

powerful book, capable of permanently altering the terms of American political debate.” —GEORGE SCIALABBA, *Chicago Tribune*

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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PREFACE TO THE PAPERBACK EDITION

A conspicuous political event took place between the appearance of *The End of Equality* (in the summer of 1992) and the publication of this paperback edition: Bill Clinton was elected president. I have resisted the urge to revise the text to add explicit references to Clinton's campaign, his proposals, or to other recent political developments—those references would undoubtedly be obsolete within a few months. I did remove a few glaring anachronisms, but otherwise the text has been left to stand or fall as originally written.

My belief, of course, is that the argument of the book survives—is, indeed, fortified by—recent events. *The End of Equality* claims to describe a general dilemma facing American liberals, Clinton included. The dilemma is this: how to pursue the traditional liberal goal of social equality at a time when, first, differences in income and wealth seem to be ineluctably growing, and, second, this money inequality increasingly originates in differences of skill and talent. If the argument is valid, Clinton can't eliminate this dilemma, he can only react to it (although that reaction is hardly unimportant).

Two basic reactions are possible, the book speculates. The first is the approach of Money Liberalism, which seeks to reduce the income inequality generated by the economy. The second approach is that of Civic Liberalism, which would attempt to restrict the sphere of life in which money matters and expand the "public sphere" in which income differences are ignored. Most of *The End of Equality* is an attempt to flesh out this second strategy, and to make the case that it,

not traditional liberal money-rearranging, is the most practical way to achieve social equality.

Nothing that I've learned in the months since the book's publication suggests that this argument needs revision. The broad income inequality trend, for example, seems to be continuing. The income share of the top 1 percent did slip a bit during the 1989–1991 recession. But economists also reported that the earnings gap between the skilled and the unskilled continued to grow. There is little reason to suppose that, as the economy revives, the rich won't start getting richer again. Similarly, Chapter 4 contends that residential segregation by economic class (not just race) poses a threat to social equality. Preliminary indications are that 1990 census statistics (unavailable when the book was written) will indeed reveal a dramatic increase in economic segregation during the 1980s.

Is Bill Clinton a Money Liberal or a Civic Liberal? The answer is he has clearly tried to be both. With respect to Money Liberalism, what has been remarkable is the openness of his embrace. Money egalitarianism has been sufficiently controversial in American politics that even Democratic presidents have usually refrained from invoking it directly, preferring to talk vaguely about “justice” or “privilege.”

During one campaign debate, however, Clinton asserted bluntly that “what we want is more income equality.” In December 1992, before he took office, he convened a two-day economic conference where he heard eminent Democratic economists describe what one called the “unconscionable rise in income inequality” between 1973 and 1989. The text of Clinton's original economic plan, which was accompanied by elaborate distributional charts, not only railed against the 1980s (“the richer you were, the better you did”)—it also pledged to “redress” this “alarming rise in inequality.” To that end, Clinton is following almost precisely what Chapter 5 calls “the intelligent Money Liberal's agenda.” He is “pursuing a progressive tax and transfer system while encouraging profit-sharing and undertaking a large training program.”

But if the argument of Chapter 5 is right, Clinton will not be able to reverse the inequality trend, at least not without reinforcing the invidious correlation of high pay with high skills. Take taxes, for example. As Chapter 5 notes, the top 1 percent have gotten so rich that it would take an effective tax rate of more than 50 percent to cut their income share back down to what it was in 1977. Clinton's initial bud-

get did include large and controversial tax increases on the rich. But the effect of those proposals would be to raise the effective tax rate on the top 1 percent from about 29 percent to no more than 33 percent. In other words, Clinton's tax proposals didn't even come close to reversing the rise in inequality at the top of the income distribution.

One plausible explanation of this rising inequality, discussed in the book, is that of political economist Robert Reich. Reich speculates that the global economy inevitably rewards highly skilled "symbolic analysts," while punishing unskilled workers (who must compete with cheaper unskilled labor overseas). Surely the pending North American Free Trade Agreement, if Clinton implements it, will push even further in this direction, increasing both money inequality *and* the extent to which this inequality is based on skill differences. That Reich is now Secretary of Labor in Clinton's cabinet only makes this predicament more poignant.

Yet while Clinton seems to be staging a futile Money Liberal campaign to "redress" the rise in economic inequality, he is simultaneously pursuing many of the Civic Liberal initiatives suggested in Chapter 6—including national service, a national health care system, and campaign finance reform. It remains to be seen, of course, whether either of the first two efforts will achieve the goal of class integration. Clinton has not proposed the mandatory service scheme that I believe would be required for real class-mixing. And, as noted in the text, it's entirely possible to imagine a national health insurance system in which people of differing income levels "report to different waiting rooms."

Clinton's emphasis on welfare reform, too, fits into the Civic Liberal framework. The 1992 campaign at least partially proved the argument, in Chapter 11, that to win elections Democrats need to strictly reaffirm the work ethic and repudiate a "give-them-cash" solution to poverty. Clinton's anti-welfare ads, in which he promised to "end welfare as we know it" (over a caption announcing "Those Who Are Able Must Go to Work"), are widely believed to have been the most effective of his campaign.

After the 1992 Los Angeles riots, Clinton explicitly spoke of welfare reform as a way to "break the culture of poverty" in the ghettos. He has not advocated the complete replacement of welfare with a WPA-style jobs plan, the approach suggested in Chapters 7 and 8. Instead, following the lead of Harvard researcher David Ellwood, he has

proposed a two-year time limit on welfare payments, after which "those who can work will have to go to work, either by taking a job in the private sector or through community service." The reader will find a discussion of this approach ("The Ellwood Plan") in note 38 to Chapter 8. Suffice it to say that I still think rigorously-enforced time-limits would have a significant effect in "breaking" the culture of poverty, but replacing welfare entirely would have a vastly greater beneficial effect.

Clinton presumably believes, as do many Democrats, that there is an advantage to combining Money and Civic Liberalism. The claim of *The End of Equality* is that this advantage is chimerical—that Clinton, or his successors, will eventually need to choose one strategy or the other. That moment of choice may come sooner rather than later. Should Clinton accept new regressive taxes to finance national health care? A money egalitarian would probably say no. A Civic Liberal would say yes. Other contradictions between the two strategies will surface in the long run. Will Democrats be able to maintain the pursuit of money equality even as they fail to reverse the inequality trend? More important, can Democrats ever hope to limit the significance of money differences—to put money in its place—if they continue to imply, by their obsession with the distribution tables, that money differences are vitally important? I doubt it.

There are, of course, liberals who reject the notion that social equality is the end of their politics. They would pursue money equality for its own sake. Likewise, there are conservatives who care about neither sort of equality. These people probably will not find this volume very useful. The book doesn't really present an argument to justify an overriding concern with social equality, certainly not an argument that starts from first principles. Rather it attempts to work through the implications of social-egalitarian values that it assumes the reader shares. Nothing that follows will change the minds, for example, of those who rather enjoy elaborate gradations of civil status. As Tawney said in a similar context: "if men like that kind of dog, then that is the kind of dog they like."

I confess I had forgotten that social *inegalitarians* still existed in this country. Since writing the book I have encountered a few lively specimens. Still, I have confidence that they remain a small minority, even on the right wing. In fact, one of my regrets has been that the book, because it is pitched to American liberals, may underestimate

the potential for a bipartisan consensus on the need for an affirmative program in pursuit of social equality. As evidence of this possibility, I would cite the best common-sense definition of social equality I've heard. It was offered in the summer of 1992, at a national party convention—but not the Democratic convention. It was, amazingly, offered by Ronald Reagan:

Whether we come from poverty or wealth . . . we are all equal in the eyes of God. But as Americans that is not enough—we must be equal in the eyes of each other.

Of course, Republicans who listened to Reagan in the convention hall may believe that this sort of equality not only exists, but that it may be casually preserved. Democrats, though they nodded in agreement with Reagan's words, may still believe that nothing less than a reversal of the income trends that became evident during his presidency will rescue his appeal from hypocrisy. Convincing both groups otherwise—convincing them that the task of preserving America's social equality is both more difficult and more possible than they may think—is the burden of what follows.

Washington, D.C.
April 1993

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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. After two Republican presidents, 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 De-

mocratic officials gathered on the stage, I realized there was not one of these people I wasn't happy to see go.

Since then, the Democrats, and the liberal tradition they represent, have been in deep trouble. 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 were positively ingenious at thinking of ways to avoid rethinking. Each fresh defeat brought 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 liberalism's electoral failures: 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

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.⁵ 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. Then the abortion issue was going to save the Democrats. An insider would save the Democrats. Or maybe an outsider. Finally, a recession! *That* would save the Democrats.⁶

One thing that would not save the Democrats was the ideology of liberalism itself. Political analyst William Schneider, seeking to reassure the party after Dukakis's defeat, 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 win elections, how much will those victories be worth if they are 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 Carter’s 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? Arthur Schlesinger, Jr., says liberals are liberals because they believe 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 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. 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 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 pur-

pose—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-