

The End of Equality

THE VENERABLE LIBERAL CRUSADE FOR INCOME EQUALITY IS DOOMED. THE GAP BETWEEN RICH AND POOR WILL KEEP ON GROWING, AND NO ONE KNOWS HOW TO STOP IT.

IT'S TIME FOR THE DEMOCRATS TO TRY A DIFFERENT STRATEGY.

MICKEY KAUS

THE END OF EQUALITY

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CHAPTER I

From the Ground Up

I came to Washington, D.C., in the winter of 1977, a freshly minted leftish lawyer eager to work in the federal government. Those early months of the Jimmy Carter administration were something of a high-water mark of liberal activism. The rightful Democratic order (or so it seemed at the time) had been restored. The consumer movement, the civil rights movement, the women's movement all appeared powerful and important. Washington was filled with young public-interest types, their hair still a bit long, with plants in their offices and Sister Mary Corita prints on their walls. My goal was simply to join them—to get a salary, a stapler, and a cause.

Three years later, I found myself among the crowd in the ballroom of a Washington hotel, waiting for Carter to arrive and concede his landslide defeat by Ronald Reagan. I'd lasted only nine months in government, having bailed out to work for a small political magazine. From there I had watched as the best minds of the Democratic party ran the liberal enterprise into the ground. They had put liberalism on the side of welfare rather than work. They funded housing projects that were among the most hellish places on earth. They defended absurd extensions of criminals' rights. They funneled billions to big-city mayors who gave the money to developers who built hideous, bankrupt downtown malls. They let the teachers' unions run the education department and the construction unions run the labor department. I hadn't wanted Reagan to win; I'd voted for Carter without hesitation. But as I waited for him to show up, and looked at the outgoing Democratic officials gathered on the stage, I realized there was not one of these people I wasn't happy to see go.

Since then, it's become painfully evident that the Democrats, and the liberal tradition they represent, are in deep trouble. Liberals have failed, most conspicuously, to come close to winning a presidential election. Walter Mondale, Carter's vice president, was the liberal establishment's dream candidate, far more popular among that group than Carter himself had ever been. Mondale was buried in 1984. In 1988 the Democratic nominee spent most of the campaign denying he was a "liberal" at all, lest the epithet doom him.

Faced with public rejection, liberals have been positively ingenious at thinking of ways to avoid rethinking. Each fresh defeat brings forth new varieties of denial—in the psychological sense of denial of reality. After Mondale's 1984 disaster, the favorite scapegoat was television. Mondale himself blamed the loss on his lack of affinity for the medium.¹ Outgoing party chairman Charles Manatt urged that future candidates take "professional training in television."² In 1988, the favorite excuse was the incompetence of the Dukakis organization. This time Manatt called for training a central cadre of fifty professionals to handle future campaigns.³

Others talked about more substantive issues. Veteran Democratic pol Frank Mankiewicz had a pithy explanation for his party's electoral failure: racism. "Liberalism is read as a code word for helping blacks," Mankiewicz said. "The battle over liberalism is a racist argument." It was depressing, but hardly liberals' fault, if they were the victims of mindless bigotry and selfishness.⁴ Arthur Schlesinger, Jr., as ever, counseled patience. Reagan won reelection because the nation was "in a conservative mood." If Democrats would simply sit tight, keep lighting candles at the altar, and avoid needless revisionism, the public would soon "turn to FDR's affirmative Government."⁵

Denial was followed (in what may be a clinical progression) by a grasping at straw hopes. A succession of political saviors has been spotted on the horizon, each one transfixing the party elite and the press before melting away into thin air. The "gender gap" was going to save the Democrats. Issues of "parental leave" and "elder care" were going to save the Democrats. The Hispanic vote would save the Democrats. The "kids issue"—whatever that is—would save the Democrats. Dan Quayle would save the Democrats. Then the abortion issue was going to save the Democrats. An insider would save the Democrats. Or maybe an outsider. Finally, a recession! Surely that would save the Democrats.⁶

One thing that would not save the Democrats, apparently, was the ideology of liberalism itself. Political analyst William Schneider, seeking to reassure the party, declared “[n]o Democrat is going to win the presidency these days *because* he is a liberal. But with the right campaign, he can win *despite* being a liberal.”⁷ Yet, even if Democrats do manage to regain the White House, the result of a strong campaign or a weak economy, how much will the victory be worth if it is achieved despite liberalism rather than because of it—if liberalism remains (in Schneider’s words) a “problem” that must “be overcome”?⁸ Conservative Republicanism may be a diminished force, but that doesn’t mean its adversaries have prepared themselves to govern. Another Democratic presidency as confused as the last one could cripple liberalism for good.

When liberals have admitted that perhaps they should change their *ideas*—as opposed to changing their tactics or changing the electorate—the results have been less than compelling. The most popular approach attempts to draw a sharp distinction between traditional Democratic ends and the means of achieving them. The “ends” are deemed eternal. The “means” are said to need work. Gary Hart hit upon this formula in his 1984 presidential campaign. Hart had been talking about “new ideas” and the “death of the New Deal” for years. Pressed to define the extent to which he would alter traditional liberalism, he typically responded: “What is changing are not principles, goals, aspirations, or ideals, but methods.”⁹

By now this means-ends distinction has been programmed into the word processor of every Democratic speechwriter in the country. On the party’s right, the Democratic Leadership Council has abandoned its former bland centrism for an agenda that stresses innovative “means” (educational choice, tenant management, national service) in the service of “enduring values.”¹⁰ On the party’s left, even candidates who position themselves as defenders of the faith find the formula irresistible. Here is Mario Cuomo, speaking at Yale University in the mid-1980s:

By saying I don’t see the need for a new philosophy—that is for a new set of basic emphases and principles—I’m not implying we shouldn’t be looking for new ways to apply our philosophy.... Ultimate objectives and commitments remain the same but their application to

changing realities requires flexibility and adaptation ... with new programs and new ideas.¹¹

Shortly thereafter, Sen. Edward Kennedy made it unanimous, jumping on the means-ends bandwagon in a speech at Hofstra:

We must offer new ideas.... Our truest commitment is not to time-worn views, but to timeless values which will never wear out.... [W]e must have the daring to try innovations—and the courage to discard them when they fail. For only then can we successfully stand against the Republican strategy of assailing ends as well as means....¹²

The appeal of the means-ends distinction is obvious. It avoids even implicitly condemning traditional Democrats—indeed it compliments them not only for their good intentions but for their “timeless values.” Liberals simply failed to find the right tools to implement their noble goals. Or, even more excusable, they failed to adapt the tools that worked in the past to “changing realities” like the emergence of high-tech, the service economy, global trade, or the Information Age.¹³

I think this flattering self-portrait vastly understates the transformation necessary to revive American liberalism. The tip-off is the vague, banal quality of the “ends” that all the innovative new “means” are supposed to implement. Attempting to define his goals and principles, Hart talked about “concern for our families, our fellow citizens, and our fellow human beings; ... excellence, justice, and community.”¹⁴ Cuomo listed “compassion and common sense” to “promote new economic growth” and expand “opportunities for women and the disadvantaged.”¹⁵ Kennedy cited “shared progress, ... compassion, and equal rights.”¹⁶

How many Americans would quarrel with those platitudes, or with the rest of the traditional rhetoric of liberalism: “fairness,” “helping the helpless,” “unlocking the doors for the locked out”? But these heart-warming sentiments do not add up to a political *ideology*, because they do not come close to answering the basic question that an ideology must answer—namely, what does it want our society to look like? What are the “locked out” to be let into? What sort of “community” does everyone have “equal rights” in? How will having “compassion” make anything different? What does that word “fairness” mean, anyway? Schlesinger says liberals are liberals because they be-

lieve in “affirmative government.” Fine. Count me in. But “affirmative government” for what?¹⁷

The unflattering truth is that American liberalism, and the Democratic party, have failed because they have not provided an adequate response to these fairly fundamental questions. That is a failure of liberalism’s past as well as its present, a failure in choosing *ends*, not just means—not so much that the ends chosen by liberals have been wrong as that they have remained ambiguous, incoherent, partial, or contradictory.

This book is an attempt to help end that confusion. Its thesis is that the house of liberalism needs more than repainting, remodeling, or even thorough renovation. We need to rip the house down and build it anew on a more secure foundation. The remaining eleven chapters try to begin laying that foundation, and to sketch out what the rest of the structure might look like.

Most of what follows, then, has to do with ideas and policies, not election strategies. My purpose isn’t to advise liberals how to regain power or how to retain power should they manage to capture the White House. Rather, my initial working assumption is this: if liberals offer an appealing ideal of American society and a way to attain it, they will win elections, and they’ll know what to do once in office. If they don’t offer that ideal, it doesn’t matter whether they win elections or not.¹⁸

I believe liberals have such an ideal available to them—an ideal our conservative ruling party doesn’t share, and one the country badly needs to revive. Something unpleasant has happened in America in recent decades. It’s not that the country has gotten poorer. It hasn’t. It’s not that the poor are poorer now than they were, say, when I was growing up in the 1960s. They aren’t.¹⁹ But the significance of money, the *role* of money has changed in ways that conflict with most Americans’ image of their country.

We’ve always had rich and poor. But money is increasingly something that enables the rich, and even the merely prosperous, to live a life apart from the poor. And the rich and semi-rich increasingly seem to *want* to live a life apart, in part because they are increasingly terrified of the poor, in part because they increasingly seem to feel that they deserve such a life, that they are in some sense superior to those with less. An especially precious type of equality—equality not of

money but in the way we treat each other and live our lives—seems to be disappearing.

This separation of America by class is not something today's Republicans are about to address. They are the party of the affluent; class division is not one of their historic concerns. They are also the party of *laissez-faire*. Overcoming the forces that are making our lives less democratic will take more government than they can stomach. Democrats, in contrast, have the right means—affirmative government—at their disposal. And, in their hearts, I think, they have the right purpose—the right *end*—as well. That is the second, more optimistic, meaning of this book's title.²⁰ If liberals can uncover their real goal, the real object of their efforts, they can come up with a plausible plan for achieving it. But that will be a very different strategy from the one they now so unsuccessfully pursue.

CHAPTER 2

What Do Liberals Want?

The automatic fulfillment of the American national Promise is to be abandoned, if at all, precisely because the traditional American confidence in individual freedom has resulted in a morally and socially undesirable distribution of wealth.

—Herbert Croly, *The Promise of American Life*, 1909

... as they have in the past, liberals once more favor bringing extremes of wealth, debt, and inequality under control through taxation and regulation.

—Kevin Phillips, *The Politics of Rich and Poor*, 1990

Rep. Morris Udall once described running in the Democratic presidential primaries as “political foreplay in which one must touch all the erogenous zones” of the liberal body politic.¹ Of all these zones, “equality” is probably the most often touched. But this veritable G-spot of liberal rhetoric is rarely defined or defended in public with any precision.

When it is, a common, traditional assumption is that equality has to do with money. It’s virtually impossible to read a bit of modern liberal propaganda without coming upon a passage noting dolefully that “three-quarters of the country’s total wealth is owned by one-fifth of the people” (that’s from the 1976 Democratic platform), or that “the wealthiest 40 percent of families received 67.3 percent of the national income,” or that “the proportion of all national income earned by the richest 1 percent of all families went from 8.7 percent in 1977 to 13.2 percent in 1990.”² The better writers resort to clever metaphors to il-

lustrate the “gross maldistribution” of our economic resources, likening the allocation of wealth to a parade of millions of dwarves followed by a few towering giants or to a banquet at which waiters keep bringing absurd quantities of food to the tables of the rich.³ The sheer material inequality in these fables is supposed to shock us into agreement.⁴

During the Reagan-Bush years, Democrats found in their aversion to material disparity an especially comfortable base from which to mount easy attacks on the opposition. To condemn the Republicans, in this view, you need only trundle out tables showing that Reagan’s tax and budget cuts benefitted the rich and lowered the incomes of the poor. By the early nineties, Democrats were being urged to explicitly rest their politics on opposition to the growth of income inequality during the previous decade. Kevin Phillips wrote his best-selling *The Politics of Rich and Poor* about how rising money inequality created a great opportunity for the party. Robert Reich, a prominent liberal analyst, advised Democrats to tell a “populist” story, in which “we advocate a progressive income tax, reining in Wall Street, and we talk about the wealthy getting wealthier and the poor getting poorer.”⁵

Taking the advice, the party’s leaders in Congress launched a campaign for “fairness” that keyed off the income-distribution charts. House Ways and Means Chairman Dan Rostenkowski began charging that “the richest 5 percent of the population enjoyed a real increase in their income of 46 percent [since 1977].”⁶ Senate Majority Leader George Mitchell talked about the rising income share of the top 20 percent.⁷ Democratic presidential candidate Bill Clinton complained of “the biggest imbalance in wealth” since “before the Great Depression.” “[T]he rich are getting richer,” echoed Clinton’s Democratic rival Jerry Brown, adding that “government is there to reduce inequities.” Significantly, such “populist” statements were almost invariably described in the press as expressions of the party’s true liberal soul.⁸

Thomas Edsall, in his book *The New Politics of Inequality*, even gave a constitutional gloss to this modern consensus: “Inherent in the concept of equality, stressed by the country’s founders, is the basic question of income and wealth distribution.” Liberal Democrats, Edsall summarized, are the “proponents of redistribution,” the stewards of “a fifty-year long tradition of tilting tax legislation toward those in the working and lower middle classes.” They also favor “continuing ex-

pansion of benefits for those toward the bottom of the income distribution.”⁹ Or, as economist Robert Kuttner put it, more broadly, liberals want “greater equality than our society now generates”—equality meaning equality of money.¹⁰

There is an obvious problem facing the liberal pursuit of money equality: capitalism. Capitalism depends on money inequality as the spur to work—if you work more you get paid more. It depends on *vast* inequality as the spur to risk-taking—people will gamble their money on a project because they will get rich if it succeeds.

Capitalism is a *system*, after all; Marx was right about that. By “system” I mean it is a collection of institutions, economic and cultural, that work together. The system of capitalism runs on self-interest, on Adam Smith’s argument that the pursuit of individual gain will result in the nation’s gain. You cannot expect to change one part of this system without affecting the others, something the Eastern Europeans, Russians, and Chinese are in the process of discovering.

In particular, you cannot decide to keep all the nice parts of capitalism and get rid of all the nasty ones. You cannot have capitalism without “selfishness,” or even “greed,” because they are what make the system work. You can’t have capitalism and material equality, because capitalism is constantly generating extremes of *inequality* as some individuals strike it rich—and then use their success as the basis for still further riches—while others fail and fall on hard times. Even if you are willing to settle for “equality of opportunity,” you can’t really have it under capitalism unless, as the philosopher Robert Nozick and others have pointed out, you’re also prepared to get rid of the family. One of the motives that drives the system, after all, is the idea of giving one’s children a better life—but if that is allowed, then the children of capitalism’s “winners” start out their lives with an inevitable advantage in resources.¹¹

Nor can you have capitalism without giving a large role to fate and luck. The great virtue of the system is that it plants a hundred flowers, a hundred entrepreneurial ideas, and then sees which one blooms in the marketplace. It’s impossible to know beforehand which entrepreneur’s brainchild will work (if it were, we could junk the system and let a board of experts decide). The heroic literature of commerce is filled with examples of individuals who went broke five times before striking it rich. The difference between those people and the hustler

whose sixth idea also fails (perhaps because a competitor got to it first) is not quantifiable, and for all practical purposes is a question of chance rather than “just deserts.”¹² It is morally arbitrary. But that’s the system. It’s a package deal.

This is not to say we must either pursue the full conservative program of laissez-faire, minimum-government, supply-side economics or slide into a swamp of socialistic decay. Much of this book will consist of arguments that violate that proposition, which even most conservatives don’t seem to really believe. It *is* to say that there are major limits to the sort of tinkering with capitalism that can be done. We can’t make the system into something that it’s not.

American liberals, unfortunately, have had difficulty coming to terms with this fact of life. All too often they seem to be trying to have it both ways, to accept the fruits of capitalism while somehow outlawing its less pleasing aspects. Liberal energy has gone into criticizing those aspects of the free market of which liberals disapprove—into railing against “greed” or “unconscionable profits” or “malefactors of great wealth”—without equivalent effort at figuring out whether those things can be changed within the limits imposed by the system.

At times, faced with those limits, “progressive” liberals revert to a half-socialist pose familiar to readers of *The Nation* magazine. In this mode, the writer first chastises the government for the failure of this or that liberal reform, but then intimates that true reform may be impossible without a “radical restructuring of society” in which the “unbridled profit motive” is replaced by “publicly framed investment decisions,” in which “human needs” have priority over “greed.”¹³ Mention of this “restructuring” is typically confined to a crucial paragraph near the end, so an excessively detailed discussion can be avoided.

Here is how one author danced this dance in 1972:

[B]illions have already been poured into federal government programs—programs like urban renewal, current welfare and aid to education, with meager results....

We can no longer rely on old systems of thought, the results of which were partially successful programs that were heralded as important social reforms in the past. It is time *now* to rethink and reorder the institutions of this country.... We must restructure the social, political and economic relationships throughout the entire society in order to ensure the equitable distribution of wealth and power.¹⁴

How tiresome those *Nation* writers are! Cancel my subscription.... Except that the above passage is not from the *Nation*, but from the Democratic Party platform of 1972.

Liberals might perfectly honorably choose to abandon capitalism. Socialism has its virtues, after all, and relative material equality may be one of them. I remember back in college listening to one of my radical teaching fellows, who had just returned from Cuba, describing an almost-finished housing block he had seen there. The apartments were on a hill, he said, with a spectacular view of the ocean on three sides. When finished, they would be occupied not by the rich, but by the ordinary laborers who had built them. He pointed out that this would not happen here in the capitalist United States, where the beautiful ocean views, along with most other desirable goods, go to those who can pay for them. He was right, of course. At least in its democratic forms socialism held out the possibility of a society where fraternity, community, and idealism would play a much larger role than they do now, and what George Orwell called the "grab-motive" would play a much smaller role. But there are consequences attached. The clearest consequence—now blindingly obvious—is that those who choose socialism must be prepared to give up the sort of material prosperity that only capitalist nations seem able to achieve.

The Berlin Wall's fall in 1989 put an end, for the moment, to most of the semi-socialist posturing. But if liberals have finally made their peace with capitalism, it's still true, as Rep. Barney Frank has pointed out, that they came to this acknowledgment reluctantly.¹⁵ What remains is for them to confront the full consequences of their choice of economic systems, especially when it comes to pursuing things capitalism cannot provide, like money equality. True, smart money egalitarians now emphasize the compatibility of their proposed reforms with a market economy. They talk about the positive incentives created by progressive taxes and benefits.¹⁶ They push worker-ownership and profit-sharing arrangements, arguing that if business enterprises distributed risks and responsibilities more democratically they would be more productive *and* generate more equal incomes.¹⁷ But however sensible such reforms may be, they do not escape the reality that, at some point, greater money equality stops paying productive dividends and resumes its war with the natural dynamics of capitalism—a war the money egalitarians can never win.

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No wonder modern liberalism has proved to be a less-than-exhilarating ideology. By telling Americans that “social justice” means material equality, it tells us we are doomed to live in an unjust society. Liberalism might be less depressing if it had a more attainable end—a goal short of money equality. But that’s just the sort of end liberals have failed to clearly choose.

Here we encounter the second, more serious problem with the liberal Democratic pursuit of money equality: its incoherence. Liberal rhetoric is filled with the impulse to redistribute income from rich to poor. It’s like a nervous tic. But there is no impulse that tells us when the redistribution ought to stop. At what point do egalitarians declare victory? What society do they *want*? My colleague Michael Kinsley declares that “the tax code should mitigate inequalities in income to some extent.”¹⁸ Perhaps some Democrats would find that a rousing slogan. But to *what* extent?

Liberals have developed a whole repertoire of rhetorical fudge-phrases to avoid this question: they want to “tilt the balance in favor of ordinary people”; they want “a good deal more equality than what we now have”; they believe “the strong owe a duty to the weak”; they favor—in FDR’s early evasion—the “underprivileged” over the “overprivileged.”¹⁹ All these phrases leave the exact scope of the liberal enterprise conveniently open-ended. Surely you can’t object to a little “tilt,” a little help for the weak and underprivileged, a little “more equality”? But when do liberals stop demanding “more” and say “enough”?

That’s a far more damaging question than they will admit. The most respected defenders of money equality deny they desire to go all the way, to pursue their goal until everybody makes the same amount and owns the same amount, et cetera.²⁰ The classic response is that of the great British historian and socialist R. H. Tawney, whose 1938 book *Equality* is often cited reverentially by today’s money egalitarians.²¹ Tawney ridiculed the idea that equality was to be arrived at “by the most assiduous working of sums in long division,” a jibe echoed by contemporary egalitarians such as William Ryan, author of *Blaming the Victim*.²² Those on the right who attributed such views to egalitarians were, according to Tawney, “bombarding a position which no one occupies.” On the contrary, he asserted, “no one thinks it inequitable” that “exceptional responsibilities should be compensated by exceptional rewards, as a recognition of the service performed and an inducement to perform.” Such forms of inequality were to be