkey equally, consumers aren’t worse off. But the way the government currently measures inflation, consumers are judged to

²² Quoted in: Jim Puzzanghera, “Business Gains a Friend: Congress,” *Los Angeles Times*, November 4, 2010, <http://articles.latimes.com/>.

²³ Hickey, Interview.

²⁴ Jim Kessler and David Kendall, “Saving Social Security,” *ThirdWay Economic Program Idea Brief*, January 2, 2011, 3.

be worse off. That's because they are assumed to keep buying the same amount of chicken in spite of its higher price.²⁵

If seniors are going to substitute expensive items in their household budget with cheaper equivalents, then the COLAs for their Social Security benefits do not have to increase, thus allowing the government to forego future infusions of more money to the program.²⁶ Those on the left decried a chained CPI as a disguised attack on seniors' living standards since many items like housing and healthcare cannot be substituted like Brown's simplified example of chicken and turkey.²⁷ Leading the charge against a chained CPI was Vermont's independent socialist Senator Bernie Sanders and a coalition that included the National Committee to Preserve Social Security and Medicare (NCPSSM), the National Organization for Women (NOW), Social Security Works, Howard Dean's group Democracy for America, Campaign for America's Future, the AFL-CIO, MoveOn.org, and the Progressive Change Campaign Committee.²⁸ The head of NCPSSM expressed the outlook of the left-liberals in saying, "Contrary to the political spin, America's seniors know this chained CPI proposal isn't a 'tweak' or an 'adjustment'. It's not more accurate for seniors but it is designed to cut benefits and raise taxes, largely on the poor and middle class. Any politician...who thinks they can slip these benefit cuts by millions of seniors, veterans, people with disabilities and their families unnoticed is in for the shock of their careers."²⁹ ThirdWay's push for a chained CPI is not as novel as such reactions might make it seem though, as the Bureau of Labor Statistics has used it in cost-of-living indexes since 2002.

²⁵ David Brown, "The Context and Case for Chained CPI," *ThirdWay Economic Program Memo*, April 11, 2013, 1.

²⁶ Kathy Ruffing, Paul Van de Water, and Robert Greenstein, *Chained CPI Can Be Part of Balanced Deficit-Reduction Package, Under Certain Conditions* (Washington: Center for Budget and Policy Priorities, 2012), 1.

²⁷ As examples, see: Alan Barber and Nicole Woo, *The Chained CPI: A Painful Cut in Social Security Benefits and a Stealth Tax Hike* (Washington: Center for Economic and Policy Research, 2012); and Kathy Ruffing and Paul Van de Water, *Bowles-Simpson Social Security Proposal Not a Good Starting Point for Reforms* (Washington: Center for Budget and Policy Priorities, 2011).

²⁸ John Nichols, "2.3 Million Petitioners Urge Rejection of 'Chained-CPI' Social Security Cut," *The Nation*, April 8, 2013.

²⁹ National Committee to Preserve Social Security and Medicare, "Press Release: Seniors Tell President Obama Chained CPI is a Benefit Cut Americans Don't Support," April 2, 2013, <http://www.ncpssm.com/>.

The Heritage Foundation, a conservative think tank, as well as the Obama-aligned Center for American Progress had both backed its implementation, as had the Simpson-Bowles Commission, but ThirdWay was the most fervent among Democratic groups recommending that it be applied to entitlement calculations.³⁰ Roger Hickey also pointed out that it was not just ThirdWay pushing chained CPI and Social Security reform, as there were strong advocates inside the Administration from the very beginning.

It became a self-feeding cycle... One of the first White House conferences they had as soon as they got elected was on fiscal responsibility and the deficit. Scheduled to be a keynote speaker with the President was Pete Peterson. We generated some headlines and basically pressured him to un-invite Peterson, but it was still filled with the same old Congressional advocates of austerity and already there were gangs of Senators who were working on deficit reduction plans. The Wall Street guys hardly even need a third way group anymore. They had an enormous impact on the debate from the very beginning of the Obama Administration. Krugman talks about the “very serious people.” The “very serious people” are the ones who tell you sagely that we have absolutely got to cut spending in the middle of a recession... Even Center for American Progress and John Podesta have written articles saying we’ve got to do something about Social Security – not because it’s an important part of the deficit, but because it’s a symbol to Wall Street.³¹

It was only after more than three years of debate and negotiations that chained CPI was finally dropped by Obama from his budget proposal in February 2014 when Republicans in Congress refused to budge on his call for closing tax loopholes. This gave the left-liberal faction a ‘victory’ to savor against both the Republicans and their New Democrat opponents, but the declaration by the White House that the controversial instrument was still on the table for future negotiations signaled that the triumph could be short-lived.³²

³⁰ Romina Boccia and Rachel Grezslar, *Social Security Benefits and the Impact of Chained CPI* (Washington: Heritage Foundation, 2013); and Christian Weller, *Building It Up, Not Tearing It Down: A Progressive Approach to Strengthening Social Security* (Washington: Center for American Progress, 2010), 23, 44.

³¹ Hickey, Interview.

³² Roger Hickey, “Victory! Chained CPI Out of the Obama Budget,” *OurFuture*, February 21, 2014, <http://ourfuture.org/>; and Mary Bottari, “How Pro-Austerity Groups Lost the Deficit Wars,” *The Nation*, February 19, 2014.

ThirdWay's push for a chained CPI was a component of its larger campaign for a 'Grand Bargain' between Obama and the Republicans. Recalling a phrase first used by Obama in January 2009, ThirdWay made the pursuit of a series of these bipartisan 'Grand Bargains' on the deficit, entitlements, and tax reform the signature element of its agenda moving toward the 2012 election.³³ The possibility of a breakthrough deal between a Democratic president and a Republican Congress was heralded as a moment of great opportunity for the nation, akin to the Clinton-Gingrich deal that had made welfare reform happen. It opened the door, once again, to the long-sought third way between liberalism and conservatism. The shift toward a Grand Bargain strategy also coincided with a change in the way that ThirdWay described itself publicly, reflecting a move away from explicit identification with the progressive movement that had been its calling card during the period of Democratic majorities in Washington. By the summer of 2012, ThirdWay's mission statement had changed from its earlier vague positioning as the moderate wing of progressivism into a much more detailed declaration. "Third Way," it said, "is a think tank that answers America's challenges with modern ideas aimed at the center. We advocate for private-sector economic growth, a tough and smart centrist security strategy, a clean energy revolution, and progress on divisive social issues, all through moderate-led U.S. politics."³⁴ The changing public identity that the organization presented was representative of shifting strategic priorities. Whereas in earlier times efforts would have focused on getting the Democratic Congressional leadership to go along with the President's more moderate inclinations, now the main aim was to influence the conversation going on between the White House and Republican leaders.

³³ Jennifer Parker, "Obama Calls for 'Grand Bargain' on Economy: 'Everybody's Going to Have to Give,'" ABC News, January 10, 2009, <http://abcnews.go.com/>.

³⁴ See the "About Third Way" section in: Jessica Perez, Gabe Horwitz, and David Kendall, "Collision Course: Why Democrats Must Back Entitlement Reform," *ThirdWay Economic Program Report*, July 30, 2012, 5.

In June 2012, ThirdWay pointed to the end of the year as a “triple-witching hour” for Democrats as the Bush tax cuts would expire, the debt ceiling fight would return, and sequestration would kick in.³⁵ The time for a bipartisan Grand Bargain to solve the entitlements ‘problem’ and deprive the Republicans a weapon in future elections was ‘now or never’. The choice facing President Obama and the Democratic Party was to negotiate limits to the welfare state now or face a total gutting of it later as the burden of debt and deficits became completely crushing. ThirdWay told Democrats that the buildup to the fiscal cliff, for which the Republicans would likely take the largest share of blame, presented the best chance for them to get a deal they could live with.³⁶ The New Democrat faction was once more emphasizing its core ideological concept of responsibility as the sole legitimate course of action for the party. Fiscal discipline and entitlement reform had long been key elements of third way ideology and they returned to the fore again in the frenzied campaign for a Grand Bargain. If such an agreement between Obama and the Republicans could be reached, ThirdWay would have achieved a victory in league with the DLC’s welfare reform deal. It would be another milestone in New Democrat history. In the words of Roger Hickey, this time, however, it was “less about welfare mothers and more about greedy geezers.”³⁷ Once Obama achieved a decisive re-election victory over Mitt Romney and the Republicans held onto control of the House, ThirdWay moved into high gear to craft a deal.

The main salvo of its effort to shape the lame duck months, from the November election until the January inauguration, came in the form of a major research paper entitled simply, *The Bargain*. It sought to hammer home the argument that absent a Grand Bargain the U.S. growth

³⁵ Jim Kessler, Gabe Horwitz, and David Kendall, “Now or Never: The Moment for Democrats to Get a Grand Bargain,” *ThirdWay Economic Program Memo*, June 19, 2012.

³⁶ Perez, Horwitz, and Kendall, “Collision Course,” 5.

³⁷ Hickey, Interview.

rate would default to an unsustainable and “anemic” 2.3 percent over the coming decades. The framework of the bipartisan compromise outlined would supposedly raise that rate to a “robust” 3.3 percent.³⁸ In a list reminiscent of Galston and Kamarck’s ‘First 100 Days’ suggestions to Obama, *The Bargain* outlined seven major policy categories ThirdWay saw as necessary to guarantee U.S. growth. To achieve them, Democrats and Republicans were both counseled to give up certain partisan priorities and accept portions of each other’s agenda. Topping the list was the imperative of returning to a balanced budget, still heralded as one of the great achievements of the Clinton Administration in the late 1990s. The pursuit of new rounds of NAFTA-inspired free trade deals, especially the Trans-Pacific Partnership, and the further deregulation of international financial markets were highlighted as means of increasing U.S. exports and tackling trade imbalances. Tax code overhaul, long a priority of American corporations, included not only a ‘streamlining’ of regulations but also a reduction of rates and allowances for the inversion, or movement, of head office operations to foreign jurisdictions. Lest it be accused of catering only to business, ThirdWay’s *Bargain* also called for the re-activation of the long-sought social investment state, albeit an even more market-oriented version than New Democrats had originally envisioned in the early 1990s. Key components of workforce investment included the agenda of school choice, charter school expansion, increased centralization of school evaluation, and reforms aimed at reducing the restrictions of collective bargaining among school personnel (i.e. loosening the collective bargaining rights of teachers’ unions). Comprehensive immigration reform was included, consisting of paths to legality for undocumented people already in the U.S. and a shift to an almost exclusively skills-based immigration system for those still seeking to come. Increased budgets for infrastructure investment, long a New Democrat priority, were augmented by private-public initiatives to be

³⁸ Jim Kessler, Jon Cowan, and Ed Gerwin, *The Bargain* (Washington: ThirdWay, 2012).

financed through a proposed National Infrastructure Bank, while stricter cost control mechanisms would be introduced into all capital project budgets. And finally, a future-focused innovation component rounded out the proposed bargain, with a relaxation of the Sarbanes-Oxley disclosure rules for new IPOs and lower taxes on venture capital investments sitting alongside budget boosts for science and space exploration.

A review of the concessions asked of the two political parties, however, demonstrates that the compromises required on the Democratic side of the ledger involved in almost all cases a substantive revision of left-liberal policies and a full embrace of positions consistent with third way ideology. Many of the areas in which Republicans are asked to bend required only the acceptance of vague and unqualified principles, such as ‘the importance of public investment’ or undetermined amounts of ‘select tax increases’ and ‘increased spending’. In reality, the proposed bargain was as much, or even more, a strike at left-liberal Democrats as it was an effort to gain Republican agreement on reforms. The previous Democratic opposition to non-union charter schools and cuts to the welfare state legacy programs of Medicare, Medicaid, and Social Security were to be dropped completely. Limiting free trade agreements is out of bounds, corporate tax increases are beyond the pale, and any further encroachments on the realm of finance have no place in the discussions.

Republicans, meanwhile, are told to accept a chained CPI, although how giving in to a reduction of Social Security payouts is a compromise of Republican positions goes unexplained. Though there are some substantial asks made of Republicans, such as on the immigration front and the stronger federal role in education oversight, none are a major compromise of that party’s central principles. And absent the Tea Party extremism of recent years, such measures might actually be seen as perfectly in line with the positions characteristic of moderate Republicans

historically. Education had first been given cabinet-level status in the federal bureaucracy by President Dwight D. Eisenhower, for example.³⁹ And it was President Ronald Reagan who signed the Immigration Reform and Control Act of 1986, which, while strengthening immigration enforcement, also initiated an amnesty that granted legal status to millions of previously undocumented immigrants.⁴⁰ The bulk of the compromise was clearly to come from the Democratic left-liberals, not the Republican New Right. The Grand Bargain amounted to a grand decontestation of the concepts of third way ideology.

Trade union and other left-liberal groups who came out in opposition to the Grand Bargain immediately found themselves in ThirdWay's cross-hairs. Jim Kessler told Richard Trumka, head of the AFL-CIO, that "As fellow progressives" ThirdWay was "disappointed" that he was taking the lead in forming a movement against cuts to Social Security and Medicare, or as Kessler phrased it, "leading an effort to maintain the status quo in the next Congress."⁴¹ The labor movement was directly charged with taking positions that would ensure continued GOP control of the legislative branch. In another letter addressed, "Dear Democrats," Kessler charged that progressives opposed to the Grand Bargain were hindering Obama if they tried "to impede a balanced" compromise with Republicans.⁴² Opposition to the Grand Bargain was equated with sabotage of the President. ThirdWay's suggestions of political treason further ratcheted up the tensions that already existed between the White House and what Press Secretary Robert Gibbs had previously called the 'professional left'. Disparaging the liberal think-tank establishment in

³⁹ Steven Wagner, *Eisenhower Republicanism: Pursuing the Middle Way* (DeKalb, IL: Northern Illinois University Press, 2006), 25.

⁴⁰ See: Douglas Massey and Julia Gelatt, "What Happened to the Wages of Mexican Immigrants? Trends and Interpretations," *Latino Studies* 8, no. 3 (2010); and Nicholas Laham, *Ronald Reagan and the Politics of Immigration Reform* (Westport, CT: Praeger Publishers, 2000).

⁴¹ Jim Kessler, "Open Letter to Richard Trumka, Head of the AFL-CIO," October 25, 2012.

⁴² Jim Kessler, "An Open Letter to the Network of Liberal Groups Calling for a National Day of Action Against a Grand Bargain on November 8th," November 8, 2012.

Washington, Gibbs had said previously they would not be happy with Obama until “we have Canadian healthcare and we’ve eliminated the Pentagon.”⁴³

Table 4. Seven Components of ThirdWay’s Grand Bargain⁴⁴

	Democrats accept:	Republicans accept:
1. Balance the Budget	<ul style="list-style-type: none"> • Deficit reduction via cuts to Medicare, Medicaid, and Social Security. • No tax increases for entitlements. • Reduction of healthcare and income support spending relative to investment. 	<ul style="list-style-type: none"> • Selected tax increases. • Chained CPI. • The importance of public investment.
2. Expand U.S. Exports	<ul style="list-style-type: none"> • ‘Aggressive’ new trade deals, such as Trans-Pacific Partnership. • International services agreement to open export markets for finance and insurance sectors. 	<ul style="list-style-type: none"> • More spending on enforcement of unfair trade practices and displaced worker support.
3. Corporate Tax and Regulation Reform	<ul style="list-style-type: none"> • Simpler tax code with reductions to corporate rates. • ‘Streamlined’ regulatory regime to help businesses grow. • Inversion of U.S. business operations overseas. 	<ul style="list-style-type: none"> • Tax reform cannot result in increased deficits. • Regulatory agencies must be fully-staffed.
4. Increase Workforce Productivity and Education	<ul style="list-style-type: none"> • Public school competition. • Charter schools. • Merit-based hiring, evaluation, and dismissal of teachers. 	<ul style="list-style-type: none"> • Increased federal aid to middle-income public schools. • Federal role in school evaluation. • Resources for workers furthering their education.
5. Attract More Foreign Talent	<ul style="list-style-type: none"> • Curtailing family-based immigration. • Exclusive reliance on skills-based immigration criteria. • Legality short of citizenship for current undocumented immigrants. 	<ul style="list-style-type: none"> • Increasing immigration level by at least 100,000 annually. • Educational citizenship path for undocumented immigrants who came as children (DREAM Act). • Avenue for legality for current undocumented immigrants.
6. Infrastructure Investment	<ul style="list-style-type: none"> • Contracting reform to prevent cost overruns on capital projects. • ‘Innovative’ ideas like independently funded toll roads. 	<ul style="list-style-type: none"> • Higher spending on capital items such as highways, broadband, and power grid. • Public-private financing initiatives through a National Infrastructure Bank. • Modest carbon tax.
7. Public Investment in Innovation	<ul style="list-style-type: none"> • Nothing wrong when corporations make ‘enormous profits’. • Relaxing Sarbanes-Oxley rules for small IPOs. 	<ul style="list-style-type: none"> • Increased funding for NSF, NASA, and other research agencies. • Creating ‘entrepreneur’ visas to attract foreign talent.

⁴³ Quoted in: Sam Youngman, “White House Unloads Anger at Criticism from ‘Professional Left,’” *The Hill*, August 10, 2010, <http://www.thehill.com/>; and Glenn Greenwald, “Robert Gibbs Attacks the Fringe Losers of the Left,” *Salon*, August 10, 2010, <http://www.salon.com/>.

⁴⁴ Compiled from information in: Kessler, Cowan, and Gerwin, *The Bargain*, 3-5, 14-24.

The first budget of Obama's second term, submitted in April 2013, consisted of the same elements that had made up his final offer to Speaker Boehner during the negotiations surrounding sequestration in December 2012. On almost all major points, it was the economic program that ThirdWay had been promoting for the last two years. It called for a \$1.8 trillion reduction in the deficit, with two-thirds of that to come from spending reductions and entitlement reforms. A centerpiece of these reforms was a chained CPI and means-testing for some Medicare programs. There were also reductions to farm subsidies, federal employee pensions, the postal service, and unemployment compensation funding.⁴⁵ Obama was still after a Grand Bargain. The gridlock in Congress, still under Republican control after November 2012, meant that this budget, like every other since 2009, did not pass. Instead, sequestration – the result of a series of debt ceiling and ‘fiscal cliff’ showdowns between the GOP and Obama – inflicted an unlegislated austerity on large segments of the U.S. federal state. Sequestration was the product of the Republicans’ August 2011 Budget Control Act, which mandated \$2.2 to \$2.5 trillion dollars of spending cuts to be enacted over ten years. If agreement between the two parties on where to make the spending reductions were not reached, the bill would trigger automatic cuts to defense, Medicare, farm subsidies, and other domestic programs at the beginning of 2013.⁴⁶ Hyper-partisanship in Congress, fueled largely by Republican determination to stymie Obama, assured that no such agreement was forthcoming, and so ThirdWay’s “triple witching hour” came to pass.⁴⁷ Its ‘now or never moment’ ticked away with no bargain to be seen. The hope for a New Democrat achievement on the scale of Clinton’s welfare reform was rebuffed.

⁴⁵ Office of Management and Budget, *FY 2014 Budget of the U.S. Government* (Washington: U.S. Government Printing Office, 2013), 35-46. See also: Jackie Calmes, “Obama Budget to Include Cuts to Programs In Hopes of Deal,” *The New York Times*, April 5, 2013.

⁴⁶ Thomas Edsall, *The Age of Austerity: How Scarcity Will Remake American Politics* (New York: Anchor Books, 2012), 1-2.

⁴⁷ Kessler, Horwitz, and Kendall, “Now or Never.”

The closing act of the first Obama term and the opening act of the second, with negotiations over the scale (rather than the desirability) of austerity taking center stage, were full endorsements of the economic program that was prescribed by ThirdWay. The Grand Bargain that ThirdWay hoped for did not ultimately materialize, but it was not for a lack of trying on Obama's part. Even failing this achievement, however, the hold that New Democrat thinking had over the Administration was still obvious. Any doubts about the political economy perspective that informed the policymaking elite of the Democratic Party in the Obama era were put to rest as the core, adjacent, and peripheral concepts of third way ideology provided the entire structure of the Administration's approach to socioeconomic policy. On the major structural and economic issues facing the country, there was no denying the ideological character of the Obama Administration.

Prefiguring the Post-Obama Agenda

With the 2012 election concluded, the Grand Bargain sunk, and no new initiatives on the scale of the ARRA or Obamacare on the horizon, Democrats on both sides of the factional divide resigned themselves to continued gridlock in Washington. Jeff Faux, doubting there would be any big ideas to come from the Obama Administration in its remaining years, said "there will be no serious effort to reverse the decades-long stagnation, and now decline, in wages and living standards for the average American. There is no Obama program to do that."⁴⁸ Similarly, Matt Bennett related that ThirdWay was "somewhat disappointed" with Obama: "We were really hoping for a Grand Bargain. We certainly don't lay the blame entirely or even mostly at his feet; obviously we would blame Republicans." "But," he continued, "would we like to see him

⁴⁸ Faux, Interview.

leaning a little more heavily into entitlement reform? We would.”⁴⁹ Left-liberals did not get their ‘New’ New Deal and, although it maintained its ideological leadership, ThirdWay did not get its Grand Bargain. Both factions found plenty to dislike about the Obama Presidency and began moving on to debate what the future of the party should be in a post-Obama era.

Left-liberals had prodded Obama from early on for the inadequacy of his stimulus measures, his failure to focus on jobs, and his surrender to austerity, but in the fall of 2013, there seemed to finally be a growing palpability of their influence. The blocking of the Larry Summers nomination for the Federal Reserve chair, Bill DeBlasio’s victory in the New York mayor’s race, and the more prominent profile of Senator Elizabeth Warren (D-MA) were some of the primary markers of the rise of what Robert Borosage called “the new insurgents.”⁵⁰ It was as if the Occupy movement, which had gotten its start in the fall of 2011, was belatedly birthing an electoral expression within the center-left. According to Joseph Schwartz, “Occupy changed the discourse a lot. Of course there weren’t mass social movements beyond that flash of young people...but there’s a stalemate in the States, it’s not clear the right has a governing project beyond more neoliberalism.”⁵¹ It is a change still in its infancy to be sure, but the possibility for a substantive alternative to the third way within the mainstream left has spurred the progressive faction of the party into a hopefulness not seen for years. Schwartz, for one, looked optimistically to the growingly assertive left elements in the Democratic orbit:

There are dissidents in and around the party, like Elizabeth Warren, arguing to increase instead of cut Social Security. Some of this energy to the left, born by elements in labor, conscious left middle strata, the EPI-type politics, will maybe take some phenomenon in a Warren or a Sanders running in the primary. That does represent a current in American politics, but whether it amounts to more than the constant 15 to 20%...⁵²

⁴⁹ Bennett, Interview.

⁵⁰ Robert Borosage, “The New Insurgents,” *The Nation*, October 21, 2013.

⁵¹ Schwartz, Interview.

⁵² Schwartz, Interview.

Similarly, from outside the official ranks of the Democratic Party, Sam Webb of the Communist Party speaks of how it is too early to conclude that New Democrat control over the party was a permanent feature:

The Democratic Party doesn't think with a single mind. There are a lot of different currents within it, including a lot of liberal-progressive currents that play a very important role in the movement that's being slowly built in this country...we have to have a textured, or many layered approach to working with the Democratic Party. It is an unreliable, but necessary, ally at this stage of struggle.⁵³

The role of generational turnover in shifting politics also became a major concern of the left-liberals as they began to look for signs that Clintonite ideology might be successfully challenged. In a significant article that earned wide distribution in left-liberal circles in the fall and early winter of 2013, Peter Beinart, former editor of *The New Republic*, takes up many of the same millennial generation cohort themes that had animated earlier Lead or Leave and ThirdWay analyses but draws conclusions radically different from the intergenerational warfare predicted by Cowan and Nelson. Instead of foreseeing the growth of fiscal conservatism among millennials, Beinart sees in the DeBlasio mayoral campaign “an omen of what may become the defining story of America's next political era: the challenge, to both parties, from the left.”⁵⁴ Whereas Cowan and Nelson had relied on the generational cohort research of Strauss and Howe in their mid-1990s attempts to urge the Gen X movement into action against Baby Boomers financing their hefty welfare state by mortgaging the future of the youth, Beinart instead draws on sociologist Karl Mannheim.⁵⁵ Mannheim had argued that the political outlook of a generational cohort is disproportionately influenced by the experiences they have during the

⁵³ Sam Webb, Interview, September 12, 2013.

⁵⁴ Peter Beinart, “The Rise of the New New Left,” *Newsweek/The Daily Beast*, September 12, 2013, <http://www.thedailybeast.com/>.

⁵⁵ See the discussion of Strauss and Howe on the potential for intergenerational tensions around entitlements and federal debt in: Nelson and Cowan, *Revolution X*. For the theorization that Beinart draws on, see: Karl Mannheim, “The Problem of Generations,” In P. Kecskemeti (ed.), *Essays on the Sociology of Knowledge* (New York: Routledge and Kegan Paul, 1952).

formative years of the late teens to mid-twenties – the ‘plastic years’. Their reactions to these experiences may be quite different, but the orienting events or phenomena around which they construct their worldview will be similar.

Applying this to the period of third way dominance in the Democratic Party, Beinart sees the political generation that Obama and most of the country’s contemporary political leadership belong to as having come of age in the midst of the era of Reaganism-Clintonism. In political science terms, their consciousness was shaped by the contest between conservative and progressive versions of neoliberalism. As the ‘liberal’ Republicans and social democratic Democrats of the post-war period faded from the scene, the “younger politicians who took their place could scarcely conceive of a Republican Party that did not bear Reagan’s stamp or a Democratic Party that did not bear Clinton’s. These Republican children of Reagan and Democratic children of Clinton comprise America’s reigning political generation.”⁵⁶ This generation “came of age as Reagan defined a new political era and Clinton ratified it.”⁵⁷ Younger politicians of both parties define themselves against the background of political ideologies set during the Reagan-Clinton era. Louisiana Governor Bobby Jindal, Wisconsin Governor Scott Walker, Congressmen Paul Ryan, Marco Rubio, and Ted Cruz, for example, all publicly and proudly proclaim Reagan and his brand of conservatism as their political roots.

While younger Democrats are less reverential toward Clinton as an individual, the third way that he institutionalized, Beinart argues, is still the default ideological grounding for the current generation of Democratic leaders. Although some had characterized Obama’s coming to power as the end of Clintonism’s hold on the party, Beinart sees ‘Obamaism’ as a “pro-capitalist,

⁵⁶ Beinart, “Rise of the New New Left.”

⁵⁷ *ibid.*

anti-bureaucratic, Reaganized liberalism,” typical of a number of Democratic politicians in the post-George W. Bush period, such as Cory Booker.⁵⁸

Jindal, Walker, Ryan, Rubio, Cruz, Obama, and Booker – these are the political leaders of Generation X. The next generation, the one which gives Beinart reason to predict the rise of a ‘new new left’, are the millennials, who have come of age in an era when the economy is in upheaval and the welfare state of the New Deal/Great Society period is largely absent from the picture. Their ‘plastic years’ included the recession of 2001, the stagnation and actual decline of wages and benefits compared to the generation of the 1990s which had seen increases, and of course, most defining of all, the Great Recession of 2008. Beinart argues that if history is a guide, those who have experienced the effects of the current recession during their defining political years will have a greater likelihood of supporting a stronger state role in the economy for the rest of their lives.

Ruth Milkman has approached the issue of generational turnover from a similar perspective, but with even stronger attention to social movements and the effects of political economy on the ideological tendencies of millennials. “The dominant narrative about the ‘Millennial’ generation (roughly, those born between 1980 and 2000) portrays its members as selfish, lazy, narcissistic, entitled, and politically disengaged,” she writes. “Yet in 2008 Barack Obama captured their imaginations,” and she points out that “a wealth of survey data suggests that they lean to the left.” “Self-identified liberals,” she says, “currently outnumber self-identified conservatives, and they are far more likely than their elders to support same-sex marriage, labor unions, immigrant rights, and even socialism.”⁵⁹ Though Occupy Wall Street and the Dreamers (the mostly Latino activists organizing for the DREAM Act) have largely

⁵⁸ *ibid.*

⁵⁹ Ruth Milkman, “Millennial Movements: Occupy Wall Street and the Dreamers,” *Dissent* 61, no. 3 (2014): 55.

dissipated as organized movements, Milkman points to the lasting effects they had on national political debate – particularly Occupy with its ‘99 percent versus the 1 percent’ slogan condemning inequality. Importantly, the fact that many of the socioeconomic conditions that gave rise to these movements still prevail gives reason to believe that there may be a further blossoming of these left constituencies in the near future. As Milkman recalls: “The basic social conditions that sparked both of these movements remain intact: a weak labor market and ongoing devolution in mainstream politics... Even if the anemic economic recovery takes off, this generation will remain heavily burdened by unprecedented debt, underemployment, and economic precarity, all of which should reinforce its left-leaning political views.”⁶⁰

The problem with the generational cohort argument for left optimism, however, is that it does not pay sufficient attention to the extent that the third way has become so strongly institutionalized within the policymaking apparatus of the Democratic Party; it is still center-left outfits like ThirdWay or even the Center for American Progress that serve as the idea mills for the party, while the more recognizably social democratic-oriented groups such as EPI or Campaign for America’s Future remain on the sidelines of policy decisions. Organizations even further to the left, like Democratic Socialists of America, still largely remain beyond the pale of respectable Democratic Party politics. Any predictions of a left resurgence must account for this continuing institutional isolation of the primary forces that would have the capacity to supply Democratic elites with alternative ideologies or policy frameworks. Occupy Wall Street and other populist movements have been, and may continue to be, successful at injecting topics like inequality into public debate, but this does not automatically equate to political influence.⁶¹ The

⁶⁰ *ibid.*, 59.

⁶¹ “While [Occupy] didn’t coalesce into a coherence *political* movement, at the very least it forced the overall political discourse to accommodate concerns about inequality and the obvious impoverishment of so many working people.” Rosenfeld, “American Social Democracy,” 145.

mantra of opportunity, responsibility, community – and the particular conceptualizations that it implies – continues to prevail in the thinking of most elected Democratic political leaders. It will take not only spurts of mass activism and a few electoral wins to unseat the New Democrats and third way ideology – it will eventually require the elaboration of an alternative worldview. This is something that, so far, the left-liberals have been unable to accomplish.

ThirdWay's Holding Action

In the wake of Bill DeBlasio's victory in the New York City mayor's race in the autumn of 2013 and as speculations began to swirl around a possible Elizabeth Warren primary challenge to the as-yet undeclared candidacy of prohibitive frontrunner Hillary Clinton, ThirdWay leaders appeared to relish the opportunity of resuming the intraparty wars that had characterized earlier periods. Perhaps sensing the chance to play the role of policy shop for a presumptive third Clinton Administration, ThirdWay railed at the 'economic populism' of the party's left wing, represented especially by Warren, and denounced it as the most disastrous course Democrats could possibly follow. In an opinion piece published in the *Wall Street Journal* a month after the race in New York, Cowan and Kessler warned the party not to follow Warren and DeBlasio "over the populist cliff."⁶²

Following in a long New Democrat tradition, they framed their advice as a hardheaded realist estimation of the political atmosphere and cautioned against the idealistic populism that used to lose elections for Democrats. Drawing on a record of past experiences when the concerns of New Politics interest groups had prevented the party from taking a national perspective, they warned against becoming once again disconnected from heartland political

⁶² Jon Cowan and Jim Kessler, "Economic Populism is a Dead End for Democrats," *Wall Street Journal*, December 2, 2013.

culture. A repeat of the failures of the New Left, the McGovern insurgency of 1972, and the Jackson campaigns of the 1980s were the unspoken threats entailed by the ThirdWay warning against populism. Even if Beinart, Milkman, and other progressives are right about the likelihood of trends that will unfold in the future, the short-term cautiousness of politicians concerned more with the next election than the next generation remains a trump card for the centrists. Cowan and Kessler reminded Democrats of this fact:

While New Yorkers think of their city as the center of the universe, the last time its mayor won a race for governor or senator – let alone president – was 1869. For the past 144 years, what has happened in the Big Apple has stayed in the Big Apple. Some liberals believe Sen. Warren would be the Democratic Party’s strongest presidential candidate in 2016. But what works in midnight-blue Massachusetts – a state that has had a Republican senator for a total of 152 weeks since 1979 – hasn’t sold on a national level since 1960.⁶³

Of course, former Massachusetts Governor and Republican presidential nominee Mitt Romney is conveniently left out in this simplified analysis, but there is something important captured in the claim. Rather than looking at New York City or Massachusetts as the bellwethers of the nation, it is necessary to look at states and regions that can serve as the tipping points in elections. When the goal is to win elections, as it is for most who seek office, the most important places to focus are those which can provide the margin of victory in a close race. Those places where national elections are won or lost will not be the urban liberal centers. The realities of the Electoral College system and gerrymandered districts mean the power of concentrated majorities (such as in urban liberal centers) is often diffused by geographically larger tracts that vote conservative. Cowan and Kessler point to Colorado where, on the same day that DeBlasio was elected, referenda to raise taxes on high-income residents to pay for universal pre-K and public education failed to gain voters’ support. If we were following Cowan and Kessler’s own method of picking a political harbinger, we would have to point out, of

⁶³ *ibid.*

course, that Colorado has never elected a president. It is also necessary to survey the other progressive shifts of that same election day: California and Oregon voters chose to raise their own taxes; New Jersey voters increased the minimum wage; and Kshama Sawant, running on a socialist ticket, was elected to Seattle city council in a race that drew national media attention.⁶⁴

But to return to the issue of taking the national political pulse at the most politically vulnerable places, ThirdWay and the DLC before it were often not wrong in their assessments. While they strip their example, the Colorado referenda, of any of its context, their reminder to broaden the focus geographically is an important one. It could be true that such states are not ready to embrace a more full-throated left-liberal agenda of the type represented by DeBlasio or Warren, which ThirdWay dismissively describes as “fantasy-based blue-state populism.”⁶⁵ In the late 1980s, the DLC had urged Democrats to remember the need to attract the white middle class in the face of identity politics’ domination of the party organization. From the perspective of thirty years hindsight, and following massive demographic change, such a strategy might be criticized for failing to predict the role that a coalition of minorities could play in electing a president. But at a time when 87 percent of the electorate was white, and with Black and Hispanic voters already backing Democrats overwhelmingly, a strategy aimed at the conservative white middle class was a credible path to victory.⁶⁶ Although the context has shifted, ThirdWay’s cautionary note about assuming that ‘where the liberal states go the rest of the country follows’ also carries some credibility.

This debate raises the broader question of whether the ‘new demographics’ argument that was key to explaining the Obama victory in 2008 is as powerful as its advocates believe. Ruy

⁶⁴ Peter Dreier, “The 25 Best Progressive Victories of 2013,” *Common Dreams*, January 1, 2014, <http://www.commondreams.org/>.

⁶⁵ *ibid.*

⁶⁶ Voter Research and Surveys, “Demographics of How Groups Voted in the 1992 Presidential Election,” University of Connecticut Roper Center Public Opinion Archives, November 3, 1992, <http://www.ropercenter.uconn.edu/>.

Teixeira's claim that there is an emerging majority Democratic coalition rooted in racial and ethnic minorities is emblematic of this trend in Democratic thinking. Upending the DLC's old claim that a coalition of minorities strategy was not a winning formula in a country that still had a majority white electorate, Teixeira points to the rise of minorities from 15 percent of the electorate in Bill Clinton's 1992 race to 23 percent by 2004 and 26 percent by Obama's 2008 victory.⁶⁷ With Democrats already winning up to 80 percent of minority voters and the percentage of this sector of the electorate on track to reach more than half by mid-century, the Democratic Party will theoretically no longer have to worry as much about its decline among white voters.⁶⁸ African-Americans remain the most reliable Democratic constituency, with support hovering at 90 percent, and a majority of Latinos still choose Democrats over Republicans, as do more than half of Asians. Combined with the Democratic advantages among women, educated professionals, millennials, and trade unionists, Teixeira sees a path for future Democratic victories that does not necessarily require large segments of support from the white working class.⁶⁹ If Democrats can secure somewhere in the range of the low fortieth percentile of the white working class, Teixeira feels the party would become "almost bullet-proof electorally."⁷⁰ Roger Hickey contends that such a demographic strategy would have seemed impossible to the New Democrats of the early days: "There's actually a tendency on the part of some liberals to think, and Obama as well, to think the Democrats can win on just the new demographic groupings – which means a set of minorities plus young people – a total

⁶⁷ Teixeira, "The Evolving Democratic Coalition," 163.

⁶⁸ *ibid.*, 164.

⁶⁹ *ibid.*, 168.

⁷⁰ Teixeira, Interview.

contradiction to the New Democratic idea.”⁷¹ It is as if the old New Politics faction is being reborn, at least demographically if not ideologically.

New Democrat veterans have intervened in this debate to defend their arguments from that earlier period. Will Marshall points to two flaws in “the thesis that demographics is destiny.”⁷² The first is that people do not just vote their identities; their philosophies, values, and outlooks also play a role in political choice. The corollary to this is the fact that the Democratic Party has already seen some erosion in the turnout reliability of these constituencies. Though Obama still captured the highest percentage of their votes, Latinos and millennials of all races turned out in lower numbers in 2012 compared to 2008.⁷³ “Particularly young voters, millennials, a lot of them are disillusioned, disappointed, feel let down. They’ve certainly taken it on the chin in this economy and disproportionately in this slow and agonizingly long recovery – you can’t take young voters for granted.”⁷⁴ And secondly, Marshall questions how the Democratic Party can go on claiming to be the progressive party in American politics if it surrenders the white working class to Republicans: “There’s something missing in our strategy when the biggest ethnic group in the country, i.e. whites, are voting overwhelmingly for Republicans...we’re going to have a problem. You never want to cede any group in any election, certainly not the biggest one. Certainly not working class voters because they happen to be white.”⁷⁵ Al From, the DLC’s founder, raises the issue that while Democrats may have at least a temporary advantage demographically in presidential contests, without more equitable redistricting these racial and ethnic advantages will not likely be enough to win Congressional

⁷¹ Hickey, Interview.

⁷² Marshall, Interview.

⁷³ Thom File, “The Diversifying Electorate – Voting Rates by Race and Hispanic Origin in 2012 (and Other Recent Elections),” United States Census Bureau, May 2013, <http://www.census.gov/>.

⁷⁴ Marshall, Interview.

⁷⁵ *ibid.*

rates.⁷⁶ In 2012, Democrats won 1.6 million more votes nationally than Republicans in House elections, yet the Republicans maintained their majority.⁷⁷ Coupled with the unreliable turnout among some of these demographic constituencies, the new coalition strategy is not necessarily as strong as its advocates proclaim. These reminders serve as caution to a strategy that downgrades the need to improve Democratic performance in the areas and among groups in which it is weakest – the South and the white working class. This part of the DLC’s message is perhaps not yet as outdated as some would hope, for even Ruy Teixeira acknowledges that white non-college-educated working class voters continue to be the Achilles heel of the Democratic coalition.⁷⁸ Granting the New Democrats credit for their suspicion of the ‘demographics is destiny thesis’ and their assessment of the national electorate does not, however, automatically imply the validity of their vision of what a majoritarian progressivism might look like. Proper diagnosis does not automatically beget proper prescription.

While reminding Democrats of the need to take a broad national approach, Kessler and Cowan made this assumption and took the opportunity to present an agenda for socioeconomic reform that recalled once again the core concepts of third way ideology. Characterizing the economic populist approach rooted in the new demographics strategy as a “potent ‘we can have it all’ fantasy,” they put forward an alternative program centered on the ThirdWay trope of the cascading baby boom retirements bankrupting Social Security and Medicare.⁷⁹ Access to equal opportunity for America’s next generation is being curtailed by the irresponsibility of past redistributionist programs gone wrong. The boomers are gobbling up everything, leaving nothing for the Gen Xers and millennials. Therefore, the appropriate course of action is an

⁷⁶ From, Interview;

⁷⁷ Karen Haas, “Statistics of the Congressional Election of November 6, 2012,” Office of the Clerk – U.S. House of Representatives, February 28, 2013, 73, <http://clerk.house.gov/>.

⁷⁸ Teixeira, Interview.

⁷⁹ Cowan and Kessler, “Economic Populism.”

adherence to the principle of responsibility and a reform of these social programs now in order to guarantee future stability for all. The party must stand up to the likes of Elizabeth Warren and resist unrestrained entitlement spending and the ‘reckless’ taxation of “working people and their employers” – two groups which together make up a national community of interests.⁸⁰ Populist efforts to stoke the fires of class warfare must not be allowed to create division.

In another volley against their factional opponents, Cowan and Kessler attacked the Keynesian approach favored by the party populists and attempted to undermine their credibility by telling progressives to “get real” on entitlement reform, implying irresponsible partisan goals and special interest pandering were being pursued with no connection to facts. The logic of the ThirdWay argument was wholly in line with neoclassical economics and stood largely in sync with conservative criticisms of the Democratic left. Taxing the rich and simultaneously expanding investment and entitlements were rejected as “fiscal fantasies” that avoid tough choices.⁸¹ Setting off this particular round of ThirdWay ire had been a proposal from their think-tank competitor, Center for American Progress, for a job creation strategy relying on public infrastructure investment.⁸² Concerned that a ‘big government’ agenda might once again seize the Democratic Party, ThirdWay pushed back strongly.

Dean Baker, writing for Campaign for America’s Future, deconstructed Cowan and Kessler’s fiscal and budgetary claims in a direct response that showed the increasing tit-for-tat relationship among the think-tanks and policy shops associated with the Democratic Party. Baker took the ThirdWay duo to task for painting an inaccurate picture of the fiscal choices facing the country. For instance, they focused on a projected 2030 deficit of \$1.6 trillion without

⁸⁰ *ibid.*

⁸¹ Jon Cowan and Jim Kessler, “The Left Needs to Get Real on Medicare, Social Security and the Deficit,” *Washington Post*, June 27, 2013.

⁸² See: Neera Tanden and Michael Linden, “As the Deficit Shrinks, Jobs Not Cuts Should be the Priority,” *Washington Post*, June 23, 2013.

including that the projected size of the economy by that time will be \$46 trillion, meaning a deficit of around 4.6 percent of GDP, a rate lower than that which characterized much of the Reagan years.⁸³ Similarly, when Cowan and Kessler assume JFK's supposed mantle of fiscally responsible progressivism by implying the need to return to the mid-1960s ratio of \$3 of public investment for every \$1 of entitlement spending, Baker again places the argument in context, namely the fact that Medicare did not yet exist and the nation had comparatively few retirees to support. Further, given the fact that programs like Social Security and Medicare are funded through dedicated taxes and not out of general revenue, ThirdWay's argument that entitlements eat up funds that would otherwise go to investment is disingenuous. Baker points out that the government is "collecting a much smaller share of GDP in corporate income taxes and excise taxes (largely tariffs)" than in the 1960s, yet these tax reductions are not directly linked to the rise in Social Security and Medicare taxes.⁸⁴ A hypothetical maximum tax ceiling would have to be assumed if a rise in one tax automatically results in the reduction of another. ThirdWay Vice President Matt Bennett implied such a model, saying that "the fundamental challenge...with the fiscal issue...is that as entitlement spending goes up, you know through history and into the future, you see a direct and corresponding drop in the ability of government to do other things."⁸⁵ No mention was made of the continued decline in revenues from corporate income taxes during this same period.

Another writer for Campaign for America's Future, Richard Eskow, described Cowan and Kessler's hit-piece against Warren and DeBlasio as exhibiting "an almost palpable air of

⁸³ Dean Baker, "Third Way Needs to Get Real: Stop Swinging Its Social Security-Medicare Axe," *OurFuture*, June 28, 2013, <http://ourfuture.org/>

⁸⁴ *ibid.*

⁸⁵ Bennett, Interview.

desperation.”⁸⁶ He questioned the notion of ‘economic populism’ that ThirdWay is worried about, for its leaders make no mention of long-term unemployment, delayed retirement, or wage stagnation. He asks how it is possible to “address ‘economic populism’ without mentioning the three economic trends that have had the greatest impact on the general public.”⁸⁷ Eskow suggests that Obama and the Democrats “made the mistake of listening to organizations like Third Way” in the first two years of his presidency and lost public support because of it.⁸⁸ Times have changed, according to Eskow, and a rejection of ThirdWay’s program of cuts has become central to the growing populist movement within the party. While Eskow is accurate about the increasing influence of the populist message, he jumps too far ahead in declaring ThirdWay policies as “political poison” whose days are numbered or ruminating on the impending doom of the centrist dream. Although the third way is one of a number of trends within the Democratic Party and the fortunes of New Democrat organizations may have risen and fallen, the left-liberal progressivism that Eskow and others promote is nowhere near being hegemonic in the party or the country, as we have seen in the analysis of recent Democratic policy in this and the preceding chapter.

Democratic (Socialist) Possibilities: The Left Flank and Bernie Sanders

No discussion of the left-liberal alternatives to third way politics in the current period can ignore the electoral possibilities that have become newly viable in the wake of the Occupy Wall Street movement. Although the bulk of the labor union and the left-liberal policy establishments remain solidly attached to the Democrats, the social democratic (and socialist) milieu in the U.S. has always extended well beyond the boundaries of Democratic Party politics proper and has

⁸⁶ Richard Eskow, “Third Way’s Anti-Populist, Anti-Warren and Deceptive ‘Dead End’,” *OurFuture*, December 3, 2013, <http://ourfuture.org/>.

⁸⁷ *ibid.*

⁸⁸ *ibid.*

included a large number of labor-based groups, issue-oriented campaigns, and third party organizations. Some far left groups, for instance, have shifted back and forth between revolutionary politics and the Democratic Party orbit over the years, like the old Socialist Party of America and its successor organizations, the Communist Party USA, and the elements of the anti-Stalinist left that became the Social Democrats USA. Others have been short-lived movements that bolted from the Democratic Party in specific contexts, like Henry Wallace's anti-Cold War campaign on the Progressive Party ticket in 1948. Or they have organized around particular personalities, like consumer advocate and Green candidate Ralph Nader's attempts at the White House over the last decade and a half. Typically, however, a move leftward by the Democratic Party has been enough to co-opt many of these independent efforts back into its fold.⁸⁹

The history of the left's relationship to the Democratic Party since the latter took on a more recognizably left-liberal character under FDR has been a complicated one to say the least. The intense anti-communism that characterized the McCarthy period drove a wedge between many left activist groups and the Democrats, breaking the synergistic bond forged during the New Deal and leaving only Cold War liberals like the Americans for Democratic Action (ADA) to serve as the party's left pole for many years. The chasm between the socialist left and the Democrats was only somewhat mended with the upsurges of the 1960s and 1970s when radicals again began to involve themselves in major party politics, most notably with the McGovern campaign of 1972. The tensions that characterized Jesse Jackson's Rainbow Coalition in the 1980s illustrated the strategic challenge that continues to face labor, socialist, and social

⁸⁹ Shigeo Hirano and James Snyder, Jr., "The Decline of Third-Party Voting in the United States," *The Journal of Politics* 69, no. 1 (2007): 7-10.

democratic activists in America's two-party system.⁹⁰ Should the goal be the utilization of grassroots mobilization as a means of pressuring Democratic power brokers to accept activist priorities – to bring about the a transformation from the inside? Or is participation within or around the Democratic Party a short-term tactic ultimately aimed at building independent political movements on the outside?⁹¹

For many groups considering themselves to be on the small-d democratic left, this conundrum has never been resolved. In practice, they pragmatically accept that any electoral political activity aspiring to a broad impact must be linked to the Democratic Party, given the constituencies connected to it – particularly labor, women, African-Americans, and Latinos. Some, like Michael Harrington, founder of the Democratic Socialists of America (DSA) and the Democratic Socialist Organizing Committee (DSOC) before it, hoped that persistent left and labor organizing within the ranks of the Democratic Party could bring about 'realignment' – a strategy that was central for many of those involved in New Politics. Harrington argued:

American socialism must concentrate its efforts on the battle for political realignment, for the creation of a real second party that will unite labor, liberals, Negroes, and provide them with an instrument for principled debate and effective action. Such a party as the Democratic Party will be when the Southern racists and certain other corruptive elements have been forced out of it. Political realignment is a precondition for the resurgence of a meaningful Socialist politics in America; it is also a precondition for meaningful and progressive social welfare, labor, and civil rights legislation.⁹²

Justifying the realignment strategy in even more practical terms, Harrington declared: "There is in America a political class struggle taking place at the ballot box. And I suggest that from my

⁹⁰ Max Elbaum, *Revolution in the Air: Sixties Radicals Turn to Lenin, Mao, and Che* (New York: Verso, 2006), 284.

⁹¹ Rosenfeld, "American Social Democracy," 101.

⁹² Quoted in: Maurice Isserman, *The Other American: The Life of Michael Harrington* (New York: PublicAffairs, 2000), 188.

point of view, I'm going to go where that workers' movement is and where that corporate movement is not."⁹³

In the context of the upsurges of the 1960s and 1970s, such a strategy seemed to possess particular saliency and met with some success. Harrington's book, *The Other America*, exposed the poverty that plagued millions of Americans at the height of the Keynesian 'golden age' and, according to Maurice Isserman, helped shape LBJ's War on Poverty.⁹⁴ Working with the financial backing of several trade unions, Harrington was also the lead convener of Democratic Agenda, a group that, from 1975 to 1982, acted as the organizing center of left-liberalism on Democratic platform committees.⁹⁵ To a certain extent, it was the realignment efforts of such experienced left-wing organizers like Harrington that gave the New Politics faction an effectiveness it might not otherwise have had. Harrington died in 1989, just as the New Democrat faction was poised to take on a more prominent role in the Democratic Party, a development that made realignment a less tenable proposition. By 1995, even his own DSA concluded: "the political momentum of mass liberalism is depleted. If we once positioned ourselves as the left wing of the possible, there is now no 'possible' to be the left wing of."⁹⁶

Perhaps it is no coincidence, then, that the Clinton years coincided with the rise of a number of efforts to form broad-based third parties asserting programs independent of the Democratic Party. One of the first of these, the New Party, was founded in 1992 by Daniel Cantor, a former labor coordinator for Jesse Jackson's campaigns, and Joel Rogers, a university professor and progressive activist.⁹⁷ Cognizant of the challenges that the two-party system

⁹³ Quoted in: Robert Gorman, *Michael Harrington – Speaking American* (New York: Routledge, 1995), 143.

⁹⁴ Maurice Isserman, "Michael Harrington: Warrior on Poverty," *The New York Times*, June 19, 2009, <http://www.nytimes.com/>.

⁹⁵ Battista, *The Revival of Labor Liberalism*, 76.

⁹⁶ Democratic Socialists of America, *Where We Stand: Building the Next Left*, 1995, http://www.dsausa.org/where_we_stand/.

⁹⁷ Micah Sifry, *Spoiling for a Fight: Third-Party Politics in America* (New York: Routledge, 2003), 226-27.

presented, Cantor and Rogers revived the practice of ‘plural nomination’ or ‘fusion’, whereby independent parties nominate the same candidates as a major party while maintaining organizational independence. As Rogers explained it:

We never “waste” our members’ votes. The New Party supports candidates only where we know we are truly competitive. At the moment, that means local elections – county supervisor seats, school boards, city councils, the occasional state assembly race...maybe a congressional seat or two. But we only invest our energy where we have the capacity to win. We’re reviving “fusion.” Where we are not yet competitive, we stay out of the elections entirely and endorse the more progressive of the mainstream candidates – or, where the law permits, nominate that candidate on our ballot line.⁹⁸

Working hand-in-hand with organizers from ACORN (Association of Community Organizations for Reform Now), the New Party had early success establishing chapters in Chicago and Little Rock, Arkansas, while in other cities, like Milwaukee, it drew from pre-existing progressive groups and coalitions. It attempted to build a membership base that was multi-racial, working class, and trade union-based.⁹⁹ The party’s organizers pinned their strategy on challenging laws forbidding plural nominations and took their case against Minnesota’s ban all the way to the U.S. Supreme Court, arguing that it violated the First Amendment’s guarantee of freedom of association. When the case was lost in 1997, by a vote of 6-3, Rogers resigned as chairman and the New Party rapidly disintegrated.¹⁰⁰

Cantor went on to found the Working Families Party (WFP) in New York, a jurisdiction where plural nominations are legal, in 1998. It has the backing of a number of unions, particularly the UAW and Communication Workers, and functions along the lines of the New Party model, occasionally nominating its own candidates, but often attempting to leverage the power of its activist and voter base to draw mainstream (usually Democratic) candidates to more

⁹⁸ Joel Rogers, “Is it Third Party Time?” *In These Times*, October 4, 1993, 28.

⁹⁹ Sifry, *Spoiling for a Fight*, 236.

¹⁰⁰ *ibid.*, 253-54.

progressive positions in order to gain the WFP nomination.¹⁰¹ After securing ballot status in its first election, the party's voter base has steadily increased and it has become an influential force within state politics.

The WFP's focus on Democrats has enabled it to accumulate surprising influence over Democratic officials, yanking them left on economic issues like the minimum wage, which the party was instrumental in helping to raise in New York State, in exchange for its support. Indeed, at a time when Democrats nationally have muted their economically populist rhetoric, the WFP has unfurled a banner of unabashed economic populism.¹⁰²

The party has faced criticism, however, concerning the extent to which it allows itself to be guided by its desire to gain influence within the New York Democratic Party.¹⁰³ A number of party activists, for instance, questioned the party's decision to give its ballot line for the 2014 gubernatorial race to Democratic Governor Andrew Cuomo, who ran on a platform based around expanding charter schools and formed an alternative third party of his own to undermine the WFP vote.¹⁰⁴ Though there have been WFP branches established in other states, the New York chapter remains the most successful example of fusion politics. As evidenced by the New Party experience, however, expanding such efforts to other locales have been hindered by the lack of a legal framework allowing plural nominations.

Pursuing an alternative strategy, the Labor Party was founded in 1996 as an explicitly working class-based third party rooted in the mass membership of the trade unions. It was the result of efforts started five years earlier by Tony Mazzochi, an official of the Oil, Chemical, and

¹⁰¹ Dan Cantor and J.W. Mason, "Inside, Outside or Somewhere In-Between: Fusion Voting and the Working Families Party," *Social Policy* 34, no. 2-3 (2004); Ted Fertik, "Which Working Families Party?" *Jacobin*, May 23, 2014, <http://www.jacobinmag.com/>.

¹⁰² Greg Sargent, "First Among Thirds," *The American Prospect*, May 2006, 38.

¹⁰³ Mark Dudzic and Katherine Isaac argued: "It [the WFP] has proven to be an effective tool to build some power within the current political system... However, fusion advocates have not been able to transform this power to advance a broad working-class agenda. Rather, fusion parties have become creatures of the major parties they are hoping to transform." Mark Dudzic and Katherine Isaac, "Labor Party Time? Not Yet," December 2012, <http://www.thelaborparty.org/>

¹⁰⁴ Jarrett Murphy, "Inside the Working Families Party's Deal with Governor Cuomo," *The Nation*, June 2, 2014, <http://www.thenation.com/>.

Atomic Workers Union (OCAW).¹⁰⁵ The network he founded, called the Labor Party Advocates, brought together union activists who were disenchanted with labor's marriage to the Democratic Party and wanted to build a viable and constructive political alternative. As expressed by Mark Dudzic and Adolph Reed (both a part of the Labor Party effort), it was intended to be "an institutional venue for articulation of a working-class politics," not simply an effort to play a spoiler role or be a rostrum to rail against capitalist injustice.¹⁰⁶ The party was founded in the context of a number of conflated developments: the belated recognition by a number of unions that the neoliberal offensive of the 1980s had truly finished off the postwar order; a growing disappointment with the third way direction that Clinton was taking the Democratic Party, especially after his support for NAFTA; and the rejuvenation that appeared to be taking place within the labor movement in the mid-1990s, symbolized by the election of John Sweeney and the 'New Voices' slate to the leadership of the AFL-CIO.¹⁰⁷

The party adopted an issues-based "Organizing Model of Politics" and followed an electoral strategy premised on running candidates only where there was a strong labor constituency locally to lend campaigns viability.

A principle focus was on preempting capricious protest candidacies or hopeless spoiler candidacies; thus the electoral strategy required that prospective candidacies be supported by organized labour in a district and demonstrate access to adequate financial support and base of volunteers.¹⁰⁸

Though several unions, representing up to half a million workers, supported the Labor Party to one degree or another at its height, the organization did not prove strong enough to survive very

¹⁰⁵ Eric Chester, *True Mission: Socialists and the Labor Party Question in the U.S.* (London: Pluto Press, 2004), 191-92.

¹⁰⁶ Mark Dudzic and Adolph Reed, "The Crisis of Labour and the Left in the United States," *Socialist Register* 51 (2015): 358.

¹⁰⁷ Dudzic and Isaac, "Labor Party Time? Not Yet."

¹⁰⁸ Dudzic and Reed, "The Crisis of Labour and the Left," 358-59.

far past its first decade.¹⁰⁹ By the early 2000s, a number of factors came together to fatally slow the party's momentum: the failure of the 1990s labor revival to sustain itself in the face of globalization and deindustrialization (thus shrinking the infusion of union funds into the party); the general turn against third party organizing efforts following the Gore/Nader controversy; the growth of an 'Anybody but Bush' mentality among the labor-left; and the death of the party's founder, Tony Mazzochi.¹¹⁰ By 2007, the Labor Party suspended operations, having never solved the electoral dilemma of how the left and labor could viably exit the Democratic Party.

It is this same strategic dilemma that again presents itself with the 2016 presidential candidacy of self-declared socialist Senator Bernie Sanders of Vermont. Since his election as the first truly independent member of Congress in forty years during the midterms of 1990, many progressives have hoped that the presence of a voice just beyond the Democrats' left flank in Washington could inspire the building of a movement to alter two-party politics.¹¹¹ After nearly a quarter century in Congress, first in the House and then in the Senate after 2006, Sanders's socialist voice has not yet sparked a mass electoral movement extending beyond his own campaigns for re-election (and even less the making of a new left party). Though caucusing with the Democrats, Sanders has maintained nominal independence from the party over the years. With the endorsements of Democratic Senatorial Campaign Committee (DSCC) head Chuck Schumer, Senate Majority Leader Harry Reid, DNC Chair Howard Dean, and Illinois Senator Barack Obama in 2006, though, the salience of Sanders's independent credentials has been debatable. But when he told *The Nation* in March 2014 that he was "prepared to run for president of the United States," the hopes of many left-liberals were raised, especially as it was

¹⁰⁹ Derek Seidman, "Looking Back at the Labor Party: An Interview with Mark Dudzic," *New Labor Forum* 23 (2014).

¹¹⁰ Dudzic and Isaac, "Labor Party Time? Not Yet."

¹¹¹ William Grover, "In the Belly of the Beast: Bernie Sanders, Congress, and Progressive Change," *New Political Science* 15, nos. 1-2 (1994): 46.

becoming clearer that Elizabeth Warren would likely not run in the 2016 primaries.¹¹² The problem of whether to run inside or outside the Democratic Party was immediately raised by Sanders himself though, as he recalled the Nader debacle of 2000. “The bolder, more radical approach is obviously running outside of the two-party system,” he noted. The potential downsides, however, were huge:

...the dilemma is that, if you run outside of the Democratic Party, then what you’re doing – and you have to think hard about this – you’re not just running a race for president, you’re really running to build an entire political movement. In doing that, you would be taking votes away from the Democratic candidate and making it easier for some right-wing Republican to get elected – the Nader dilemma.¹¹³

Sanders has indicated his campaign will focus on the lack of serious discourse about how to address the ongoing economic recession and to represent the “working class and middle class...against the big money interests who have so much control over the political and economic life of this country.”¹¹⁴ The DSA initiated a “Run, Bernie, Run” petition urging the Senator to formally establish an exploratory campaign and run in the Democratic primaries in order to “challenge the dominant discourse of the neoliberal Democrats” – a clear hit at third way politics.¹¹⁵ Sanders officially announced his candidacy at the end of April 2015, signaling he would indeed contest the Democratic primary and forego a third party effort. He has acknowledged, however, the logistical and financial challenge of mounting a 50-state operation, where more time and effort could be spent trying to get on the ballot than on discussing issues.

As of this writing, ThirdWay has so far not responded to Sanders’s candidacy. The only mention of him recently was a comparison with the other Independent member of the Senate, Joe Lieberman, which commented that neither was representative of independent voters in

¹¹² John Nichols, “Bernie Sanders: I Am Prepared to Run for President of the United States,” *The Nation*, March 6, 2014, <http://www.thenation.com/>.

¹¹³ *ibid.*

¹¹⁴ *ibid.*

¹¹⁵ Democratic Socialists of America website, http://www.dsausa.org/sanders_petition/.

America.¹¹⁶ However, given Sanders's frequent criticisms of the Clinton Administration and ThirdWay's treatment of Warren and DeBlasio, the contours of their likely reaction to his challenge to Hillary Clinton's campaign should already be clear. A Sanders-Clinton duel will likely give ThirdWay the chance to denounce the 'politics of polarization' and once again promote the supposedly non-ideological New Democrat program of opportunity, responsibility, and community against a self-declared socialist running on a platform of defending the welfare state and class warfare.

Factionalists Evaluate Obama

As left-liberals and New Democrats jostle for control over the ideological and strategic agenda for the impending post-Obama era, an important factor in their calculations is how they evaluate President Obama himself and the balance of their respective forces within the party. In the course of applying the conceptual morphology approach to analyze third way ideology, this dissertation has relied on interviews with a number of contemporary players in the factional struggle. Those interviews included major figures in some of the think-tanks, policy shops, activist organizations, and coalitions that constitute the left-liberal trend operating in and around the Democratic Party, their counterparts in the third way/New Democrat movement, and some who seem to straddle the two factions. In addition to gathering information about the history of ideological decontestation carried out by the New Democrats, the interviews were also an opportunity to inquire as to how the various factional actors evaluated the current character of the Obama Administration. Along with the unique questions crafted for each interview subject, every respondent was also asked some variation of the question about whether the Obama

¹¹⁶ Michelle Diggles, "The Obama Independents," *ThirdWay Perspectives*, March 1, 2012, <http://perspectives.thirdway.org/>. Lieberman has been on the outs with all Democrats – including his former New Democrat colleagues – since his endorsement of John McCain over Barack Obama in the 2008 election.

Presidency will be remembered as a break from the third way or as the continued domination of New Democrat ideology in the party.

Those with a background as political economy researchers were largely agreed in their assessment of the Obama period. For them, there was little question of fundamental continuity with the predispositions of the Clinton years. Dean Baker of CEPR observes that the Administration has been “staffed almost entirely by Clintonites...it saved the financial industry from being done in by the magic of the market.” For him, this period will “certainly not be seen as a break from neoliberalism.”¹¹⁷ Jeff Faux, who heads up EPI, was just as bleak in his evaluation. Hitting on the failure to reign in Wall Street following the collapse, the massive subsidizing of financial industry gambling through low interest rates, and his “aborted Keynesianism”, Faux concludes that “Obama is certainly somebody who is in the style and tactical mode of centrist New Democrats.”¹¹⁸

Joseph Schwartz straddles the positions of academic and activist. The Temple University professor is also a leading figure in the DSA. The group has developed since its days in the early 1980s as one of the organizational loci of ‘New Politics’ into a formation that has a bigger footprint outside the Democratic Party than in it. Schwartz concedes that Obama’s healthcare reform and the stimulus possess a progressive potential, but he puts greater focus on the way that mass movements may develop as the determining factor that will eventually characterize the Obama era. If the ACA succeeds in expanding coverage and results in cost pressures on the private system, then he says it could end up being a broadly redistributive program, but the bigger question is what happens around issues of inequality and the political response of low-wage workers and other social forces. The neoliberal “Morning in America, We’re No. 1 in the

¹¹⁷ Baker, Interview.

¹¹⁸ Faux, Interview.

world ideology is cracked,” he says, with capitalism generating a lot of social problems and young people open to economic alternatives and even vaguely interested in notions of socialism. For Schwartz, all of these may be the characteristics that will define the Obama period historically, but the focus is not – and will not necessarily be – on Obama the individual. Instead, questions of agency and organization will be those that come to the fore in the social and ideological periodization of the contemporary moment.¹¹⁹

Also coming from a socialist perspective, Sam Webb, chair of the Communist Party USA (CPUSA), has focused on the interaction of Obama and progressive social forces in the period. The CPUSA, despite its Marxist-Leninist and historically pro-Soviet heritage, has surprisingly been criticized within the non-Democratic Party left for being cheerleaders of Obama – even to the point of overlooking his Clintonite tendencies or neoliberal positions. Webb offers an assessment of the Obama legacy as one that has so far been disappointing, but like Schwartz he gives much greater attention to the action and capacity (or lack thereof) of broader social forces and movements. He says that, contrary to right-wing rhetoric, it would be hard to make the claim that “liberal-progressive-left forces” have been dominant in shaping the President’s major public policies. But he also contends that too much fire from the left is directed at Obama, instead of back at the left itself: “There is room to critique him, but we also have to critique ourselves; we’ve got to admit that our movement [the broad democratic left] doesn’t have transformational capacity.” Noting that Obama has made some changes on the edges of neoliberalism, he believes people will have a “nuanced assessment of the Administration,” viewing it within the context of its time. It is not true Obama “did nothing to challenge the

¹¹⁹ Schwartz, Interview.

dominant ideology,” but the Administration certainly “hasn’t made any kind of fundamental challenges to neoliberal policies and practices.”¹²⁰

Representing the AFL-CIO, Thea Lee’s response was more mixed than many others, exhibiting a clear disappointment with the President on many fronts coupled with an awareness of labor’s inability to distance itself from the Democratic Party. Speaking of Obama’s half-hearted support for the Employee Free Choice Act (EFCA), Lee repeatedly emphasized the unions’ disappointment that more effort, energy, commitment, and resources were not expended by the White House on this do-or-die issue. There were “some cross-priorities on the part of the Obama Administration,” she said, with the New Democrat faction’s views on trade prevailing in the President’s policies. However, even in moments when labor is “annoyed or frustrated or angry” it has to “think twice, three to four times, before piling on” so as not to give fuel to right-wing attacks. Labor wants Obama to pay more attention to the issues important to its members, but Lee made clear that “we don’t want to weaken a Democratic president.” Even though words were minced, the overall assessment seems to be that the Administration is largely guided by the New Democrats’ policy outlook and is not overwhelmingly friendly to the priorities of organized labor. However, every disappointment is tempered with a reluctance and resignation typical of a captured constituency with no electoral alternative to turn to – “any constituency that is secure is taken for granted...nobody bothers to court them.”¹²¹

The Campaign for America’s Future, a large umbrella organization that in some ways keeps alive the traditions of New Politics, reached its height during the Bush years as a platform for anti-war and left-liberal organizing. Its annual ‘Take Back America’ conferences were for many years the highlight of the progressive calendar. Roger Hickey, one of its leaders, has left-

¹²⁰ Webb, Interview.

¹²¹ Lee, Interview.

liberal credentials that go all the way back to the civil rights movement of the 1960s. For him, the Obama phenomenon exhibits features that confirm but also counter various parts of the third way perspective. For instance, he says that Obama proved the electorate can be expanded and Democrats can win on the basis of the new demographics – “a set of minorities and young people” – a total contradiction to the New Democrats’ position. Yet on economic policy, Hickey says it is undeniable that “the [Robert] Rubin wing of the Democratic Party is still very strong and running the Obama Administration.” For Hickey, Obama has become “trapped” between Rubinomics and his own “democratic instincts.” He believes Obama will be remembered as “the guy that showed Democrats how to win a majority in a very difficult time, and then endangered that majority by failing to deliver economically.”¹²²

Then there is the assessment of Obama made by the New Democrats. When ThirdWay leader Matt Bennett was asked whether Obama would be remembered as a third way president, his response was imprecise: “Probably not exactly.” It reflected some dissatisfaction with Obama’s two major policy legacies – healthcare reform and the financial crisis stimulus package – and was reticent about the fact that the President had not been more openly on board with ThirdWay’s agenda. On the ACA, Bennett says, “fairly or unfairly, it will be seen as kind of a big government thing,” while the stimulus “which we believe he had to do, wasn’t exactly a moderate Democratic approach.” He lamented the fact that ThirdWay’s Grand Bargain on entitlement reform had not come to pass and expressed regret that they had not “had as much influence in shaping [Obama’s] view as we would have hoped.” Not wanting to signal too much distance from the President though, Bennett was quick to point out that it was “Republican intransigence” which was really preventing action on entitlement reform. “I don’t think he’ll be viewed as a wild-eyed Saul Alinsky liberal by the more sober historical analysts, but nor will he

¹²² Hickey, Interview.

be viewed as a Bill Clinton-level moderate.”¹²³ Bennett knows Obama was not the leader that left-liberals hoped they would be getting, given his background as a community organizer in Chicago’s South Side. But he also appreciates that, even though his own group may be eager to claim the President’s ‘moderate’ policies, Obama is not fully one of them either. He is not in the same DLC mold as Clinton, whom these latter-day New Democrats still idolize.

DLC/PPI veterans Will Marshall and Al From are more suspect about Obama’s allegiances and evaluate his policies and positions as being rooted more in tactics than ideology. Both are well aware, however, of how the terrain on which Obama operated was largely determined by their third way ideology. Marshall believes that when the New Democrat faction was on the ropes in the later years of the Bush Presidency, Obama wisely chose not to identify with any party faction. “But when you look at how he has governed, what he’s done, and most of what he’s said,” Marshall believes, “there is a very considerable degree of continuity with what Clinton and the New Democrats had done.” Overall, Marshall does not see Obama’s Presidency “fundamentally pursuing a different course than Bill Clinton...he pursued a similar course.” And that has been “a disappointment to the left who thought he was going to be a transformative figure ideologically.”¹²⁴ Similarly, Al From, looking over Obama’s speeches and policies, concludes that “there’s a lot of New Democrat stuff in there.” Yet, he has a hard time placing the President:

I don’t think he’s ideological at all. I think he’s a tactical president. I mean, I have a hard time figuring out where he comes from...unlike President Clinton, or President Reagan for that matter...what made those two presidential campaigns different was that both of them ran on agendas, on philosophies to change their party and to change the country. Obama’s politics was always much more about who he was...an incredible symbolic candidate for the country... The main thing about Obama is I don’t think you can really put a label on him.¹²⁵

¹²³ Bennett, Interview.

¹²⁴ Marshall, Interview.

¹²⁵ From, Interview.

Ruy Teixeira, now a senior fellow with the Center for American Progress and previously an affiliate of Jeff Faux's EPI as well as Will Marshall's PPI, offers an assessment of the third way's influence on Obama's governance agenda that is roughly similar to that of Hickey but also shares elements with Bennett's. Teixeira is one of the leading researchers and authors on topics dealing with the 'new demographics' of the Democratic electorate, highlighting the viability of a coalition of minorities. For him, the Obama Administration's outlook is characterized by what he calls a 'new liberalism' that has adapted to a "world partially created by the New Democrats and the third way" but which is also appreciative of social and cultural changes that the third way does not fully recognize. The DLC was successful in "weaning the party from the Great Society, big social liberalism," a process which he clearly feels was necessary. The third way of the Clinton years thus served as a transitional public philosophy, according to Teixeira. It did the important work of destroying old icons, but eventually it too had to be bypassed as the world continued to change. There is a clear sense that after the revolution, who needs revolutionaries? "Down the road, people will look back and see the Obama Administration as the opening bid of a new kind of progressivism rather than simply just a retread of Clintonism...people will see it as the start of something different."¹²⁶

Taken as a whole, these responses suggest that Obama – in his rhetoric, in his ideas, and in his policies – is his own version of the third way. Like any leader of an American political party, he has to successfully navigate the tensions and competing demands of various factions within his party. The differences between his presentation and the final results leave left-liberals and New Democrats alike able to claim a part of him for themselves or, alternatively, grasping for a rationale by which to defend him. At least initially, he was able to ignite the hopes of

¹²⁶ Teixeira, Interview.

1960s social democrats, 1970s-80s New Politics activists, and the disconnected youth of the millennial generation. And while he might not have been the first pick of the New Democrats, who still preferred a Clinton in the White House, they have also found him amenable enough to their outlook.

Obama can talk to all of these sides and leave each of them seeing in him the possibility of their own advance. He gains points with the left-liberals for implementing a \$787 billion stimulus program over the objections of ‘socialism’ by Republicans, while spurning Keynesian advisors like Stiglitz, Krugman, Kuttner, or Faux, and opting for the austerity of the Simpson-Bowles Commission. He can talk of national healthcare for all, yet settle for a marketized version of it that does not harm the private insurance industry but rather provides it with millions of new customers. Impassioned speeches follow school shootings, but watered-down gun proposals are crafted with conservatives. Renewed diplomacy and a pledge to ‘end’ the Iraq War earns him the laurels of the Nobel Committee and sections of the domestic left while serving as a preface to the intensification of war in Afghanistan and Pakistan. Usually, this Democratic leader publicly embraces no faction, unlike Bill Clinton or Howard Dean. Instead, he often talks in a language meant to evoke the sympathy and support of the organizationally substantial but politically less powerful left-liberal wing of his party while doing little which fundamentally challenges the political economy of the New Democrats’ third way ideology.

This ideology has become so engrained in the DNA of the Democratic Party nationally that there is not necessarily a need for Democratic presidents to embrace the faction publicly. Instead, ‘think-tank’ organizations like ThirdWay, the Progressive Policy Institute, or the Center for American Progress are sufficient to chart the policy possibilities. Groups more to the left, like Campaign for America’s Future, Economic Policy Institute, or the Center for Economic and

Policy Research are a part of the dialogue, but they usually exercise no measurable influence among the key decision-making bodies within the party establishment or Administration elites. As a number of the interviews showed, their task is almost always a defensive one aimed at preventing the Democratic Party from tacking too far to the center or right. The reactionary politics of the George W. Bush years may have reinvigorated the left-liberal faction of the party, but the political economy which animates Democratic policy is still that of the Reagan-Clinton years. The same third way ideology that was decontested by the DLC in decades past continues to delimit the bounds of policymaking.

As American politics begins its rapid pivot to the next election even before the current president's term has ended, the factions of the Democratic Party are preparing themselves to resume their decades' long battle. With the left-liberals already eagerly chalking up victories, like Bill DeBlasio's New York mayoral campaign or Elizabeth Warren's populist barnstorming for a politics focused on inequality in the Senate, they should be reminded to not yet count out the New Democrats.

Conclusion

As the likelihood of any major new Democratic legislative offensives faded during Obama's second term, the war of position between the New Democrats and the left-liberals was distilled into a battle over the terms of austerity. Pivoting toward the role of broker between President Obama and the Republican leadership in Congress, ThirdWay concentrated its efforts on crafting the terms of a Grand Bargain that would bind the Democratic Party more solidly to an agenda of fiscal discipline and entitlement reform. If achieved, it would have given ThirdWay a legislative accomplishment comparable to the DLC's legacy of welfare reform. The

President embraced the ThirdWay program and sought such a deal, but he found no willing partners on the Republican side of the aisle.

With legislative gridlock becoming a certainty in Washington following the 2012 and 2014 elections, ThirdWay entered a holding pattern in an atmosphere of political polarization. During this time, both the New Democrat faction and their more assertive left-liberal opponents began to look toward the looming 2016 presidential primary and the potential for a new battle for ideological control. Leaders like Senator Warren talk more about the threat of increasing inequality while Senator Sanders targets Wall Street and corporate control in politics, sparking rumors of presidential ambitions. Meanwhile, ThirdWay went on the offensive in a campaign to reassert the core concepts of New Democrat ideology, rejecting economic populism and instead discussing the need to focus on opportunity over wealth redistribution, cooperation over class division, and the need for common sacrifice in order to save entitlements in a version of responsibility updated for the age of austerity.

The near certainty of a second Hillary Clinton presidential campaign following her departure from the Obama cabinet overshadows the jockeying among the competing party factions. With solid credentials as a New Democrat and a reputation as a key promoter of the international third way movement with President Clinton, Tony Blair, and Al From during the late 1990s, Secretary Clinton's predominance in the party guarantees the centrist faction an influential role in the coming primaries. With real economic recovery remaining anemic under Obama, the New Democrats have begun planning a replay of the first Clinton campaign of 1992, with nostalgic reminders of the optimism and prosperity of the boom years.

The increased prominence of progressive leaders in the party is indicative of the growing strength and influence of the left-liberal faction, but the continued hegemony of third way

thinking should not be underestimated. Campaign finances and policy expertise still flow more readily toward New Democrat politicians than to populist left-liberals – a continued demonstration of who really runs the Democratic Party. The fact progressives still spend much of their time refuting the positions of the centrist faction rather than asserting their own, coupled with the reality that the president who was supposed to represent the end of Clintonism has regularly defaulted toward New Democrat policies, should be a sobering reminder of the factional balance of forces.

CHAPTER NINE

CONCLUSION: THE NEW DEMOCRATS AT THIRTY

We have a lot of Senators, a pretty good chunk of members of Congress; we have the ear of the President, at least some of the time. The DLC did fold, but organizations come and go, and we are thriving and growing. So this notion that liberal orthodoxy has overtaken the entire party is completely false. – Matt Bennett¹

The preceding chapters have demonstrated that the third way brand of politics forged by the New Democrats and taken up internationally by social democrats in many countries is far more than simply an electoral marketing device for opportunistic politicians. Nor has it served as merely a vehicle for the political interests of the Democrat-inclined elements of Wall Street and the financial sector. One of the arguments emphasized in Chapters One and Two (which underpinned the analysis that followed) was that the New Democrats' third way, with its distinctive and mutually defining conceptions of the purpose of government, public ethics, and the nature of social relations, constitutes a coherent political ideology all its own.² For almost three decades, it has stood relatively unchallenged as the hegemonic framework for policymaking in the Democratic Party.

In its core concepts of opportunity, responsibility, and community, the third way provided Democrats with an ideological alternative to the ill-defined New Politics that had animated the party since the rights revolutions of the late 1960s and 1970s. The third way's vision of a 'New Democratic Party' was centered on the building of an enabling state that would incubate opportunities for citizens through investments in education, training, and economic development. It would abstain from what was thought to be the futile mission of striving for equal outcomes through open-ended welfare and redistributive schemes. With the elaboration of

¹ Bennett, Interview.

² "An ideology is a wide-ranging structural arrangement that attributes decontested meanings to a range of mutually defining political concepts." Freeden, *Ideology*, 54.

a new social contract – a “New Covenant” as Clinton called it – a third way government would inculcate a commitment to duty and a sense of mutual responsibility on the part of its citizens.³ The state would provide opportunities and benefits, but in exchange people were obliged to become self-sufficient and give back to their society through national service. And, finally, the page would be turned on the divisive individualism of identity politics and the economic debilitation of class warfare in favor of a new communitarianism. Claiming to move beyond left and right, the third way promised a renewal of the American social fabric.

DLC founder Al From firmly believed “the New Democrat movement saved progressive politics, not only in this country, but in the world.” For him, institutions like the DLC or candidates like Clinton were not the most important parts of what they achieved – it was “the movement” and the successful advance of its ideas. He went so far as to proclaim: “Had the DLC not been around, the Democratic Party probably would have gone the way of the Whigs.”⁴ Will Marshall, another New Democrat pioneer, looked back on the third way’s legacy and also felt its achievements were bigger than any one election or politician.

You can say, wow what have we really accomplished? Well, I look out there and some of the ideas that I’ve personally helped put on the national agenda, certainly PPI did and DLC did...voluntary national service, charter schools, AmeriCorps, and others are the law of the land. They affect millions of lives everyday...ending welfare as we know it, dramatic increases in the Earned Income Tax Credit, getting poverty down, rewarding work...that’s the monument. You can’t say it was all for naught. If millions of lives have been changed for the better by New Democratic innovations...you can’t just say it was all for naught.⁵

³ Bill Clinton, “Remarks Announcing Candidacy for the Democratic Presidential Nomination,” October 3, 1991, <http://www.presidency.ucsb.edu/>.

⁴ From, Interview.

⁵ Marshall, Interview.

E.E. Schattschneider once wrote: “It is futile to try to determine whether men are stimulated politically by interests or by ideas, for people have ideas about interests.”⁶ Dean Baker put the matter more bluntly: “It’s impossible to sort out personal motivations. I have no idea what these people really believe, if anything.”⁷ It is, of course, impossible to say which motivates any particular adherent of the New Democrat movement more – electoral self-interest or the inspiration of an ideological mission. Both undoubtedly played central roles in the story of how the New Democratic Party was constructed.

By focusing on processes of ideological contestation and decontestation, this dissertation has argued that in addition to providing cover for vulnerable politicians or acting as a conduit for the political interests of business, the third way has been about ideas and the struggle for factional dominance. It takes the position that the third way, as formulated and put into practice by the New Democrats, merits designation as a coherent and independent political ideology rather than as simply a passing electoral fad or a political cover for surrender to neoliberalism. It fulfilled the role of catering to the needs of opportunistic politicians to be sure, and it certainly adapted to and integrated components of the neoliberal framework, but it is not reducible to either of these. Further, the dissertation has demonstrated that, despite the tactical departures from New Democrat electoral strategy pursued under President Obama, within the realm of theorizing social policy challenges and developing responses to them, third way ideology has remained the default perspective of his administration.

Most previous evaluations of the New Democrats’ third way have concluded that it is either an electoral marketing device characterized by theoretical shallowness and structural

⁶ Elmer E. Schattschneider, “The United States: The Functional Approach to Party Government,” In S. Neumann (ed.), *Modern Political Parties: Approaches to Comparative Politics* (Chicago: University of Chicago Press, 1965), 213.

⁷ Baker, Interview.

amorphousness, an outright surrender to or adoption of neoliberal principles, or a combination of these two.⁸ Others acknowledge the third way to be a departure from both traditional Democratic left-liberalism and neoliberalism, but they remain uncertain of its distinctive status as a new philosophy of governance or of its ability to endure once its leading personnel have exited the political stage.⁹

Many analyses have been defined by a perspective that viewed the third way largely through a candidate- or politician-centered lens that did not take into account the extensive work being done by other political operatives and intellectuals within the factional network to develop and promote distinct ideological positions. Seeing the third way as simply a slogan, a headline-generator, or a set of quantitative voting preferences overlooks the processes of conceptual decontestation that were central to establishing the third way and ensuring its continued existence. Such approaches do not appreciate the full range of political actors who were responsible for elaborating and decontesting the concepts of the third way long before they became the platform of any successful candidate, and who have continued to do so long after those particular candidates have come and gone.

⁸ As electoral marketing device: Kusnet and Teixeira, “The Third Way and the Future of Social Democracy”; Leigh, “The Rise and Fall of the Third Way”; and Béland et al., “Third Way Social Policy.” As neoliberal continuation: Waddan, *Clinton’s Legacy*; Faux, “Lost on the Third Way”; and Norman Birnbaum, “Is the Third Way Authentic?” *New Political Economy* 4, no. 3 (1999).

⁹ Jon Hale argued that the third way represented a distinct “set of policy alternatives,” but he linked its germination to the needs of Clinton the candidate rather than seeing it as an independent process of ideological development which synergistically related to the Clinton campaign. For Hale, it was mostly “an adaptation to the needs of the contemporary politician.” See: Hale, “The Making of the New Democrats,” 207 and 232. Stephen Medvic relied on quantitative analysis of New Democrat voting records in the 106th Congress (1999-2000) to determine whether their commitment was due more to ideology or electoral vulnerability. Ultimately, his results were ambiguous. While the approach of relying on voting records revealed the extent of New Democrat coordination in Congress during a particular time period, its shortcomings were that it merely aggregated the results of how New Democrats voted on bills that made it to the floor of a Republican-dominated Congress during a particular time period. In focusing on only the quantitative data available, it overlooked the agenda-setting function performed by the Republican leadership and gave no consideration to the activities of the New Democrat faction in the White House or outside of government. See: Medvic, “Old Democrats in New Clothing.”

Others, however, do show a greater appreciation for the ideological nature of the remake that has gone on inside the Democratic Party. These have typically been scholars who are either intensely critical of the third way from a political economy or class analytical perspective or whose analysis is shaped by their personal involvement in the institutions of the New Democrat faction.¹⁰ Perhaps appropriately for a study on efforts to bridge left and right, the conclusions of this dissertation share the most similarities with the analyses found in these two politically opposed camps. But while they approach the topic with a greater appreciation for the ideational nature of the battle that has characterized the history of the New Democrats, they have not consistently engaged with theories of ideology or adequately theorized how new intellectual frameworks assert themselves and ultimately prevail over their competitors within the setting of a political party. This has been a particular shortcoming for those who have equated the third way with neoliberalism. They have often correctly pinpointed the overlap between many of the precepts of the third way and the New Right, but without conceptual morphology analysis, they have been unable to give attention to the nuanced way in which similar concepts can appear in different configurations in conjunction with other concepts, thus distinguishing one ideological framework from another.

By placing processes of ideological formation and factional politics at its center, this dissertation thus contributes to both the fields of ideology studies and U.S. political parties. In determining and then mapping out the conceptual continuities to be found in the documents, statements, and policies of the New Democrats – examples of what Alan Finlayson called the “everyday and routine political ideas...found in the wild” – the dissertation extends the political theory of ideologies, and specifically the conceptual morphology approach, into an area

¹⁰ Henwood, “Clinton’s Liberalism”; Baer, *Reinventing Democrats*.

previously unexplored.¹¹ It draws attention to the conceptual specificity that is inherent in political thinking and political action, even among those actors who claim a non-ideological stance.¹² Mapping the decontested conceptual morphology that structures the third way and granting it its due status as a full-fledged ideology were reasons enough for revisiting its role in reshaping the history of the Democratic Party. The value of this study extends beyond that though. It is also to be found in its deep contextual detail, which illuminates the political history of the New Democrat faction across time and space. Telling the story of the New Democrats through an emphasis on their ideas and factional nature is an example of what Sheri Berman called “the ideological market in action,” a study of how “structural factors create a demand for new intellectual frameworks,” and the ways in which political agents strive to provide those frameworks.¹³ Representing a cross-pollination between morphological studies in ideology and the new direction in the study of political parties that emphasizes the central role of factions, the dissertation proposes innovations in understanding how ideas and agents interact to create policy change. Combining ideological analysis with the factional perspective, it contributes to the effort of advancing beyond candidate- and party-centered approaches, which often fail to capture the reality of how the processes of political coordination, decision-making, and action actually take place within the U.S. party system.¹⁴ As DiSalvo argued, “It is because factions are motivated by a set of ideological convictions that they are engines of change.”¹⁵ As this work has demonstrated, through a process of factional ideological decontestation the New Democrats became just such an engine of change – first within the Democratic Party, then the country, and eventually internationally.

¹¹ Finlayson, “Rhetoric and the Political Theory of Ideologies,” 751

¹² Freedden, “What Should the ‘Political’ in Political Theory Explore,” 115.

¹³ S. Berman, *Primacy of Politics*, 201.

¹⁴ DiSalvo, *Engines of Change*, xii-xiii.

¹⁵ *ibid.*, xiv.

In the sections below, the ‘success’ of the New Democrats as a change faction will be evaluated on the basis of four main criteria: the extent of conceptual decontestation attained by its third way ideology; the faction’s achievement in redefining the identity of the national party; the depth and breadth of the international export of that identity; and the policy evidence for the changes it sought to bring to American society. The first two of these criteria align with the contributions the dissertation makes to the study of political ideologies and party factions. With the election of several third way governments internationally since 1997 and their subsequent fates, it is possible to take a position on the third criterion. And a review of a few key social development indices allows for some conclusions on the fourth. Following these evaluations, avenues for future research are discussed. Finally, the chapter concludes with some comments on the future of ideological and factional competition within the American center-left.

Decontestations Won and Lost

As the dissertation has shown, comprehending how the third way undermined the egalitarianism of New Politics, legitimated its own ideology, and remained relatively unscathed by would-be challengers is impossible without reference to the processes of conceptual decontestation and ideological construction that were carried on by the New Democrat faction. As elaborated in Chapter Two, the manner in which decontested concepts are strung together and arranged provides ideologies with their internal structure. Sketching a map of that structure is a key aspect of ideological analysis, and this dissertation developed such a map for the third way with the New Democrats’ concepts of opportunity, responsibility, and community at its core.

But how do we explain why a new ideology like the third way arose? Because we are dealing with the process of ideological decontestation within the setting of a political party, issues of image and reputation must be forefront in answering such a question. The changing

tides of political circumstance require that parties always be flexible in which components of their policy orientation receive emphasis, and the vagaries of the electoral cycle require swift political (re-)positioning to capture or maintain voter support. Parties may not always be adept at keeping up with such swings, but they certainly try. Incremental modifications to policy agenda are the everyday examples of this effort. When a party faces a period of sustained electoral failure and entrenched hegemonic disadvantage, however, some members inevitably begin to sense an imperative for larger-scale identity renewal.¹⁶

By implication, this means trying to affect an ideological renewal in the eyes of voters. It has been argued that ideologies should never be reified and seen as completed systems, but rather viewed as “contingent, changing traditions that people produce through their utterances and actions...extend[ing] or modify[ing] in unlimited ways.”¹⁷ In the context of ideological alteration and party identity, however, such limits do exist; a change in identity must still leave enough continuity that a party remains recognizable and worthy of support in the eyes of its voters. In the American two-party system, identity changes along the political spectrum exhibit a different dynamic than in multi-party systems. This means that the space open for political repositioning in the less crowded U.S. system is wider. The other party is important in such calculations of course, but in a manner different from multi-party or parliamentary systems. The part of the Democratic Party’s identity that is defined in terms of its relationship to the Republican Party is relatively fixed. Barring the highly unlikely emergence of any competing partisan force, Democrats inevitably constitute ‘the left’ in American electoral politics and Republicans ‘the right’. As long as a party’s positioning vis-à-vis its partisan opponent stays the

¹⁶ Steve Buckler and David Dolowitz, “Ideology, Party Identity, and Renewal,” *Journal of Political Ideologies* 14, no. 1 (2009): 11.

¹⁷ Mark Bevir, “New Labour: A Study in Ideology,” *British Journal of Politics and International Relations* 2, no. 3 (2000): 281.

same then, the dynamics of inner-party factional conflict take on a larger role in determining ideological reputation. If it has done anything, this dissertation has documented the ways in which the New Democrats' search for a third way was fundamentally about shaping the identity and, by connection, the ideology of their party. In the terms of the conceptual morphology approach to ideology, it was about decontesting a new set of principles to define the party in the eyes of voters and supply its leaders with a framework for policymaking.

What then are the imperatives and constraints that characterized the renewal effort that the third way represented? Steve Buckler and David Dolowitz's analysis of Blair's New Labour points to four chief factors facing ideological renewal advocates which, when adapted to the specificities of the American political system, can help illuminate what the third way achieved. They point to the primary tasks that aspiring ideological renovators must achieve to undermine the legitimacy of a prevailing ideational identity and also demonstrate the suitability of their own principles for charting a path forward. These tasks represent the processes of contestation and decontestation in action.¹⁸

First, affecting a break from a party's previously defining image must not endanger its overall positioning relative to partisan competitors or risk losing claims of continuity. As just discussed, this is a smaller peril for Democrats given the binary nature of the party system. To maintain the support of the base, though, attentiveness to past traditions does remain a necessity. Demonstrating continuity with tradition and appearing to depart from it at the same time are at the heart of such efforts. New Democrats achieved this by appealing to the policy entrepreneurship and inventiveness of party icons like FDR and LBJ, but they demonstrated their

¹⁸ Buckler and Dolowitz, "Ideology, Party Identity, and Renewal," 14-16.

departure by not affiliating themselves to the particular policy legacies of such figures.¹⁹ They selectively highlighted the traits these past traditions were supposed to represent.

This points to the second factor in the process of identity renewal: supplying an alternative historical narrative and creating an internal subversive element. The task of creating a sense of provenance with the ‘true’ Democratic past while also claiming to be *New Democrats* required the creation of a ‘recent old’ to which the third way could be contrasted. Claiming the position of standard-bearer for the Democratic legacy while also breaking away from the ‘old left’ implied the existence of some aberration that interrupted the continuity. For the DLC, that interruption – that ‘recent old’ – was New Politics and the social democratic drift of the party. Ignoring the fact that it was the policy achievements of the period bracketed by FDR and LBJ which did the most to set the Democratic Party on such a trajectory, the DLC engaged in a selective appropriation of their partisan past and provided a re-periodization of party history so as to pinpoint the New Politics faction as the cause of Democratic failure. The New Politics faction fulfilled the role of arch-villain, and its ‘politics of evasion’ was blamed for sapping the party’s electoral potential.²⁰ For the third way’s advocates, it represented the infiltration of the personal and political excesses of the Sixties into what had been a party of dynamic reform. Institutional change in the shape of party rules or nominations procedures was thus not enough; full-scale ideological change became an imperative.

Having contested prevailing wisdom, insurgent ideologies move to the third step of identity renewal. Completing the critique of what came before, the new ideology must now elaborate the contours of its own outlook and demonstrate its suitability for the new circumstances that made its predecessor outdated. After seizing control of the narrative

¹⁹ Democratic Leadership Council, *The New Orleans Declaration*.

²⁰ Galston and Kamarck, *Politics of Evasion*.

explaining party failure and assigning blame to their competitors, the New Democrats proceeded to elaborate and supply their alternative vision. For the third way, this meant making claims about the nature of governance in the era of globalization and the emerging new economy. The free flow of trade and increasing importance of high technology were claimed to have rendered social engineering and demand management irrelevant. Expressed most clearly in documents like the *New American Choice Resolutions*, the path forward for Democrats required a politics adapted to new times: “Just as the New Deal shaped the political order of the industrial age, the new choice can define politics in the information age.”²¹ The old age was over and the old politics of the Democratic Party did not fit anymore.

By extension, the old politics of the Republican Party premised on government downsizing were also out of sync with an information age that required an activist and innovative state capable of fostering opportunity and economic growth. Ten years of GOP “borrow and spend policies” left America unable to invest in its future.²² Only a new forward-looking philosophy of governance could get beyond the establishment parties. Thus, the third way possessed Buckler and Dolowitz’s final element necessary for ideological renewal. It provided the basis for a successful rhetorical strategy against the party’s external opponent, demonstrating its legitimacy over New Politics to lead the fight against the Republicans. Clinton’s victories of 1992 and 1996 were the tests of the third way on the battlefield of electoral competition. Breaking the presidential losing streak of the 1980s cemented its place as the preeminent policy outlook among Democratic elites.

Selective appropriation had demonstrated the New Democrats’ purchase on party traditions, placing them in the position of guardian over the party legacy. This allowed for a

²¹ Democratic Leadership Council, *The New American Choice Resolutions*.

²² *ibid.*

narrative of Democratic history designating the New Politics faction and the social democratic drift associated with it as aberrations that had separated the party from the American mainstream. Their critique completed, the New Democrats proceeded to elaborate and promote their own prescription for party renewal in line with new social conditions. Electoral success validated the third way and placed the seal on its status as the ideology of a New Democratic Party.

The New Democrats were so stunningly effective in these efforts not only because of the strength and coherence of their own program. From the perspective of ideological analysis, we can see that the third way's critiques of New Politics carried more than just a hint of truth. The New Politics faction possessed an ideological framework rooted in generalized notions of equality, welfare state expansion, solidaristic multicultural identity politics, and a commitment to participatory democracy. The broad diversity of its member constituencies was a strength when it came to mobilizing base supporters, but it proved to be a liability in that it frustrated the faction's ability to assert control over language and inject the type of certainty necessary for ideological hegemony. Their own critique of the welfare state bureaucracy that the New Deal and Great Society had created, premised on the necessity of democratizing its administration, was fundamentally compromised by the fact that some of the faction's constituencies appeared utterly dependent on the existence and expansion of the very edifice they criticized.

The vexing question Republicans had long posed of how to afford the welfare state was even more difficult for New Politics to counter when proffered by fellow Democrats in an atmosphere in which tax increases were becoming less feasible politically. This made it all the easier for their New Democrat opponents to tie to them to the failures of bureaucracy and industrial age governance. Complaints about the inefficiencies of 'big government' were on everyone's agenda, but the vague appeals for a democratic administration and 'participatory

democracy' did not have the same resonance as 'ending welfare as we know it' or 'reinventing government'. The third way's adherents deployed a seemingly more compassionate and intelligent version of the Republicans' rhetorical challenge. The fact that the New Democrats were doing it from within the Democratic family gave the message even more credibility.

The New Democrats were also right about something else. They claimed that their outlook rooted in equality of opportunity, personal responsibility, and non-class communitarian politics was more connected to the Democratic Party's long ideological legacy than the multiculturalist politics, redistributive economics, and participatory democracy of New Politics. As argued in Chapter Three, the forty plus years spanning from the Great Depression to the end of Keynesianism – when the Democratic Party was steeped in the New Deal, civil rights, and the Great Society – could be viewed as more of a social democratic interregnum for a party historically known for its opposition to an assertive federal state. Roosevelt and the Liberal-Labor upsurges of the 1930s succeeded in changing the identity of the Democratic Party, but New Politics was left playing the role of a disillusioned rearguard. It was critical of the bureaucratic heritage of the New Deal Keynesian state but unable to articulate a coherent alternative that could command majority electoral support.

The battle between the New Politics Democrats and the third way Democrats was a tale of decontestations won and lost. When the economy and politics began to change, the New Politics faction was caught without a diagnostic or prescriptive narrative. Facing an opponent unprepared for the neoliberal shift, the New Democrats filled the ideological gap. Their core concepts of opportunity, responsibility, and community were decontested and enshrined in the party platform, giving the Democratic Party a new identity.²³

²³ Stephen Borrelli, "Finding the Third Way: Bill Clinton, the DLC, and the Democratic Platform of 1992," *Journal of Policy History* 13, no. 4 (2001).

Factions and the U.S. Party System

In addition to its extension of the conceptual morphology approach to the third way, the dissertation has also made a contribution to the study of the U.S. party system. Through the lens of factional analysis, we have a second criterion by which to evaluate the success of the third way. In Chapter One, the party faction was designated as the primary agent in American party politics. It is the factions inside a party and the competition between them that give it agency and direction. Individual figures like Bill and Hillary Clinton, Al Gore, John Kerry, and Barack Obama receive the bulk of attention, of course, due to their position as candidates and leaders articulating third way positions. Their rhetoric and policy actions must be understood, however, within the context of their respective relationships to a factional network that includes members of Congress, party activists, pressure groups, think-tanks, fundraisers, ideologues, and intellectuals.

As this dissertation has shown, the New Democrat faction represents an example *par excellence* of such a network. At its heart has been a successive line of policy-oriented institutions that have served as coordinating centers and ideological guardians of the faction, starting with Gillis Long's Committee on Party Effectiveness in the early 1980s, Al From's DLC and Will Marshall's PPI during the Clinton years, and today's ThirdWay under the leadership of Jon Cowan, Matt Bennett, Jim Kessler, and Nancy Hale. Through detailed analysis of key documents and a review of major public policies, we have seen the work performed by a broad array of academics and policy entrepreneurs who filled in the third way's political narrative inside and alongside these think-tanks. William Galston, Elaine Kamarck, David Osborne, Ted Gaebler and others have provided the ammunition to undermine internal opponents and developed new departures for Democratic policy such as welfare reform and government

reinvention. Business-oriented strategists like Congressman Tony Coelho pioneered new avenues for fundraising that benefitted the faction. New Democrat operatives like Bruce Reed and Rahm Emanuel provided public policy with a third way content from inside presidential administrations. And candidates and politicians at every level of government, from big city mayors to Statehouses and from Congress to the Presidency, have stood for election as New Democrats. The breadth of the New Democrat factional network confirms the observation that the real organization of American parties extends beyond the formal party apparatus.²⁴ The durability and coordination of this network, armed with the alternative third way ideology, enabled a change in the Democratic Party's program, reputation, and image.²⁵

The factional perspective serves as a theoretical bridge between those like Anthony Downs, who viewed the party as a single "team seeking to control the governing apparatus," and others such as John Aldrich, who emphasized the candidate-centered nature of modern political campaigns.²⁶ While it does not focus solely on the power of special interest groups, the factional perspective broadens the collection of actors considered part of the institutional structure of political parties and illuminates the relationship dynamics among the multiple sub-teams operating and competing for power within them. An added layer of complexity is thus placed onto the standard two-party description of the American political system. By employing an analytical model centered on the faction, the U.S. party system can be re-evaluated and found to exhibit a multi-partisan character of a peculiar American type.

American political scientists – from Woodrow Wilson to the modern APSA – have long wished for 'responsible parties' that would present disciplined, centralized, and programmatic

²⁴ Joseph Schlesinger, "On the Theory of Party Organization," *Journal of Politics* 46, no. 2 (1984).

²⁵ DiSalvo, *Engines of Change*, 9.

²⁶ Downs, *Economic Theory of Democracy*, 25; Aldrich, *Why Parties?*

choices for the electorate.²⁷ Hopes for such parliamentary-type parties faded long ago.²⁸ By dropping expectations for either the Democrats or Republicans to operate as unitary organizations and looking beyond those two labels alone, however, it is possible to find an American equivalent of ‘responsible parties’. In fact, it is probably only through the factional perspective that bodies approximating such idealized structures can be found to operate at all in the United States. Factions operate as ‘parties within parties’ competing for control of their shared institutional space, the party proper. In their battle to define a party’s values, ideas, and reputations, factions vie for the opportunity to pour new wine into their old party bottles and have a chance at controlling the institutions of government.²⁹ This means that the competition that takes place inside American political parties can be just as important as (or even more than) the fight between them in determining public policy.

The institutional absence of Westminster style parties does not mean American party politics is necessarily conducted on a narrower ideological spectrum. Though their conflict is subsumed within the dynamic of intraparty competition, party factions demonstrate an ideological diversity in American politics not often thought to characterize the center-seeking competition between Republicans and Democrats. Because of factions, U.S. parties possess a more vibrant and less diffuse character than is commonly assumed. If the dispute between the New Democrats and their competitors on the liberal-left demonstrates anything, it is that one can already find a wide ideological spectrum inside the Democratic Party, let alone the even wider diversity once the Republican Party and its factions are included. Often, when an analyst

²⁷ Wilson, *Congressional Government*; American Political Science Association, “Toward a More Responsible Two-Party System.”

²⁸ Paul Herrnson, “Why the United States Does Not Have Responsible Parties,” *Perspectives on Politics* 21, no. 2 (1992).

²⁹ DiSalvo, *Engines of Change*, 6 and 182.

questions why a political party pursues a particular policy, the answer really hangs on what faction currently calls the shots within that party.

The detailed political history of the New Democrat faction provided in the foregoing chapters illustrates the degree to which it successfully navigated the waters of factional warfare. In terms of effective action, they often functioned as a party all their own. They formed their own coordinating organizations, developed an alternative ideology that challenged reigning party orthodoxy, recruited and fostered their own candidates, helped alter the primary nominations process, and ultimately took over the party. With the election of Bill Clinton to the presidency and the achievement of Reinventing Government and welfare reform, most of the early priorities of the DLC's planned remake of the Democratic Party were achieved. Throughout the 1990s, the core concepts of opportunity, responsibility, and community stood as the watchwords of their New Democratic Party.

The faction was the vehicle for this ideological remake, a mission that must be judged eminently successful. Even though the New Democrat faction has splintered somewhat since the closing of the DLC, the fact that its ideas still hold sway and even a Democratic president associated with a New Politics-style electoral strategy still feels compelled to declare his loyalty to New Democrat principles are indicative of the third way's thorough decontestation within the party.³⁰ As Ruy Teixeira confided:

Certain things that the third way was getting at are pretty congenial for most in the Democratic Party today. Most progressives realize you can't just throw money at problems. You need to pay attention to fiscal issues. Government efficiency is important. You should tread carefully on social issues because you don't want to

³⁰ See Obama's declaration of allegiance to the New Democrats, detailed in Chapter Seven. Further discussions of Obama's continuity with the third way perspective can be found in: Birnbaum, "American Progressivism and the Obama Presidency"; Peschek, "The Obama Presidency and the Great Recession"; Thomas Schaller, "The Democratic Party in the Age of Obama: Yes We Can or No We Can't?" *New Labor Forum* 19, no. 3 (2010); Joseph Schwartz, "Obama's Politics of Austerity," *Dissent*, July 22, 2011, <http://www.dissentmagazine.org/>; Jack Gerson, "Obama, Austerity, and Change We Can Really Believe In," *New Politics* 13, no. 4 (2012); and Julian Zelizer, "Carter, Obama, and the Left-Center Divide," *Dissent*, June 2010, <http://www.dissentmagazine.com/>.

alienate more conservative constituencies... The third way got the party away from being that constellation of interest groups...concerned with preserving welfare programs and handouts to the poor [rather] than being worried about the broad middle class, crime, problems of social disorder, and the deficit. The Democratic Party lives in a world...created by the New Democrats and the third way.³¹

It may have frayed at its organizational edges, but the extent to which the third way redrew the boundaries of policy and political thinking within the Democratic Party are still clear to see. Jon Cowan's ThirdWay organization might not fully fill the big shoes left by Al From's DLC nor exercise influence on Obama in direct a manner as the latter did for Clinton, but the New Democrat faction stands poised to once again re-enter the fight for dominance at the presidential level.³²

As previously mentioned, the increasingly polarized nature of the competition between the Republicans and Democrats presents a new opportunity for the third way's centrist brand of politics. With gridlock between a Democratic Party closely associated with Obama in the popular mind on one hand and a Republican Party taking its cues from the Tea Party on the other, there is a rhetorical space opening for the New Democrats to once more highlight their pragmatic and communitarian outlook on governance. Contrary to DiSalvo's prediction that the New Democrats faced terminal decline in the latter years of the George W. Bush Administration, this most successful of party factions may yet prove to have a second life left in it.³³ The elevation of Hillary Clinton to the presidential ticket, should it occur, would only confirm the enduring power of the third way.³⁴ The faction could yet prove to be the vehicle for another Clinton run for the White House.

³¹ Teixeira, Interview.

³² Kevin Cirilli, "Centrist Dems Ready Strike Against Warren Wing," *The Hill*, March 2, 2015, <http://www.thehill.com/>.

³³ DiSalvo, "The Life and Death of the New Democrats."

³⁴ Doug Henwood, "Stop Hillary! Vote No to a Clinton Dynasty," *Harper's*, November 2014, 31.

But the New Democrats now grapple with an intraparty context populated by a larger number of competitors, and their own operation is not as well-oiled as in the glory days of Clintonism. As discussed below, this creates vulnerabilities for the faction. Regardless, the influence of their remake of the party is undeniably still felt. As the Obama years have shown, their power resides as much in the influence of their ideas as in formal control over the party apparatus. As a vehicle for party renewal and sustained policy influence, the New Democrats were and continue to be the very model of a successful political party faction.

The Third Way International

Though the ideological remake carried out within the Democratic Party was the main focus of this study, the international component of the third way's history was also an important thread running throughout. Given the major role that Bill Clinton, Hillary Clinton, Al From, and Will Marshall played in taking the third way global, acting in conjunction with European figures like Tony Blair, Gerhard Schröder, Massimo D'Alema, and Anthony Giddens, this aspect is certainly a key part of the third way's success story.

In many ways, Clintonism has been the Democratic Party's most successful export. For more than a century European socialism, in both its evolutionary social democratic guise and its revolutionary communist one, had largely set the pace for the global left. The postwar Keynesian period was one in which American liberalism and European social democracy moved along a similar path, with the former moving more clearly in the direction of the latter. In the 1990s though, with Clinton at the helm, the New Democrats provided the prototype of ideological makeover for social democrats abroad.³⁵ For the British Labour Party under Blair,

³⁵ "That process was heavily influenced by the American Democrats, who offered ideological inspiration as well as new policy instruments such as tax credits and welfare reform." Diamond, "From Fatalism to Fraternity." 8.

the DLC's opportunity-responsibility-community triad became the compass for a homegrown version of the third way. The revisionist New Labour project, which had its roots in both the traditional parliamentary right of that party and the Gramscian-inspired 'New Times' analysis of *Marxism Today*, came to represent in many ways a distinctively British version of Clintonism.³⁶ As this dissertation demonstrated in Chapter Six, many other social democratic leaders followed in Blair's footsteps and attempted to associate themselves with the 'modernized center-left' that Clinton represented at the turn of the millennium.

Fast forward a decade and a half, however, and the third way brand has become even more weathered internationally than it has at home in the U.S., with the social democratic renaissance of the late 1990s proving unsustainable.³⁷ The two parties which most closely aligned with the New Democrats, British Labour and the German SPD, are both once again out of power and struggling to define themselves to voters. In many countries of Europe, social democrats took on the role of "champions of austerity" when the Great Recession hit, and have been rewarded by voters accordingly.³⁸ While in government in Britain, Ireland, Portugal, Greece, Denmark, Netherlands, Finland, and France since 2008, social democrats have been instigators or supporters of austerity reforms in areas ranging from pensions and raised retirement ages to public asset privatizations and health and education fee increases.³⁹ In Germany, the SPD has recently scored electoral results among the lowest in its history and struggles to keep its discontented left-wing voters from deserting to *Die Linke*, the reformed East

³⁶ Stephen Meredith, *Labours Old and New: The Parliamentary Right of the British Labour Party 1970-79 and the Roots of New Labour* (Manchester: Manchester University Press, 2008); and Pearmain, *The Politics of New Labour*.

³⁷ Stefan Berger, "Social Democratic Trajectories in Modern Europe: One or Many Families?" In H. Meyer and J. Rutherford (eds.), *The Future of European Social Democracy: Building the Good Society* (London: Palgrave Macmillan, 2012), 24-26.

³⁸ Bryan Evans, "Social Democracy in the New Age of Austerity," In D. Baines and S. McBride (eds.), *Orchestrating Austerity: Impacts and Resistance* (Halifax: Fernwood Publishing, 2014), 85-87.

³⁹ *ibid.*

German communists.⁴⁰ In Britain, Ed Miliband triumphed in the race for Labour Party leader in 2010 over his brother David, who was closely associated with Blair's New Labour shift, with a campaign that combined nostalgic recollections of the party's pre-third way past with a push for further modernization.⁴¹ His subsequent rejoinders to Conservative-Liberal Democrat government policies, however, owe as much to New Labour as to the supposed intellectual departure inherent in his own 'One Nation Labour' slogan.⁴² Relatedly, Policy Network, Britain's counterpart to the PPI, has been engaged in a 'centre-left project for new times' as of late, involving "a thorough post-third way brainstorm...repentance and brave forward thinking in one move."⁴³ The repentance part seems constricted to removing the third way label, as the politics involved remain largely the same as those of New Labour. "Socialism is largely defined," according to Policy Network, "by the equation Responsibility + Solidarity."⁴⁴ How prescient Daniel Singer now appears to have been when he commented in 2000, at the height of the third way's popularity: "We are living in a complex period of transition, watching at one-and-the-same time the apparent revival of social democracy and its deepest crisis."⁴⁵

Though the electoral fortunes of the DLC's imitators have soured in recent years, the third way reforms they brought about in their parties and while in government thoroughly succeeded in routing their left opponents who still clung to traditional social democracy.⁴⁶ They redefined the image and reputation of their parties, though it is no longer clear that such

⁴⁰ Ingo Schmidt, "The Social Democratic Party in Germany: Caught Between the Fall of the Berlin Wall and the Rise of The Left," In B. Evans and I. Schmidt (eds.), *Social Democracy After the Cold War* (Edmonton: Athabasca University Press, 2012), 264.

⁴¹ Richard Jobson and Mark Wickham-Jones, "Gripped by the Past: Nostalgia and the 2010 Labour Party Leadership Contest," *British Politics* 5, no. 4 (2010).

⁴² Tim Bale, "Concede and Move On? One Nation Labour and the Welfare State," *The Political Quarterly* 84, no. 3 (2013).

⁴³ Olaf Cramme, Patrick Diamond, Roger Liddle, Michael McTernan, Frans Becker, and Rene Cuperus, *A Centre-Left Project for New Times* (London: Policy Network, 2012), 3.

⁴⁴ *ibid.*, 14.

⁴⁵ Daniel Singer, "The 'Third Way' and a New Left," *Journal of World-Systems Research* 6, no. 3 (2000): 693.

⁴⁶ Andreas Fagerholm, "Towards a Lighter Shade of Red? Social Democratic Parties and the Rise of Neo-Liberalism in Western Europe, 1970-1999," *Perspectives on European Politics and Society* 14, no. 4 (2013).

redefinition was beneficial for them in the long term, as their poll numbers have hit historic lows and populist challengers have sprung up on the right and left in many countries.⁴⁷ Some of the original true believers have stuck to their principles though. Giddens, the author of the book that made the third way label popular internationally, recently said the name itself was “misunderstood and misinterpreted yet the issues raised...still have relevance for the renewal of social democracy today.”⁴⁸ Tony Blair looks at the growing divides between the far right and the anti-austerity left in Europe and concludes: “Today the third way is more relevant than ever... The center ground of politics...is in danger.”⁴⁹

The embrace of market-led economic growth, fiscal discipline, welfare reform, and a weakening of class-based politics have all become defining qualities of social democracy in Europe. As discussed in earlier chapters, the DLC played a key role in this ‘Americanization’ of social democracy in Europe.⁵⁰ Indeed, the Clinton version of third way ideology achieved a level of influence over European social democracy that far surpassed the inroads into the Democratic Party ever made by European-inspired socialism. Just as it became the liberalism of the post-Reagan period at home in the United States, internationally the third way became the social democracy of the neoliberal era.

Success On its Own Terms

Evaluating the success of the third way is a complicated endeavor. From the perspective of ideological decontestation and factional finesse, the third way and its New Democrat adherents must be judged victorious within the arena of their own party. They even achieved

⁴⁷ Policy Network, “The Threat of Pasokification,” *State of the Left*, January 30, 2015, <http://www.policy-network.net/>.

⁴⁸ Anthony Giddens, “The Third Way Revisited,” *Policy Network Observatory*, June 28, 2010, <http://www.policy-network.net/>.

⁴⁹ Tony Blair, “Third Way Again,” Office of Tony Blair, November 28, 2014, <http://www.tonyblairoffice.org/>.

⁵⁰ Lipset, “Americanization of the European Left.”

widespread acclaim on the international stage of center-left politics when the Clinton model became the pioneering example for the re-engineering of social democracy in the last years of the twentieth century. But beyond the criteria of inner-party ideological renovation, adeptness at organizational infighting, and the export of its ideas, there is also a need to take account of the third way's achievements in advancing its social goals domestically. Its success needs to be evaluated in terms of its own self-declared aims. How much opportunity was really created? What were the results of the 'no rights without responsibilities' mantra? Did the country become more united as a single national community? On all of these points the outcomes have been decidedly more mixed and harder to gauge.

This is due not only to the inconsistency of New Democrat achievement, but also because of the eight year Bush interregnum dividing the Clinton and Obama periods. Intervening changes in policy direction and the accenting of security issues following 9/11 make it impossible to examine the two Democratic presidencies as a single continuity. The vastly differing economic contexts characterizing them also complicates the matter; whereas Clinton and the first generation of New Democrats enjoyed a booming economy, the Obama Administration was plagued from its start by what turned out to be a prolonged recession. By selecting a few key metrics as indicators for opportunity, responsibility, and community though, it is possible to make some judgments about whether development trends suggest movement toward New Democrat social goals.

Eschewing the straw man of leftist egalitarianism, the third way sought the repurposing of government as an opportunity creator – a social investment state rather than a social welfare state. At its heart, the third way holds that government should serve a supply-side function in

economic management providing support for private sector-driven growth.⁵¹ Nominal increases for education and training expenditure under Clinton proved modest, however, and when calculated as a percentage of real GDP they actually exhibited a decrease from the past.⁵² By the end of his term of office, the New Democrats could rightfully claim he had presided over the longest period of economic expansion and employment growth in U.S. history, with more than thirteen million jobs created from 1992 to 1999. But such impressive gains were only part of the story. Indeed, labor markets were tight through the late 1990s and showed improved statistics across sex, race, and age categories. The employment gap between the college-educated and high school dropouts remained wide though, suggesting that ‘opportunity’ was either not making it down to those at the bottom or that the latter were not seizing their chances.⁵³ Social mobility statistics, flat-lined since the early 1970s, provide more supporting evidence for such a conclusion. Americans entering the labor market in the mid-2010s have no greater or lesser chance of moving up the income ladder than did those born in the 1970s or 1980s.⁵⁴ Finding proof of success for the New Democrats’ opportunity agenda requires one to focus almost solely on the absolute number of jobs created during the boom period, with little attention paid to the quality of such jobs or who was getting them.

The New Democrat narrative on responsibility was tied almost exclusively to the reform of welfare and entitlements. According to their storyline, the well-meaning efforts of the ‘old

⁵¹ The third way’s assumptions about the proper role of the state in the economy drew heavily on neoclassical economic theory, emphasizing increased labor market flexibility (deregulation), cuts to public sector employment rolls, and a reliance on the private sector to generate overall employment gains. See: Romano, *Clinton and Blair*, ch. 4.

⁵² *ibid.*, 77-79.

⁵³ L. Randall Wray and Marc-André Pigeon, “Can a Rising Tide Raise All Boats? Evidence From the Clinton-Era Expansion,” *Journal of Economic Issues* 34, no. 4 (2000): 812.

⁵⁴ OECD Directorate for Employment, Labour, and Social Affairs, *United States: Tackling High Inequalities, Creating Opportunities for All*, 2014, 6; and Raj Chetty, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nicholas Turner, “Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility,” *American Economic Review* 104, no. 5 (2014).

liberalism' had contributed to the creation of a culture of dependency and the shirking of work on the part of the underclass.⁵⁵ The obligatory nature of the social contract they envisioned was encapsulated in the official title of their 1996 welfare reform compromise with Gingrich: the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Much like the success story surrounding job creation, the pride New Democrats took in welfare reform relied mostly on raw numbers and little analytical nuance. In the five years after PRWORA passed, welfare caseloads dropped by 65 percent, from 12.2 million to 4.5 million.⁵⁶ Critics pointed out that such a reduction in the rolls was due as much to tightened eligibility standards as it was to successfully moving people into employment, however.⁵⁷ Also, the Obama Administration's grant of waivers in the summer of 2012 that allowed states to flexibly interpret the work requirements portion of the welfare reform law seemed to be a quiet admission that PRWORA was not necessarily standing up well to the impact of economic recession.⁵⁸

Welfare reform enforced stricter eligibility standards with requirements more suited to times of tight rather than sagging labor markets, but it was not necessarily the heartless impoverishment program feared by some early detractors. Scott Winship and Christopher Jencks, original critics of the welfare reform project, conducted a study of how 25,000 single-mother families fared after reform and were surprised to find that rather than increasing hardship,

⁵⁵ It was here that the New Democrats borrowed most liberally from the welfare state narrative proffered by conservatives. Much of the language around welfare that New Democrats used was similar to that of Myron Magnet and other Republican commentators. As an example, see: Myron Magnet, *The Dream and the Nightmare: The Sixties Legacy to the Underclass* (San Francisco: Encounter Books, 1993).

⁵⁶ U.S. House of Representatives Committee on Ways and Means, *Report of the Subcommittee on Human Resources: A Decade Since Welfare Reform* (Washington: U.S. Government Printing Office, 2006).

⁵⁷ Joseph Schwartz, "From the War on Poverty to the War on the Poor," *Dissent*, April 15, 2014, <http://www.dissentmagazine.com/>.

⁵⁸ Administration for Families and Children – Office of Family Assistance, Memorandum to States Administering TANF, TANF-ACF-IM-2012-03 (Guidance Concerning Waiver and Expenditure Authority Under Section 1115), July 12, 2012, <http://www.acf.hhs.gov/>.

welfare reform had actually decreased poverty and hunger for these families.⁵⁹ Jencks admitted: “When welfare reform passed in 1996, critics (including all of us) feared a substantial increase in material hardship among single mothers and their children. We were wrong.”⁶⁰ Reform demonstrated that the promotion of responsibility could result in greater employment and better material outcomes, but only if matched with the necessary work supports and strong macroeconomic conditions.⁶¹

The DLC’s successor, ThirdWay, now focuses on completing the entitlements reform mission started by Clinton, of which welfare was only the first half. As Chapters Seven and Eight showed, attention is now centered on the need for Social Security and Medicare reform with a similar rhetoric employed, swapping the irresponsibility of welfare recipients for the irresponsibility of politicians afraid to upset constituents. For the New Democrats, entitlement reform was what most differentiated them from the ‘old liberals’ in their party.⁶² PRWORA itself may have been the product of a Republican Congress, but it contained enough of the DLC’s original vision that New Democrats could justifiably claim it as the organization’s

⁵⁹ Scott Winship and Christopher Jencks, “How Did the Social Policy Changes of the 1990s Affect Material Hardship among Single Mothers? Evidence from the CPS Food Security Supplement,” *Kennedy School of Government Faculty Research Working Papers Series*, 04-027 (Cambridge: Harvard University, July 2004).

⁶⁰ “The main reason welfare reform has hurt so few families is that the combination of rising wages and work supports like the EITC and child-care subsidies made work an economically viable option for single mothers who could hold a job. But the damage was also limited by the fact that states had enough flexibility to shelter mothers they judged incapable of working. That flexibility is now being reduced dramatically. The economic fate of single mothers is now tied to the business cycle in the same way as that of other working-age parents. Welfare is no longer the poverty trap that it was, but it is also less of a safety net.” Christopher Jencks, “Welfare Redux,” *The American Prospect*, August 22, 2006, <http://www.prospect.org/>.

⁶¹ Joan Acker and Sandra Morgen, in a study of the welfare reform experience in Oregon conducted in the early 2000s, concluded: “If the final measure of program success is how many [TANF and Food Stamp] leavers are employed, our study suggests that a considerable majority have obtained this goal.” Joan Acker and Sandra Morgen, “The Impact of Welfare Restructuring on Economic and Family Wellbeing,” In F. Piven, J. Acker, M. Hallock, and S. Morgen (eds.), *Work, Welfare and Politics* (Eugene, OR: University of Oregon Press, 2002), 256.

⁶² Baer, *Reinventing Democrats*, 214.

greatest accomplishment.⁶³ ThirdWay's pursuit of a Grand Bargain, as yet unachieved, represents a similar dividing line between the faction and its left opponents today.

Community, the final element of the New Democrat trinity was, like the responsibilities versus rights duality, intellectually rooted in the communitarian philosophy espoused by DLCer William Galston and his colleague Amitai Etzioni.⁶⁴ Putting aside what they saw as the individualist excesses of the 1980s as well as the sectarianism of class- and interest-group based organizing, New Democrats said Americans longed for "social bridges" to connect the different sectors of society and believed in the mutualism of shared obligations.⁶⁵ The need for this new cooperative spirit was also tied to the DLC's obsession with the dawning of a new economy; as Clinton had said back in 1991, "We're all in this together, and we're going up or down together."⁶⁶

By 2010, Robert Putnam, the communitarian sociologist who had warned of Americans' declining social capital in the mid-1990s, was worried that many of us were still 'bowling alone' even after the slight uptick in social engagement following 9/11. What's more, the social capital deficit was deeper among working class and minority youth compared to upper-middle-class young white people.⁶⁷ Moving in tandem with this decline in social engagement was an increase of political polarization among the electorate. As Galston and Kamarck pointed out at the launch of ThirdWay in 2005, rather than becoming a more cohesive and united society as the New Democrats had hoped, American voters were becoming more ideologically divided in their

⁶³ Will Marshall, "Mr. Clinton Keeps His Welfare Promise," *Wall Street Journal*, August 1, 1996, A12; Bill Clinton, "How We Ended Welfare Together," *The New York Times*, August 22, 2006, A19.

⁶⁴ Galston, *Liberal Purposes*; Etzioni, *The Spirit of Community*, 15.

⁶⁵ Steven Gillon, *The Pact: Bill Clinton, Newt Gingrich, and the Rivalry that Defined a Generation* (Oxford: Oxford University Press, 2008), 81.

⁶⁶ Clinton, *Keynote Address to the DLC's Cleveland Convention*.

⁶⁷ Thomas Sander and Robert Putnam, "Still Bowling Alone? The Post-9/11 Split," *Journal of Democracy* 21, no. 1 (2010): 13.

viewpoints.⁶⁸ Nine years later and well into the Obama era, the liberal/conservative gulf has widened even more.⁶⁹ Even Will Marshall admits that “partisanship and polarization have been valorized” over compromise and community.⁷⁰

Operating in the background of these trends of declining social capital and increased ideological division has been a polarization of a different kind – economic inequality. Occupy Wall Street’s headline-grabbing slogan of the ‘99 percent versus the 1 percent’ encapsulated a growing public awareness of the widening wealth gulf in American society. The highest increases in wealth share have been even more concentrated than the slogan suggests though, with the biggest gains going to the top 0.1 percent who now hold approximately 22 percent of national wealth, a level not seen since before the Great Depression.⁷¹ From today’s vantage point, it would be difficult to conclude that the ‘me-first’ ethic that epitomized business culture under Reagan has vanished or that the importance of class has declined. The evidence for communitarianism’s advance is thin.

The long-term policy results of the opportunity-responsibility-community triad have been decidedly more mixed than were the outcomes of the New Democrats’ factional machinations. In certain respects, especially in the arena of entitlement reform, they succeeded in moving American social policy along the lines laid out by their third way ideology. They spearheaded a transformation of the welfare state that reduced caseloads and placed more people into paid employment. Though their financial commitments to education and training never quite lived up to the promise of a social investment state, New Democrats still benefit politically from the claim

⁶⁸ Galston and Kamarck, *Politics of Polarization*.

⁶⁹ Pew Research Center for the People and the Press, *Political Polarization in the American Public: How Increasing Ideological Uniformity and Partisan Antipathy Affect Politics, Compromise, and Everyday Life* (Washington: Pew Research Center, 2014).

⁷⁰ Marshall, Interview.

⁷¹ Emmanuel Saez and Gabriel Zucman, “Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data,” *NBER Working Papers Series*, No. 20625 (Cambridge, MA: National Bureau of Economic Research, 2014), 1.

of having presided over the country's longest economic expansion. Meanwhile, more than two decades after Clinton entered the White House, the much hoped-for communitarian spirit the third way was meant to foster has yet to materialize, and the nation seems more divided along partisan and class lines than it has been in years. Al From's claim that the DLC changed the Democratic Party and the country are no doubt true, but whether progressive governance was 'modernized' is another matter altogether.⁷²

The Road Ahead

The legacy of the New Democrats' efforts over more than a quarter century has been the subject of the preceding chapters. We have seen how they formulated a critique of the Democratic Party in their early days, catapulted the governor of a small Southern state to the White House, took the third way on the road globally, and were then forced to reorganize their movement in the aftermath of 9/11 and the Iraq War. The New Democrats first arose during the latter years of Reaganism, challenging the New Politics faction for control of the party. Then, as the brain trust of the Clinton White House, DLC personnel translated ideas such as Reinventing Government and welfare reform into reality and cemented the third way as the guiding ideology of their party. George W. Bush's 'War on Terror' took a toll on the New Democrats, however, as several of their number supported the campaign in Iraq and broke ranks with a Democratic Party that eventually united in its opposition to the President. Such stances weakened the faction's hold over the party and splintered their movement, leaving the DLC itself as a casualty.

Years of factional warfare may have worn down the usefulness of the DLC as the vehicle of choice for centrists, but the concepts of the third way which it decontested continue to define the contours of Democratic policymaking. The resilience of the DLC's successor organization,

⁷² From, *The New Democrats*, 238.

ThirdWay, and the continuing influence of Will Marshall's PPI among a number of members of Congress demonstrate that, as Dean Baker said, the New Democrats may have sold off the old car, but they did not give up driving.⁷³ The presence of many DLC alumni and ThirdWay members in the Obama Administration, as well as the President's positioning on major policy issues, are indicative of a quieter, but still discernible, adherence to a New Democrat outlook. The next crop of Democratic candidates vying to succeed Obama will likely include one or more representatives from the activist-based progressive wing of the party, leaving the possibility that a new front might open in the long-running factional war. The ideological orientation of the contenders who will enjoy strongest support from the Democratic policy and fundraising establishments, however, will almost certainly be recognizable as New Democrats.

There are contextual developments, though, which have the potential to create new openings in what Sheri Berman called the ideological marketplace. The depths of economic dislocation brought about by the Great Recession have sparked doubts about the de-regulated and market-led neoliberal model that the New Democrats helped to construct. Demographic shifts are presenting questions about the long-term necessity of following their electoral strategy, which has long argued explicitly against a 'coalition of minorities'. Such structural factors are creating a demand for new political and intellectual frameworks, of which Occupy Wall Street, the fight against attacks on collective bargaining in places like Wisconsin, and the DeBlasio, Warren, Sawant and Sanders campaigns are perhaps early indicators. As Dan La Botz recently observed, "Big political shifts on the left have historically been powered by a combination of deep economic and social crisis, leading to shifts in consciousness, and the growth of mass social

⁷³ Baker, Interview.

and labor movements.”⁷⁴ While the financial crisis and the resulting drive for austerity have supplied the economic component of this equation, the vision and organization aspects are still lacking.

Unseating the third way as the guiding ideology of the Democratic Party will require more than unsustainable flash-in-the-pan activist outbursts or candidates whose campaigns have no shelf life beyond election day. Obama himself demonstrated perfectly well that while it may be beneficial for a Democrat to avoid open identification with New Democrat organizations in order to win a nomination, such distancing tactics do not equate to a strategic break from the third way ideological perspective. The future ‘hope’ and ‘change’ candidates of the left wing could conceivably follow just such a path as well. But the alternative is not to swear off electoral politics, for this would amount to capitulation.

Instead, it will require the development and elaboration of a new ideological project capable of both charting an alternative socioeconomic future and mobilizing a majoritarian coalition to support it. Such an effort must be a factional project of a sort as well, but a type different than the New Democrats’ elite-based organizational model. It will depend upon the social movements that exist outside the official bounds of the Democratic Party – labor, the racially and nationally oppressed, women, and youth – increasing their own organizational capacity and coordination, while not isolating themselves from the battle for influence within the party. These movements and organizations are the places where new ideological frameworks can be developed and consolidated. Following this strategy – a “neo-Rainbow electoral strategy,” as Danny Glover and Bill Fletcher Jr. called it – may sound like a rehash of the New Politics experience, which ultimately proved to be incapable of permanently transforming the

⁷⁴ Dan La Botz, “The Working Class and Left Politics: Back on the American Radar,” *New Politics* 15, no. 1 (2014). <http://www.newpol.org/>.

Democratic Party.⁷⁵ To a considerable extent, that is true. It is an ‘inside/outside’ strategy based on a realist acceptance of the institutional barriers to third party organizing in the United States. It does not mean the establishment of an independent political party, but it is about attempting to build a united front of many movements, drawing them together into an independent political organization that contests Democratic primaries, nominates its own candidates in non-partisan races, or backs independent candidates. Such decisions would be matters of tactic, not the application of predetermined formulas.⁷⁶ Such a strategy certainly draws insight from Michael Harrington’s seemingly long-ago call for a “first party” rooted in the principles of the democratic left and based in the majority movements for change:

It would be neater, and more ethically appealing, if American politics allowed the Left to make a total break with the past and start a party of its own. And indeed such a strategy might be required. But if it is, the moment will be signaled by the actual disaffection of great masses of people from the Democratic Party. Such a vast shift in political habits cannot be sermonized into existence, a point which middle-class activists with their philosophic loyalties and motives do not always understand. Before raising the banner of a new party, in short, there must be some reasonable expectation that significant forces will join it... For apocalypses are easy to proclaim but the structural reform of the most powerful nation in history is much more difficult and not so dramatic.⁷⁷

The defining trait of the “neo-Rainbow strategy” is that it views the Democratic Party itself as a field of struggle containing many varied interests and groups that are united out of necessity due to the nature of U.S. electoral institutions – it sees the Democratic Party as a “party bloc rather than as a genuine political party.”⁷⁸ Like New Politics and the Rainbow Coalition before it, pursuing such a strategy today faces big hurdles, some of which might appear even

⁷⁵ Danny Glover and Bill Fletcher, Jr., “The Case for a Neo-Rainbow Electoral Strategy,” In M. Marable and K. Clarke (eds.), *Barack Obama and African American Empowerment: The Rise of Black America’s New Leadership* (New York: Palgrave Macmillan, 2009).

⁷⁶ *ibid.*, 100.

⁷⁷ Michael Harrington, *Toward a Democratic Left* (New York: The Macmillan Company, 1968), 295.

⁷⁸ Glover and Fletcher, 98-99. In a peculiar way, it could be argued that it also draws on the experience of the DLC, which found its greatest initial success by organizing outside of official party channels but with an eye toward influencing the party’s development. Its political constituency was of course narrower and the financial resources it could rely on much greater.

harder to overcome than those of the past. The labor movement, one of the linchpins of the realignment strategies of the late 1960s and 1970s, is weaker than it has been for decades, yet it still remains the only mass-based institution with national reach and capacity. There are no pre-existing mass mobilizations to draw from that match the scale of the civil rights movement or the campaign to end the war in Vietnam. While there have been recent mobilizations around opposing racism in law enforcement, the late-1990s anti-globalization movement has completely disappeared, the mass anti-war movement of the Bush era was swallowed up by the campaign to elect Obama, and the short round of anti-austerity campaigns that popped up in recent years appears to have ebbed, at least for now. The fight for LGBT equality has mostly been limited to legal challenges to same-sex marriage bans over the past several years, and this effort appears to be nearing its final victory. There are thus ample reasons to be pessimistic about an inside/outside strategy, but the prospects for a third electoral party are even grimmer, as the experiences of the New Party, Labor Party, Green Party, and other efforts have demonstrated. Though the challenge is daunting, there is no alternative to the difficult work of political organization and alliance-building.

The task of those wishing to challenge the third way and the New Democrats is a difficult one, and there are no easy ways to will an alternative political movement into existence. But without a directional center – an independent political organization – armed with a coherent vision and backed by a broad array of movements to guide their candidates and hold them responsible once in office, the left-liberals and the broader left outside the party should not expect different results from the Democratic Party. If they seek to become an ‘engine of change’ and bring about more recognizably left policies, they will need to not only contest New Democrat principles, but also decontest an alternative ideological program of their own. They

have demonstrated the ability to mobilize movements that can critique neoliberalism and question the third way direction taken by the center-left political establishment, but lacking an actual alternative ideology and vision of the future, such efforts will be rudderless. The political-economic dislocations created by the Great Recession have exposed some of the weakness of the New Democrat faction's strategic program. But without a substantive intellectual and organizational challenge, the Democratic Party will continue to be the party of Clinton and the third way will remain lodged in place as *the* center-left ideology of the neoliberal era.

Future Directions for Research

The Democratic Party will remain an area for continued research as the effects of the financial crisis and (re-)emerging security issues reshape the dynamics of development in the party. The candidacy of former Secretary of State Hillary Clinton is already reinforcing ideological divides and provides the opportunity to refine my analysis. Also, the shifting demographic context points to a prioritization of mobilizing particular racial and ethnic minority groups in order to assure Democratic victories, unlike the majority white electorate which was one of the factors motivating the New Democrats' original ideological revisionism. The potential success of a New Politics-inspired 'coalition of minorities' strategy will certainly force the New Democrat faction to alter its tactics in an atmosphere in which their left-liberal opponents could have a potential demographic advantage in nominations.

Probably the most important development that will challenge the continued dominance of the third way ideology in the Democratic Party, however, is the heightened awareness of and political attention given to issues of inequality. The financial crisis of 2008-09 undermined confidence in the state retrenchment principles that has characterized policymaking in both parties since the Reagan years and has given the issue of economic and structural inequality a

central place in political debate. Having defined itself in terms of government downsizing, financial and economic deregulation, welfare reduction, and the promotion of free trade, the New Democrat faction could come under increasing pressure to prove the relevance of third way principles in a period when shifts in the broader political economy appear to be in the offing. The New Democrats are entering a period that portends to hold out opportunity to its factional opponents on the left-liberal wing of the party, and even, possibly, for the left outside the party.

The next stage of this research will therefore focus on these emerging changes in the dynamics of factional struggle and ideological contestation in the party. There is a need for critical evaluation of arguments for a demographic-based electoral strategy. The strategy of reliance on a coalition of racial and ethnic minority voters was given more weight by Obama's 2008 and 2012 victories, but it appears shortsighted in discounting the likelihood of Republican efforts to secure portions of these same constituencies. The Republicans appear poised for a more intense factional division of their own along tea party vs. moderate lines. The latter group will almost certainly make appeals to Latinos, for instance, one of their top priorities. Combined with continually growing conservative gains among the white working class electorate, this will impact the ability of the Democrats to rely on a minority coalition strategy.

And just as important, the potential openings in the ideological market that could be opened for challenges to the third way and the New Democrats require much deeper engagement and analysis. If there is increased questioning of neoliberalism, the third way too will come under greater scrutiny, as it is the center-left of the neoliberal era. Candidates and organizations to the left of the Democratic mainstream, should they show signs of greater cohesion or ideational unity, will deserve a level of critical scrutiny which they have not merited since the days of the Rainbow Coalition.

In all, the research program that has begun with my dissertation on the ideological contestation at the heart of the Democrats' factional struggles opens possibilities for application along several lines of inquiry. Further refinement of my thesis in analyzing center-left politics in the United States serves as a bridge to broader study of the ideological divides at the heart of the U.S. political party system.

APPENDIX

ORIENTATION, METHODS, AND DATA

This dissertation has concerned itself with constructing a theoretical explanation of how the reputation and public policy priorities of the Democratic Party were altered from an identifiable social democratic orientation to a supposedly centrist place on the ideological spectrum over the last thirty years. It is a qualitative case study examining the particularity and complexity (the concreteness) of an individual party faction and its struggle for ideological dominance.¹ As outlined previously, in approaching this topic, the dissertation synthesizes the conceptual morphology method of analyzing ideologies with the approach in American political party studies that emphasizes the role of factions. The selection of these two approaches, identified with Michael Freeden and Daniel DiSalvo respectively, and the decision to combine them was a product of the findings of preliminary research conducted for the dissertation.

The dissertation is an empirical study informed by these two pre-existing theories, but in the course of analyzing the concrete case of the New Democrats, it has also produced its own theoretical claims about the process by which political ideologies in the U.S. party system coalesce and develop, and of how the connections (or relations) in which they are found determine their nature. Thus, it is premised on the interdependence of theoretical and empirical research. As Andrew Sayer pointed out, “empirical studies are theoretically-informed...[b]ut empirical research can also be theoretically-informative; though guided by existing theory it can yield new theoretical claims and concepts.”²

Ontologically, the dissertation is rooted in realist philosophy, while epistemologically it proceeds from the necessity of examining its object of study in terms of structured

¹ Robert Yin, *Case Study Research: Design and Methods* (Thousand Oaks, CA: Sage, 1994); and Robert Stake, *The Art of Case Study Research* (Thousand Oaks, CA: Sage, 1995).

² Andrew Sayer, *Method in Social Science: A Realist Approach*, 2nd Edition (London: Routledge, 1992), 144.

interdependence.³ This means analyzing third way ideology as not just an isolated independent subject, but as a phenomenon shaped by historical process and relational context. This requires attentiveness to the intellectual and historical processes of conceptual (and thus ideological) development and to the interactive contexts in which ideologies are found that are a necessary part of defining and explaining them.⁴

The dissertation developed out of earlier academic engagements with the notion of a ‘third way’ in politics and state administration that emerged internationally in the last decades of the twentieth century. Whereas this prior research had given primary attention to lower-level analysis of governments’ alterations to their public management strategies and welfare state goals, the task of the dissertation has been to move upward to middle-range theorizing capable of linking these sets of related public policies to their broader ideational environments – i.e. to move from these concrete instances of political action to the more abstract generalizations of political thought which motivate and inform them and then conceptualizing the two as a whole.⁵ The goal has been to develop a “theoretically-informed and informative narrative” of ideological genesis and the interactive relationship between the latter and political practice.⁶

A cursory review of the third way’s place in the Democratic Party rather quickly revealed that a consistent set of ideas claimed to constitute the third way was being propagated, promoted, and defended by a self-defined party sub-group calling themselves ‘New Democrats’ and organized around the Democratic Leadership Council (DLC). It was clear that this sub-group, consisting of political operatives, think-tank intellectuals, politicians, fundraisers, and others,

³ Bertell Ollman, *Dance of the Dialectic: Steps in Marx’s Method* (Urbana: University of Illinois Press, 2003), 147.

⁴ *ibid.*, 13. It is informed by the call to expand “our notion of anything to include, as aspects of what it is, both the process by which it has become that and the broader interactive context in which it is found.” Thus, the study of an object must also simultaneously be a study of its history and the “encompassing system” of which it is a part.

⁵ Freedman, *Ideologies and Political Theory*, 129-30.

⁶ Sayer, *Method in Social Science*, 145. Ollman referred to this as the “exposition of social interaction and development...a combination of analysis and synthesis.” Ollman, *Dance of the Dialectic*, 151.

coalesced into a coherent and coordinated network aimed at taking over the party and redefining its public image. A selective review of their programs, speeches, and policy prescriptions found that members of the network regularly expressed adherence to a particular understanding of the role of government, an ethics to guide citizen and state behavior, and a belief about the proper nature of social relations – a conceptual system they sloganized under the banner of opportunity, responsibility, and community.

The activities of the New Democrats in the period of their formation, operating as a distinct oppositional sub-formation within the larger Democratic Party, were best understood, then, by reference to the phenomenon of factionalism. With only a subset of the party serving as the incubator and promoter of the third way, the most appropriate lens for understanding the New Democrats was DiSalvo's innovative approach that saw the ideologically-motivated party faction as the fundamental 'engine of change' in American politics.⁷ The factional approach, in turn, prompted the need for a deeper engagement with theories of ideology and political thought, for "the effort to modify or defend the programmatic character of the party means that factions must develop an alternative public philosophy or ideology."⁸

The development of an alternative ideology entails the necessity of political struggle for control – a struggle not just for organizational control, but, more importantly, for intellectual control. If there are multiple ideologies, held by both dominant and oppositional groups, conceptions of ideology which think of it in a singular or pejorative sense, such as formulaic versions of Marxism, are not applicable in this instance. Relatedly, functionalist explanations that define ideologies only in terms of what they sometimes do, such as serving the purposes of

⁷ DiSalvo, *Engines of Change*, xiv.

⁸ *ibid.*, 9.

social integration, domination, legitimation, or prescription are also inadequate, on their own, for comprehending what the third way was and how it was constructed.

An understanding of ideologies was needed that integrates the insights that they are the products of groups (but not only socioeconomic classes), that they do fulfill the functions listed previously, that they are ubiquitous, and that they entail the exercise of power. Freedén's approach possesses all of these and adds a focus on the fundamental unit common to all political thought – the concept. He sees ideologies as conceptual arrangements, or unique patterns of political thinking.⁹ In the notion of decontestation, this conceptual morphology approach also provides a theoretical explanation of how a group (the New Democrat faction in our case) spars for ideological control. Decontestation is the struggle to delimit the content of concepts; as the preceding chapters have shown, it is a relational battle for control of political language.

Decontestation has explanatory value in exploring how meaning is fought over, how choices among contested meanings are fixed yet simultaneously fail to be fixed, and how semantic patterns are formed that direct social action through particular routes among possible ones.¹⁰

Examining that process of decontestation engaged in by the New Democrats illuminates the means by which the factional struggle for ideological redefinition of the Democratic Party was carried out. The conceptual morphology approach, applied in Chapter Two to map the New Democrats' third way, is more than just itemizing a list of beliefs. The map, with the unique combination of opportunity, responsibility, and community at its core and the adjacent and peripheral concepts that branch out from it, is an "invitation to a viewing, to an interpretation of the social and political world."¹¹ The concrete nature of this worldview was illuminated through

⁹ Freedén, *Ideologies and Political Theory*, 22-3, 48.

¹⁰ Freedén, "The Morphological Analysis of Ideologies," 118.

¹¹ Freedén, *Ideologies and Political Theory*, 128

the examination in subsequent chapters of the historical and relational factors that shaped it and were, in turn, shaped by it.

Thus, the dissertation's theorization of the third way as a distinct conceptual morphology that was assembled and given meaning by a particular factional network is one that emerged inductively from historical analysis but which also represents an extension and synthesis of the knowledge developed in the two previous and separate theories that it draws from. An actual review of the constellation of political actors responsible for elaborating and promoting the third way led to a focus on the New Democrat faction, and its organizational hubs, the DLC and its successors. The consistency and coherence of the ideas they advanced in turn prompted a study of ideologies and a reliance on conceptual morphology. The factional actors' repeated positing and reinforcement of the three themes opportunity, responsibility, and community practically invited a mapping of third way ideology with these concepts at its core.

This is the process by which the general theoretical orientation of the dissertation was settled upon. The narrowing of focus to a particular group of political agents and their ideological system implied an intensive research design with questions centered on the causal processes at work in this individual case.¹² 'Testing' the theory of factional decontestation required expanding the preliminary research of key ideological statements to a broader examination of the documentary record of the New Democrats' positions and activities over a thirty year period to determine the extent to which a particular conceptual pattern prevailed – this meant a reliance on methods of qualitative document analysis.¹³ As a further corroboration of the New Democrats' pattern of activity and the success of their conceptual decontestation, 'elite interviews' with key actors from all sides of the Democratic Party's factional dispute were

¹² Sayer, *Method in Social Science*, 242-45.

¹³ Glenn Bowen, "Document Analysis as a Qualitative Research Method," *Qualitative Research Journal* 9, no. 2 (2009).

conducted.¹⁴ Considered together, document analysis and interviewing served to triangulate the data, providing a confluence of evidence strengthening the credibility of the research.¹⁵ It ensured that the conclusions of the study are not the result of a single method, source, or investigator bias.¹⁶ Narrowing the range of documentary evidence on which to focus and selecting interview subjects required attention, however, to the question of which factional actors constituted the ‘agents of decontestation’.

Agents of Decontestation

For the New Democrat faction, it was the DLC which was most responsible for providing the 1) ideological distinctiveness; 2) temporal durability; and 3) organizational capacity to engage in a struggle for conceptual decontestation.¹⁷ It was the link in the factional chain that elaborated a new ideological framework and connected politicians to a distinct set of ideas and policy perspectives. Thus, the activities and records of the New Democrat movement and its affiliated personnel – the material repositories of third way ideology – were the primary objects of analysis for the dissertation.

Research into the documentary record was generally limited to the primary organizations of the New Democrat faction – DLC, Progressive Policy Institute, and ThirdWay. Democratic-aligned organizations, such as left-liberal policy groups, research institutions, and labor (as well as some socialist political groups operating on the margins of the Democratic Party but aimed at influencing it) were also included in the research, but these were mostly gauged for reaction to third way initiatives. As the number of organizations that might fall into the category of think-

¹⁴ Lewis Dexter, *Elite and Specialized Interviewing* (Evanston, IL: Northwestern University Press, 1970).

¹⁵ Elliot Eisner, *The Enlightened Eye: Qualitative Inquiry and the Enhancement of Educational Practice* (Toronto: Collier Macmillan, 1991), 110.

¹⁶ Michael Patton, *Qualitative Evaluation and Research Methods* (Newbury Park, CA: Sage, 1990).

¹⁷ DiSalvo, *Engines of Change*, 11.

tanks or party auxiliaries is exceedingly large, the goal in the dissertation was not to survey all of them. In line with the dissertation's intensive focus, selection was based on determinations about which organizations were actually related to each other causally with respect to the object of study rather than just taxonomically similar.¹⁸ In this respect, it was not quantitatively exhaustive, but rather it took a purposive sampling approach that focused on those groups possessing the particular characteristics discussed above that were of interest for the research.¹⁹ A temporal limitation was also imposed. Although previous historical background is a necessary part of ideational genesis, in-depth original documentary analysis was mostly restricted to those organizations or individuals who were politically active during the years spanning the New Democrat faction's existence – from just before the DLC's 1985 founding up to the present. In the sections devoted to the history before this period (particularly Chapter Three), there is a greater reliance on the secondary literature and previous scholarly analyses.

Throughout, there is an effort to keep attention on these organizational actors as well as the individual politicians who helped empower their ideas in the struggle to decontest particular ideological conceptions and implant them within the broader Democratic Party. The goal has been to “synthesize or organize the patterns of broader group debate and their role in formulating the parameters of political issues...shift[ing] between individual and group as the one or the other provides a more useful angle of insight, while acknowledging that the two are inseparable.”²⁰ The relational aspect linking the agents under examination constantly informed the analysis.

¹⁸ Sayer, *Method in Social Science*, 244.

¹⁹ Julia Lynch, “Aligning Sampling Strategies with Analytic Goals,” In L. Mosley (Ed.), *Interview Research in Political Science* (Ithaca: Cornell University Press, 2013), 41.

²⁰ Freedon, *Ideologies and Political Theory*, 124.

Qualitative Document Analysis (QDA)

As Glenn Bowen summarized, the analytic procedure of QDA involves “finding, selecting, appraising (making sense of), and synthesizing data contained in documents.”²¹ The data collected – existing in the form of excerpts, quotations, and passages – is organized into discernible themes, categories, and case examples through content analysis.²² Discovering the ideological orientations in these data requires a thorough search for the concepts and conceptual meanings of the language used by third way adherents in the written and spoken record. “To make claims about party ideologies,” John Gerring suggests, “one must involve oneself in the meat and gristle of political life, which is to say in language.” “Language,” he wrote, “connotes the raw data of most studies about politics, for it is through language that politics is experienced.”²³

Seeking out this raw data for the New Democrat faction meant an engagement with both episodic and running records.²⁴ In the former category were singular documents issued by the DLC or other factional organizations such as ideological manifestos, declarations, or statements of principle; reports advocating or critiquing specific public policies; brochures, pamphlets, and press releases; organization-issued books on particular topics or proposals; and the memoirs of individual participants or members. The running record of New Democrat perspectives and activities was gleaned from actual organizational minutes and memoranda; the speeches of politicians and organizational leaders; selected party platforms; and mass media materials.

²¹ Bowen, “Document Analysis,” 28.

²² Adri Labuschagne, “Qualitative Research: Airy Fairy or Fundamental? *The Qualitative Report* 8, no. 1 (2003): 101.

²³ John Gerring, *Party Ideologies in America: 1828-1996* (Cambridge: Cambridge University Press, 1998), 298.

²⁴ Janet Buttolph Johnson and H.T. Reynolds, *Political Science Research Methods* (Washington: CQ Press, 2005), 207, 211.

A particularly important source in both categories was the online archive of the DLC (<http://www.ndol.org/>), which included many back issues of its periodicals, *The Mainstream Democrat*, *The New Democrat*, and *Blueprint*. Additionally, most of the early manifestos and statements of principle adopted by the DLC were available here. After the DLC's closing in February 2011, this website, though inactive, remained available online. Since late 2014, it is no longer accessible. Digital snapshots of most of its pages and sections can still be accessed, however, through the use of various internet archiving websites. The physical papers of the DLC were purchased by the Clinton Foundation in June 2011, but as of this writing they have not yet been catalogued or made accessible to researchers.

Archival research at the William J. Clinton Presidential Library in Little Rock, Arkansas was immensely useful for illuminating the role played by New Democrat personnel in crafting the two signature policies highlighted in Chapter Five, Reinventing Government and welfare reform. The papers of the Domestic Policy Council (DPC), especially those of Bruce Reed, were a key source. Correspondence between the DPC, President Clinton, constituency groups like labor, and state-level officials, as well as lists of key advisors and consultants, were important for discovering the central role that New Democrats and figures linked to them played in shaping the main policies of the Clinton Administration.

In addition to the publications of the DLC and other factional organizations, articles dealing with the third way and intraparty ideological debate during the period of study from prominent left and center-left political journals and magazines (such as *Dissent*, *The Nation*, and *The American Prospect*) were also included as primary source documents. To emphasize the international impact of the New Democrats' conceptual framework, there is also an inclusion of materials dealing with other third way movements and politicians, particularly that of New

Labour in Britain. Mass media reports, including newspaper articles, online political affairs reporting, and political blogs, played a prominent role in providing snapshots of ideological decontestation in action or highlighting factional agents' reactions to particular events. These are employed throughout as demonstrations of the ideological assumptions and strategic preconceptions motivating factional actors. In the latter chapters of the dissertation dealing more specifically with the Obama Administration (particularly Chapters Seven and Eight), there is an increased reliance on these types of publications and materials. This was largely due to the closeness of the events and debates covered and the correspondingly smaller body of academic literature or organizational records available as of yet. However, given the strength of the thematic and conceptual patterns discerned across the history of the New Democrat faction in the years preceding, their continuation in the public record of the organizations and politicians of the post-DLC period helped draw connections to the foregoing era. The inclusion of more questions covering this period in interviews also served to further ensure the accuracy of the conclusions made concerning the state of the factional struggle during this more recent time period.

With the concepts of opportunity, responsibility, and community having stood out during the preliminary review of documents, this expanded sweep over a broader range of records checked for the prevalence of these same themes. Their consistent appearance was coupled with a range of secondary concepts that were more specific applications of the former three in defined policy areas. These were ones eventually designated during the mapping exercise as adjacent concepts such as fiscal discipline, reinventing government, national service, market allocation, internationalism, and others. Actual policy-level initiatives like AmeriCorps, workfare, new public management, or chained CPI were examined to ascertain their roots leading back to one or

more of the core concepts via the adjacent concept policy areas. This general pattern enabled the construction of a more defined map of third way conceptual morphology.

Aggregating these concepts and assembling them into a morphological pattern was the result of a document analysis process that moved from skimming, or superficial examination, in the preliminary research, to reading a wider selected range of records more thoroughly, and then to interpreting the meaning of consistent themes or language patterns. It followed the method suggested by Bowen that combines non-quantitative content analysis with thematic analysis.²⁵ Rather than calculating the exact number of times that a particular word appears in a set of documents (the ‘word cloud’ method common in mass media content analysis), the strategy here is what Bowen called a “first-pass document review” in which the investigator identifies meaningful and relevant passages in texts and other data connected to the central questions of the research. In this dissertation, such a process entailed reading documents and looking for statements of broader meta-principles that reveal particular conceptions related to some of the key elements of a political ideology, for instance, the role of the state, ethics, and the nature of society. Following the selection of such passages, a form of pattern recognition called thematic analysis, involving a closer and more careful re-reading of the selected data, was followed.²⁶

From this process of pattern recognition, the ‘codes’ for the data emerged inductively. As Michael Patton describes it, “Inductive analysis means that the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis.”²⁷ A preference for a non-redistributive, enabling social investment-based state (opportunity); for a system of public benefits tied to obligation and

²⁵ Bowen, “Document Analysis,” 32.

²⁶ Jennifer Fereday and Eimear Muir-Cochrane, “Demonstrating Rigor Using Thematic Analysis: A Hybrid Approach of Inductive and Deductive Coding and Theme Development,” *International Journal of Qualitative Methods* 5, no. 1 (2006).

²⁷ Michael Patton, *Qualitative Evaluation Methods* (Beverly Hills, CA: Sage, 1980), 306.

duty rather than entitlement (responsibility); and a disdain for class and other difference-based theories of social relations in favor of communitarian philosophy (community) emerged as the common threads running through the selected documents, programs, and speeches of third way organizations, personnel, and politicians.

Although the description of the analytical process here is linear, it was conducted in an iterative and reflexive manner.²⁸ The themes of any research process, of course, do not just ‘emerge’ but are driven by the questions asked by the investigator. In this case, it was not just a “repetitive mechanical task,” but a reflexive one in which data was visited and revisited to connect it with insights that emerged in the course of the research, “progressively leading to refined focus and understandings.”²⁹ The content and thematic analysis was thus conducted in “a loop-like pattern of multiple rounds of revisiting the data as additional questions emerge, new connections are unearthed, and more complex formulations develop along with a deepening understanding of the material.”³⁰ The presentation of these findings followed Gerring’s method of ‘thick description’ in which the argument for a decontested third way morphology was grounded in “copious quotations from the principals” – the political actors and organizations involved.³¹ This inclusion of the actual language of the agents of decontestation, given that the dissertation is largely a rhetoric-centered study, “should be seen as the equivalent to the inclusion

²⁸ “Learning...necessarily takes place in a spiral fashion: each success in intellectual reconstruction advances the processes that occur in ontology, epistemology, and inquiry, which in turn permit a fuller concretization of the totality.” Ollman, *Dance of the Dialectic*, 150.

²⁹ Prachi Srivastava and Nick Hopwood, “A Practical Iterative Framework for Qualitative Data Analysis,” *International Journal of Qualitative Methods* 8, no. 1 (2009): 77.

³⁰ Susan Berkowitz, “Analyzing Qualitative Data,” In J. Frechtling & L. Sharp (eds.), *User-Friendly Handbook for Mixed Method Evaluations* (Arlington, VA: Division of Research, Evaluation and Communication, National Science Foundation, 1997), <http://www.nsf.gov/>.

³¹ Gerring, *Political Ideologies in America*, 298.

of raw data in a quantitative study...provid[ing] a depth otherwise lacking in discussions of abstract concepts and content-analysis statistics.”³²

Interviews

As a means of data triangulation, document analysis techniques were supplemented with focused qualitative interviews of a selected number of personnel representing the factional organizations surveyed. The interviews served as a check on, or corroboration of, the QDA data, but they also constituted a rich data source on their own. They served to strengthen the historical record of the third way in the United States and provided insights into the personal evaluations of the third way and its successes by those who were instrumental in founding and leading the New Democrat movement – as well as those opposing it.

The interviews conducted were ‘elite interviews’. According to Lewis Dexter, an elite is anyone “who in terms of the current purposes of the interviewer is given special, non-standardized treatment.”³³ Elite interviewing was chosen because of the nature of the information sought. Gathering data on the development and functioning of an ideologically-motivated political party faction requires a focus on a particular subset of individual actors or analysts with a history of participation in or direct knowledge about the organizations under review – i.e. location in particular causal groups. Thus, subjects were chosen not for their “representativeness” of some larger population, but because of their membership in the causal groups relevant to the study.³⁴ Elite interviewing is therefore the most appropriate approach

³² *ibid.*

³³ Dexter, *Elite and Specialized Interviewing*, 5.

³⁴ Applying large-scale formal standardized questionnaire or interview techniques in intensive studies, for instance, presents the danger of sacrificing “explanatory potential in the name of ‘representativeness’ and ‘getting a large enough sample’.” Sayer, *Method in Social Science*, 245.

when “the behavior of interest can best be described and explained by those who are deeply involved in political processes.”³⁵

The method used to select interviewees was therefore, as described in the section on agents of decontestation described above, purposive rather than representative. It is not a complete census of the individuals active in factional organizations, but rather it is focused on selecting those who possess the characteristics most relevant to the research project.³⁶ This allowed for the selection of “a sample that is loosely ‘representative’ of the population, at least along the dimensions...of interest...without requiring a very large number of interviews.”³⁷ In this case, the number of interviews conducted was eleven.

Table 5. List of Interview Subjects

Interviewee	Affiliation	Position
Al From	Democratic Leadership Council	Founder, CEO
Will Marshall	Progressive Policy Institute	President
Matthew Bennett	ThirdWay	Sr. VP for Public Affairs
Roger Hickey	Campaign for America’s Future	Co-Director
Jeff Faux	Economic Policy Institute	Founding President
Thea Lee	AFL-CIO	Deputy Chief of Staff
Dean Baker	Center for Economic and Policy Research	Co-Director
Ruy Teixeira	Center for American Progress	Senior Fellow
Joseph Schwartz	Democratic Socialists of America	Vice-Chair
Sam Webb	Communist Party USA	National Chair
Stephen Smith	Clinton Administration (as AR Governor)	Aide

Subjects were chosen based on an evaluation that their position in a particular organization or institute provided them with information or experiences relevant to the history or functioning of the New Democrat faction. Many interview subjects were chosen based on the organization they belonged to (such as Matt Bennett at ThirdWay or Thea Lee at AFL-CIO),

³⁵ Buttolph Johnson and Reynolds, *Political Science Research Methods*, 275.

³⁶ Lynch, “Aligning Sampling Strategies with Analytic Goals,” 41.

³⁷ *ibid.*

while others were chosen for their personal role in the genesis and history of the New Democrat movement (Al From and Will Marshall particularly). Others were added in the course of the research as understanding of the relevant causal groups developed.³⁸ Other than two subjects who were previous acquaintances of the investigator, contact was made with interviewees via ‘cold-calling’ methods or through other organizational contacts.

The interviewees can be categorized along two dimensions. These categorizations were used as general guides for question selection. The first was factional allegiance. The sample includes three subjects identified with the third way faction; four that were loosely categorized as belonging to organizations of the left-liberal faction; two from non-Democratic Party left organizations; one subject involved in Clinton’s early career but who is now identifiably left-liberal; and one who has been affiliated with third way as well as left-liberal institutes earlier in his career but who now identifies as a post-third way ‘new liberal’. The second dimension on which subjects were categorized, for purposes of question content, was temporal. Because of their involvement in early factional battles, the questions for three subjects were predominantly focused on the first phase of the New Democrat faction’s history – the pre-Clinton and Clinton eras running from 1985 to 2000. The questions for three others gave greater attention to the post-Clinton era beginning in 2000. At least five of the subjects, however, could be said to have engaged in political activities connected to the third way and the New Democrats (whether in a pro- or anti- fashion) spanning both periods of the faction’s history, and so their questions reflected this. These categorizations, especially the temporal, were rough guides, not hard and

³⁸ “In intensive studies the individuals need not be typical and they may be selected one by one as the research proceeds and as an understanding of the membership of a causal group is built up. In other words, it is possible...for intensive research to be exploratory in a strong sense. Instead of specifying the entire research design and who and what we are going to study in advance we can, to a certain extent, establish this as we go along, as learning about one object from one contact leads to others with whom they are linked, so that we build up a picture of the structures and causal groups of which they are a part.” Sayer, *Method in Social Science*, 244.

fast designations. They were used mostly for determining whether the questions asked of respondents would give more attention to historical or current affairs.

The interviews themselves were characterized by an informal but focused, semi-structured format that relied overwhelmingly on open-ended questions, following the approach outlined by Joel Aberbach and Bert Rockman.³⁹ Interviews all dealt with the similar theme of if, how, and to what extent the New Democrat faction had managed to implant third way ideology as the default public philosophy of Democratic Party politicians and policymakers. Questions were customized to each interviewee based on their past and present role in factional debates; past statements, quotes, or publications; their contributions to or interventions on significant policy issues; and the type of organization they represented and its general factional orientation. At least one question was common to every interview, however. For the purposes of strengthening the evaluation of the Democratic Party's recent ideological history for which the non-mass-media documentary record is still spotty (the issue referenced above concerning Chapters Seven and Eight), every interviewee was asked some variation of the following: How would you characterize the current ideological balance of forces in the Democratic Party, and which factional perspective (if any) would you say most defines the Obama Administration's approach to public policy? As all of the interviews were conducted in either 2013 or 2014, respondents had at least five to six years of the Obama Presidency on which to base their evaluations.

The strength of the semi-structured interview is that it maximizes response validity because subjects are not pigeonholed into survey-style yes/no questions. It provides the

³⁹ Joel Aberbach and Bert Rockman. (2002). "Conducting and Coding Elite Interviews," *PS: Political Science and Politics*. 35(4): 673-676.

researcher with a better opportunity of learning from respondents what they find significant.⁴⁰ This may not result in data that lends itself to mathematically-expressed conclusions, as is often the goal of interview or survey research, but “answering the research questions one starts with in the most reliable way is more valuable than an analytically rigorous treatment of less reliable and informative data.”⁴¹ Responses are not constrained as much by the researcher’s definitions and assumptions, and subjects are allowed greater leeway to elaborate on their own interpretation of ideas and events. It could be charged that the format, although relying on open-ended questions, is still subject to researcher bias, and it is true that the selection of interviewees was subjective. But the danger of bias is mitigated in this study by the breadth of factional identity found among the selected interviewees – there was no restriction to only self-identified New Democrats or to those opposed to the third way.

Nine of the interviews were conducted in-person or over the telephone. Due to scheduling issues and respondent preference, two were conducted via email. The in-person and telephone interviews each lasted in the range of approximately 45 to 90 minutes. Email interviews consisted of an initial set of questions sent to the interviewee with opportunity for follow-up and further questions. All interviews were generally structured around a four-part format, with each section having questions related to a particular topic or periodization. They began with introductory questions about the interviewee’s history of political involvement and general questions aimed at gauging their perspective concerning the nature of ideological competition and intra-party divisions. The second set consisted of questions tailored to the subject’s particular organization and outlook and the relation of these to the third way. All subjects were questioned concerning their evaluation of the third way’s impact on the

⁴⁰ Sayer, *Method in Social Science*, 245.

⁴¹ Aberbach and Rockman, “Conducting and Coding Elite Interviews,” 674.

Democratic Party and how they and/or their organization related to the New Democrat and other party factions. The third set of questions focused more on the current balance of forces between competing camps within the party and asked interviewees to make evaluations of various policies or positions taken by the Obama Administration and the contemporary Democratic Party at-large. The final question set was generally future-focused. Interviewees were asked to speculate on the future of ideological struggle in the party and to offer a perspective on the legacy of the New Democrats and the third way. Throughout the process, the interviews were oriented toward enhancing the political and historical record of the New Democrat movement while gaining new insights into how the factional actors involved viewed the past, present, and future of the third way project.

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