

A New Public Philosophy

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The Presidential election was a political avalanche. There are many ways to interpret it, but the significance of the vote is unequivocal. President Reagan clearly has a mandate to change the direction of public policy in America. It is true that much of the vote was an anti-Carter vote. It is also true that the House of Representatives remains in Democratic hands. But the Senate is a Republican body today for the first time since the early Eisenhower years (1954). And in any event the House of Representatives may wind up in the hands of a coalition of Republicans and moderate-to-conservative Democrats, all of whom may be interested in a change of direction in public policy. Whether this will be a desirable outcome will depend on one's philosophical point of view.

The Reagan victory was no surprise to some thoughtful analysts of the trend of public policy in America. The old public philosophy, born during the 1930's, had begun to tire during the 1960's and was exhausted in the late 1970's. For two generations the nation had been governed by a world view and public institutions which originated during the worst period in our nation's economic history, the Great Depression. I think it is fair to say that Franklin D. Roosevelt's "New Deal" was a profound American social and legislative response to the catastrophe of unemployment and deflation in the 1930's. Out of this suffering came the Roosevelt coalition which gave us a set of liberal-big government, social-democratic values which have endured almost to this very day.

However, as early as 1964, fundamental questions about the New Deal consensus made their way into the debate over public policy. The Republican Party, following in the successful wake of the Democratic Party, at first tried to practice moderate liberalism. But it, too, had become a New Deal Party. As a result of this change, the Republican Party became a battleground between those who wanted to move beyond the New Deal, the conservative reformers — and those who wanted to manage the welfare state, the liberal, Northeastern Republicans. The victors in this struggle for leadership of the Republican Party were the conservatives from the West, the Midwest and the resurgent Republican parties of the South. Their first candidate was Barry Goldwater in 1964. As we know, Lyndon B. Johnson campaigned against Barry Goldwater as a warmonger and a reactionary — and defeated him. The irony of the next four years, as President Johnson escalated the war in Vietnam and ignited the fires of inflation and social conflict, was lost on very few Democrats.

Then came the Nixon years. A Republican and Democratic coalition of moderate and conservative public philosophers and legislators came together during this period to re-organize and manage more efficiently the New Deal heritage — but not to change it. Pat Moynihan of Harvard called this experiment Tory Democracy. Evoking Prime Minister Disraeli of England and his clever words, Moynihan called upon the Republicans (the "Tories") to "dish" the Democrats, (the "Whigs"), by co-opting the welfare state of the liberals. The experiment failed. The catastrophe of peacetime price and wage controls, inflation, and Watergate engulfed the Nixon Administration before it was able to fulfill any of its electoral mandates. In spite of the astonishing Nixon electoral victory in 1972, there were some who would argue that President Nixon was neither temperamentally nor philosophically convinced that New Deal economic and social institutions, the status quo, needed to be reformed. It was Nixon, we should remember, who said that, "We are all Keynesians now." John Maynard Keynes, an English liberal economist, was one of the chief inspirations of the economic policies prevailing in America during the era of Democratic Party hegemony.

Jimmy Carter's election in 1976 suggested that the liberal Democratic New Deal Coalition was intact, that its public philosophy still prevailed, and that little fear of reform from the right was justified or likely. Many insouciant liberals did not perceive the gradual change in American attitudes toward the welfare state, huge and growing government spending, the depreciation of the dollar, and the assault on many of our social institutions such as family, faith, and work. Those liberals were setting themselves up for a great political shock — what will be recorded by historians as one of the great tremors of American political history.

That tremor is the Reagan victory. Confounding the early conventional wisdom that he was too conservative to win, Reagan swept the field in the primaries, just as, in spite of the early skepticism of the self-appointed experts about his competence and intelligence, he decisively swept all before him in the general election.

What does it all mean? The election results mean that we are about to witness a conservative experiment which holds great promise and much risk for Americans from every walk of life. If it succeeds, then we could very easily look back on this period as the forging of a new and productive coalition in American politics — to replace permanently the Roosevelt coalition put together over 40 years ago. As depression was the forging block of the Roosevelt coalition, inflation has tempered the steel of the new coalition. The Reagan coalition is essentially a middle-class coalition of working people. These Americans now believe in less government intervention and spending, fewer government subsidies and programs, diminished government regulation of the private and public lives of every aspect of human affairs.

In economic matters the new public philosophy would entail an effort to restore stability to our currency, budgetary equilibrium in the Federal government, and financial order to the economics of our public sector. Thus would a new balance between private and public life ensue. Such a balance would weigh heavily in favor of private institutions, private initiative, private values and private economic activities. A stable currency, a balanced budget and a substantial reform of the tax code could once again restore incentive and hope to the work place

and to the factories and main streets of America. The reduction of tax rates on labor and saving, a sound monetary policy, and a reduction in the size of our government would release the government-suppressed energies of our people. The reform of our economic institutions and the restoration of incentives could remobilize savings into capital investment, so that once again we could successfully compete in world markets against Japan, Germany and many other countries who are now our peers or our masters.

It is also possible that this experiment in conservative reform could fail. It is possible that four years from now, inflation may continue to rage — the government to have grown even larger in size relative to the private sector.

Indeed, it may even be that the tax burden upon Americans will be higher in 1984 than it is today. I, for one, do not believe in such a disappointing outcome. Many cynics do. If the cynics are right, the conservative reform movement now sweeping America may very well lose the initiative which it has won at the polls in 1980. If the conservative reform movement, now evoking a new sense of hope and possibility throughout our land, were to fail, social and economic conditions in 1984 could lead to even more drastic and radical alternatives.