

The Nation

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EDITORIAL

VERY CIVIL DISOBEDIENCE

Whatever the ultimate effect last week's mammoth disarmament rally in New York City will have on the prospects for world peace, it did much to rehabilitate the idea of peaceful public protest. The high purpose, sincerity, good humor and orderliness of the more than 750,000 marchers who gathered on Central Park's Great Lawn were widely and justly praised; even the New York police and sanitation departments were purring. The organizers of the demonstration, the June 12 Rally Committee, should be complimented for the way they kept the inevitable squabbles among participating groups from marring the aura of the occasion and its cumulative impact. Still, those who rally for life must not forget those for whom life is being made unlivable by Reagan budget cuts.

Equally worth noting was the dignity with which acts of civil disobedience were committed on June 14 by 1,600 demonstrators at the consulates of five nations with nuclear weapons. It was a good refresher course in the power of civil disobedience—deliberate, nonviolent violations of valid laws through which protesters invite punishment or injury to themselves in order to call attention to matters of overriding moral urgency. As carried out by the antinuclear protesters last week, the action was lawbreaking in the spirit of fidelity to law.

A sour note during this antibomb weekend was the report of the arrest of a handful of peace activists in Moscow, who only a week earlier had established a group to forge ties and engage in joint actions with kindred groups in the West. Participants in the June 12 rally, and all who share their commitment, should join in protesting these arrests to the Soviet authorities and in demanding that they grant to their citizens the same right to demonstrate that was exercised so gloriously in New York.

SCREENING
'LOU GRANT'
Todd Gitlin

VIETNAM
NUMBERS
GAME
Frances
FitzGerald

BEYOND
'NO FIRST
USE'
Mary Kaldor

SHOOTING
THE INDIANS
Robert F.
Sayre

THE TERROR
NETWORK
A. J. Langguth

THE POLITICAL ECONOMY

NEOLIBERALS & DEMOCRATS

THOMAS FERGUSON AND
JOEL ROGERS

At the first shock of recognition the mind reels. To anyone with a lively sense of the recent past, what is now happening in the Democratic Party is almost unbearably familiar. In defiance of all odds, after the tragedy of John Kennedy and the farce of Jimmy Carter, history threatens to repeat itself once more. The same farrago of multinationalist businessmen and bankers and their allies in the academy, the press and the foundations who have dominated the party since the days of the New Frontier is back again. The people who brought you the war in Vietnam, the Cuban invasion, the National Security State and rampant wiretapping, and who reneged on promises of labor law reform, comprehensive tax reform and full employment, are now marketing a new, lean, economy-sized ideology for the dismal 1980s: "neoliberalism."

Once again promising a break with the dogmas of the past and trailblazing paths out of economic decline and national misery, bright young Democratic politicians like Paul Tsongas, Joseph Biden, Gary Hart or even that much-maligned moonbeam Jerry "Lord of the Flies" Brown offer to rescue a country held hostage by Republican rule. "Alternative," "tough-minded" and (above all) "equitable" programs for domestic renewal and humane foreign policy dominate the discussions within the party's elite—from the speeches of Felix Rohatyn, available through Lazard Frères and *The New York Review of Books*, to the debates in such think tanks as the revived Brookings Institution or the Center for National Policy, to the talk in more informal gatherings like the Democratic Study Group, or, for that matter, Teddy Kennedy's

(Continued on Page 781)

and they are evident in Turkey at present. The idea that NATO protects freedom rather than, as many see it, Atlantic hegemony is regarded as somewhat shallow in the case of Turkey. Here is a country ruled by a military regime more savage than Poland's, where the leaders of the peace movement are all in jail and where torture and arbitrary arrest are widespread, which continues to receive military aid from NATO countries. Indeed, such aid is being stepped up so that Turkey can become a base for the Rapid Deployment Force, which will be used for military interventions in Third World countries.

In the East, of course, Soviet hegemony is directly and brutally maintained through a military presence. The events of December 13 in Poland were mourned throughout the Western peace movement because Solidarity was identified as part of the same phenomenon—a yearning for political emancipation, for the possibility of greater independence for Europe. Many members of the peace movement fear that a reassertion of Atlanticism could provide more justification for Soviet repression in Eastern Europe.

In the long run, I do not believe that NATO can contain these growing aspirations in Europe. Indeed, efforts to *increase* the cohesion of the alliance, in the West as well as in the East, in the face of growing political and economic challenges could be very dangerous—stimulating a reciprocal process of arms buildup, cold war rhetoric and underlying instability. On the other hand, if a no-first-use policy was seen as a way of *de-emphasizing* the role of nuclear weapons in NATO and hence loosening the relationship between the United States and Western Europe, this might help to initiate a very different kind of reciprocal process, one that could eventually lead to the detachment of both halves of Europe from the superpowers.

It is in Europe that a start could be made in lessening the risks of the East-West controversy and, hence, in reducing the pressure for rearmament. The four E.M.E.s simply have not addressed the political nature of the demand for a nuclear-free Europe. They dismiss the demand, somewhat fatuously, with the argument that SS-20s based in the Soviet Union could still hit Western Europe. Leaving aside the question of whether SS-20s would be deterred by U.S. strategic forces and the E.M.E.s' own argument that a conventional defense of Western Europe would provide a more effective deterrent because it is more credible than a suicide threat, the point is that the demand for a nuclear-free Europe is not an arms-control proposal. (If it were, there would be a much more extensive discussion about the removal of either sea- or land-based nuclear weapons designed for use in or against Europe or about negative guarantees from the superpowers.) Rather, it is a demand to refuse the so-called protection offered by nuclear weapons

It is a demand which is likely to be achieved through a long process, of which a Western no-first-use policy could play a valuable part, along with, for example, the declaration of local, national and regional nuclear-free zones. It is a demand for changing political relations in Europe so that Europe is no longer the stage—the “theater,” as it is often called—of the East-West controversy. □

Neoliberalism

(Continued From Front Cover)

seminars out at the mansion in McLean. Ever alert to such “popular” upheavals, the national press celebrates the movement in countless feature stories, thought pieces and personality profiles. Left-leaning journalists with strong ties to a handful of liberal internationalist foundations and prestigious graduate schools of law or politics exuberantly promote its “radical” potential. With popular revulsion to the Reagan Administration's policies mounting daily, and the party's midterm convention scheduled for later this month in Philadelphia, it is clear that neoliberalism, already a rallying point for Democratic elites, is about to emerge as a major force in national public life.

This newest cloud on America's dark political horizon does not come bereft of all traces of a silver lining. Given the powerful political forces that still bulwark the Reagan Administration, and the increasingly desperate position of the ordinary American, only the kind of clout that Felix Rohatyn, Michael Blumenthal or Lloyd Cutler (to pick three familiar multinational faces prominent among the “new” Democratic ranks) can command is likely to make any serious dent in Reaganism. Those who have no resources may accordingly cheer on the battle now waged by those who do. But if, for the nonce, the citizenry's vital interest in the rapid retirement of Bonzo's old friend to an old age home (with Social Security pension intact) converges with that of Rohatyn, Blumenthal & Co., such identity of goals will not always be the case.

Ordinary Americans can scarcely afford any more peace promises that lead to war, tax reform that is merely business tax reduction or further geometric increases in the rate of “acceptable” unemployment. Unless it is blankly prepared to accept America's conversion into another banana republic, the working population would do well to consider carefully the origins and implications of the invitation now proffered by select business elites to join them in this latest “Alliance for Progress.”

In its basic anatomy, neoliberalism is merely a Darwinian variant of its more robust ancestor, old liberalism, which flourished during the period of High Cold War under Kennedy and Johnson. In those days, the nature of the informal hierarchy that structured the Democratic Party and most of the Federal government was so obvious that only the American mass media failed to notice it.

At the center of the party was a small but powerful bloc of multinational businessmen and international financiers.

Thomas Ferguson and Joel Rogers are members of the political science departments at the Massachusetts Institute of Technology and Rutgers University, respectively. Their column, The Political Economy, appears regularly in The Nation. They are the editors of The Hidden Election: Politics and Economics in the 1980 Presidential Campaign (Pantheon).

Represented in the Cabinet by such luminaries as Douglas Dillon and Robert McNamara, dominating the unofficial clusterings around the President and overrepresented on the commissions, task forces and executive committees that proliferated during those years, this group was defined by its overriding commitment to free trade and liberal foreign policy objectives. The multinationalists exerted influence far out of proportion to their numbers. Densely interlocked on the boards of all the major media and the most important foundations and think tanks, they naturally drew an endless number of journalists, academics and other publicists into their field of force. Their vast resources also enabled them to patronize select leaders of consumer, community and minority groups.

Less centrally located in the Democratic firmament but still within the party elite were the leaders of organized labor. Often moribund, occasionally corrupt and almost always ineffective, they lost power throughout the 1960s. While the salaries of union presidents spiraled upward, the unionized percentage of the work force steadily declined. Only the expansion of union power within the burgeoning public sector saved the A.F.L.-C.I.O. from open disaster.

So long as an expanding economy yielded sufficient revenues, the political program this coalition pursued was almost irresistible. Multinational firms got trade liberalization and tax cuts, and were the primary beneficiaries of the soaring military and foreign aid budgets necessary to "defend" Vietnam, destabilize Cuba and the rest of the Caribbean, and shore up authoritarian anti-Communist regimes around the globe. Along with private foundations, the Federal government directly subsidized the mobilization of community and minority groups and the poor. Social welfare spending rose dramatically. Despite routine retraction of election year promises to labor and studied unwillingness to relieve the loss of union jobs to foreign competition in a regime of ever freer trade, union leaders were awarded shares of party patronage and some measure of respect.

This smoothly functioning machine gradually broke down, of course, under the cumulative pressures of intensified world economic competition, the collapse of the international monetary order, global inflation, soaring imports, growing trade deficits, urban riots, student rebellion and the long agony of Vietnam. By the end of the 1960s, the United States had lost the global military and economic hegemony it had exercised for more than a generation, and the postwar boom that had fueled industrial growth in the West was finally coming to an end. During the 1970s—as two gigantic recessions and persistent stagflationist pressures made clear—economic growth in the advanced industrial states became highly variable and uncertain. In the context of economic decline and lagging American power, competition between the United States and traditional allies in Western Europe and Japan both intensified and became more difficult to manage.

Combined with the impact of the OPEC cartel, these developments radically transformed relations between the

First and Third Worlds. Declining profits in the industrialized West made expanding Third World (and Southern European) economies more attractive for investment. In addition, the OPEC nations emerged as important markets not only for investments but for all kinds of exports. Their large cash flows also made them major depositors in international banks. As the banks recycled oil revenues to public and private borrowers throughout the Third World, a whole new level of global "interdependence" was achieved.

A fearful price tag was attached to the West's growing involvement in these regions, however. For all the potentially lucrative business opportunities they offered, Third World states were also notoriously unstable. Especially as OPEC price rises squeezed the public sectors and the lower classes of many of these countries, the likelihood of coups and abrupt reversals in regime alliances increased. With continuously heightening competition among industrial powers, it was inevitable that in countries with a large stake in the Third World, an expanded ability to project military force into the developing regions, to shore up client regimes, guarantee debt payment or directly defend investments became a top priority of "national security." In Britain and France, but particularly in the United States (which had the largest Third World stake of all and historically performed military functions for other advanced industrial states like Japan and West Germany), the development of extensive interventionist military capacities accelerated. Even though most of the ensuing buildup went to conventional forces (such as the Rapid Deployment Force or the related expansion of naval power), it was equally inevitable that, in the United States, this arms buildup was legitimated by reference to the "Soviet" threat.

Even in the best of times, such heavy increases in military spending would have disrupted the civilian economy. But in the stagflationist American environment of the late 1970s, with social expenditures continuing their inexorable rise (fed, of course, by mounting unemployment, bankruptcies and economic dislocation), the military demand directly threatened other state commitments. Unless the government was willing, which it was not, to inflate the money supply infinitely, thus accelerating the dollar's depreciation abroad, or to raise taxes (something that depressed businesses and even more depressed individuals would sorely resist), a massive budgetary crisis would, and finally did, result.

Finally complicating this picture were mounting protectionist pressures at home. Growing exponentially throughout the decade, these emanated primarily from domestic industries that could not compete internationally, or from those, like independent oil, that otherwise benefit from restrictions on the flow of trade; and from labor unions, which derived much of their membership from industries threatened by international competition and for whom the idealized notion of "interdependence" meant jobs lost to Western European, Japanese or Third World production lines and sweatshops.

Forced to choose between guns and butter, and increasingly beset by business demands for tax reductions, the

United States and other nations began to experience what elites defined as a "crisis of democracy." As in other periods of domestic economic unrest (such as the years of Republican ascendancy after 1896), a variety of suggestions for closing off political participation to the public began to be heard. They ranged from rules changes within the Democratic Party and benign neglect of steadily declining voter turnout to proposals that the United States emulate Mexico by instituting a single six-year Presidential term.

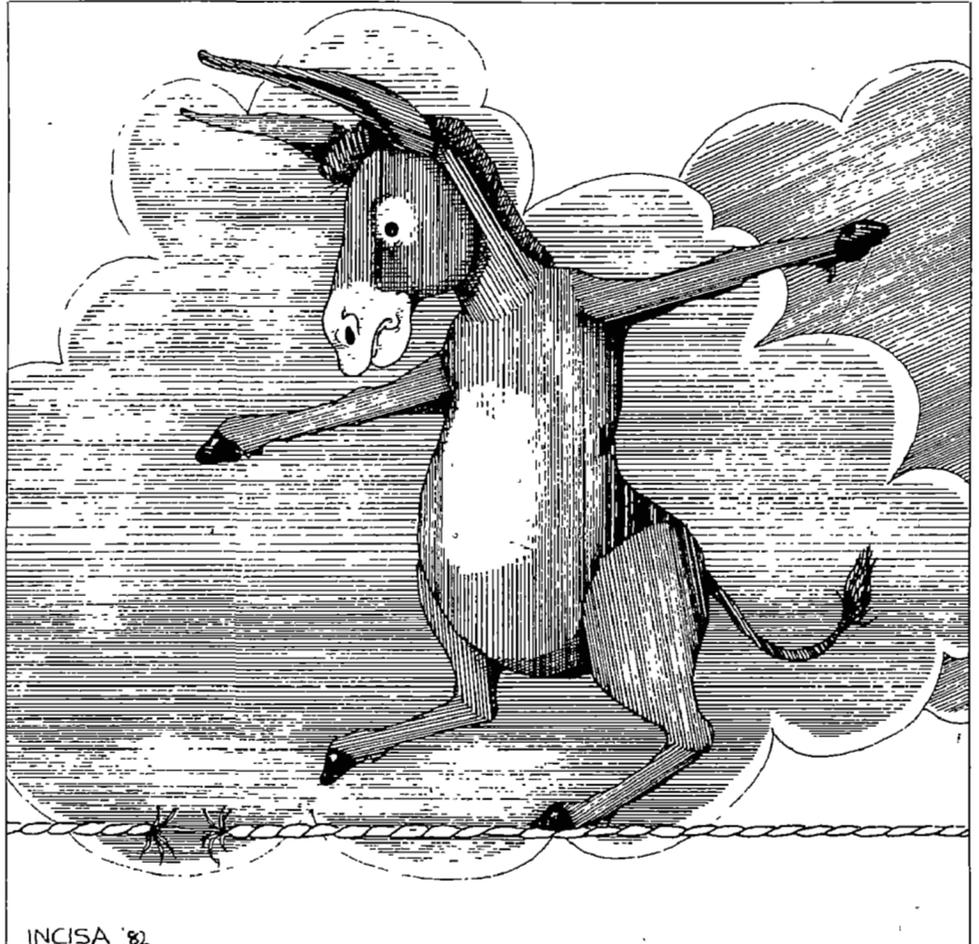
Such were the circumstances that attended Jimmy Carter's rise to power: global tensions, domestic economic decline, pressure for militarization, pressure for protectionism, pressure for popular disenfranchisement. They were also the circumstances that expelled him from office, and they remain important limitations on the ambitions of the neoliberals. For if the turmoil within the Reagan Administration over trade, taxation, exchange rates, monetary policy, the Middle East, China, relations with NATO allies, defense spending, arms limitations talks and even social policy suggests that deepening tensions within the world political economy are in the long run likely to wreak as much havoc within Republican ranks as among the Democrats, in the short run, as was clear from the 1980 election, they immensely advantaged the G.O.P. Because his party had both a sizable mass base and powerful multinational business elites, Jimmy Carter was forced both to support the military and trade demands of his business constituency and to remain at least nominally committed to principles of social welfare. By constantly temporizing, he satisfied neither group, and soon became the favorite candidate of no one. By contrast, the Republicans—who have historically featured a powerful nationalist-protectionist bloc within their party, never pretended to be accountable to working people and the poor, and are devoted, in the unapologetic words of David Stockman, to the principle that "the government does not owe anybody anything"—found it easy to promote military spending and tax cuts. The sorry state of the economy under Carter, along with one of the lowest voter turnouts in modern U.S. history, helped put this package across.

But as the economy continues to stagnate, trade battles intensify and ionospheric interest rates curb inflation but blunt the prospect of recovery, public discontent with Reagan increases daily, as does opposition from the business community. In the Congressional elections this fall, and again in 1984, the Democrats stand to profit mightily from this misery. But if future Democratic victories are not to be merely the

latest unstable careenings of a confused (and increasingly demobilized) electorate, the Democrats must capitalize on their current opportunity by finding a way out of the budget dilemma faced by Carter.

In theory, of course, this could be done by designing a fundamentally democratic program aimed at popular control of the economy, full employment and drastic increases in levels of political participation. But for such a program to succeed, a major upheaval and a mass democratic movement from below would be required. In the meantime, the Democrats are applying themselves to more conventional, albeit still difficult, tasks.

To retain both their mass and their elite constituencies, the Democrats must somehow find a way, in the context of economic decline, to finance guns and butter (or, if not butter, at least margariné). They must develop more finely drawn and cost-effective strategies of militarism, and persuade enough voters that such strategies are vital to the "national" interest. They must make free trade palatable to millions of workers in industries threatened by international competition. And they must lower domestic expectations of social welfare and employment without totally extinguishing the broad voter support acquired with the legacy of the New Deal. These are the issues neoliberalism has been fashioned to address. In doing so, it walks a familiar tightrope, now stretched to the breaking point, between unredeemable domestic promises and overwhelming international economic commitments.



Of course, any attempt to isolate a set of distinct neo-liberal beliefs inevitably courts serious misunderstanding. Tactical political considerations and the time-honored American disdain for systematic political thought make it most unlikely that anything like a Neoliberal Manifesto will ever be issued. The absence of an organized democratic challenge from below virtually obviates, as well, the need to detail public policy proposals. And it is obvious that broad agreement on the desirability of lowering domestic expectations somewhere short of their complete extinction and a preference for less expensive forms of Third World intervention will always leave plenty of room for debate over details—whether the United States should spend a few billion dollars on a contemporary equivalent of the old 1930s Reconstruction Finance Corporation, for example, or whether Japanese imports now so threaten the American industrial base that temporary protection should prudently be conceded to some critical industries in the hope of forestalling the rise of a more sweeping national protectionist bloc.

Adding to these difficulties is the current transition state of the Democratic Party. While one's overriding impression is of leopards trying to change their spots, the zoo that is now the Democratic Party in fact houses all sorts of creatures, including aging lions from the New Deal, unreconstructed tigers from the cold war and specially bred social democratic mice, as well as an increasing number of strange and exotic Beasts With No Name (multinationally oriented businessmen whose doubts about Reaganomics are even now leading them beyond neoliberalism into weak "indicative" national economic planning). Within this menagerie, however, a clear central tendency is at least temporarily emerging. And while any number of politicians and theorists might with varying degrees of plausibility be identified with the movement, perhaps the best single representative of its contradictory tensions is Colorado Senator Gary Hart.

The self-proclaimed candidate of a "campaign of ideas," who first came to the Senate on the nebulous appeal of youth to power ("They've had their turn; now it's our turn"), Hart's record in representing his predominantly Republican and increasingly high-tech state almost perfectly reflects the modal neoliberal mix of multinational militarism and fiscal austerity. An outspoken proponent of the nuclear freeze and military "reform," Hart missed votes on delaying production of the MX missile and banning aid to Nicaragua, and opposed a 1980 measure aimed at shifting outlays from defense to social programs; but he supported the rollback of OSHA inspections, the deregulation of oil and natural gas prices, and the buildup of naval power. It says much about his record on labor issues that his 1980 A.F.L.-C.I.O. Committee on Political Education approval rating was just 47 percent—not only less than half of the 100 percent rating of more traditional liberals like Teddy Kennedy but also slightly lower than the rating given him by the fiscally conservative National Taxpayers Union.

Preparatory to the Philadelphia midterm convention, Hart

has recently released "An Economic Strategy for the 1980's." The document repays close attention, for it approximates as well as anything else now on the market the likely electoral appeals neoliberalism will be making in the coming years.

Hart begins by noting that in economic policy, "while the world changes around us, we remain mired in an irrelevant debate about the wrong issues." What should be clearly understood as the foundation for sensible economic policy, he says, are two great changes: the shift within the United States from basic manufacturing to high-tech industry and services, and the decline of U.S. international power. As Hart describes the latter, "We are no longer self-sufficient, nor do we control the world economy; new actors on the world stage influence American economic conditions to a degree well beyond what we have experienced in recent times." As a result, he argues, "traditional policies are producing unintended consequences," and are "increasingly irrelevant to the unique economic realities of this decade." So far so good, but what follows this sound and fury is only a limp recasting of the quite traditional, and quite disastrous, Democratic policies of the recent past.

Reflecting the free-trade orientation of elite Democrats, Hart strongly supports lowering barriers to the free flow of goods and capital across national boundaries. He calls for continued progress in reducing General Agreement on Tariffs and Trade barriers, celebrates the benefits of international competition and insists on the need to boost U.S. exports. He also proposes the formation of export trading companies backed by the government as well as other financial support for a vigorous export drive by American firms, claiming that such actions would redound to the benefit of the working population as a whole. This is, quite simply, not true. Without a serious government commitment to the employment of the millions of American workers who will be displaced in coming years and whose displacement will be accelerated by the intensified global competition Hart endorses, open trade promises disaster at home. But Hart does not suggest direct government provision of full employment, preferring to let international and domestic labor markets take their "natural" course.

More broadly, Hart fails to consider the collective irrationality that would certainly result if other countries adopted his proposed strategy of aggressive export drives. During a period of sagging domestic markets and growing protectionist pressures virtually everywhere in the world, it is utterly impossible for every nation to improve its economic position by exporting aggressively to every other. If, in the context of weakening international markets, the United States attempts to claim pride of place, it will surely provoke retaliation from other major powers, further international economic instability and, quite possibly, war.

Hart does not address any of these problems directly in his "Economic Strategy," but military themes are an insistent undercurrent throughout the paper, often providing (in a classically obfuscatory argument) putatively independent models for the formation of economic policy. He notes, for example, that "we cannot expect to dominate the world economically—the way we did 30 years ago—any more

than we can expect to dominate it militarily," but suggests that "just as our military debate must move away from questions of quantity to questions of quality, our economic debate must also be redefined." It is clear too from his involvement in discussions centering on the buildup of Third World expeditionary forces and naval power that Hart is well aware of the potential costs of unbridled multinationalism. (When last heard from in one of the many "debates" that underscore the major areas of agreement among neoliberals, Hart was urging U.S. investment in massive numbers of small, fast, light and expendable ships, concentrating on the development of a quick-strike "shoreline capability" at the probable expense of some larger surface vessels.) Hart may be prepared to pay such costs. Others may not.

Once one abandons all prospect of controlling, through the state, the impact of international economic movement, the outlines of domestic economic policy become clear, for then all that can be done at home is to encourage domestic business investment. This, effectively, is the sum of Hart's domestic economic program. Such investment would be assured, in Hart's view, through the adoption of a consumption tax on personal income (to encourage savings over spending) and general tax relief for corporations. The first is seen as necessary to develop sufficient stores of capital, the second to entice business to put its money into the United States. Hart specifies in some detail the reduction of the already declining corporate income tax and proposes a full expensing of corporate investment. He also urges the abolition of all capital gains tax on the first resale of a new class of stock, to be called New Capacity Stock, which he suggests be created and used for financing research and development and the purchase of new plants and equipment. Such a system, Hart argues, would be more equitable than the present nominally progressive income tax and would more directly stimulate domestic investment than what he derides as the "giveaways" of the Reagan tax law of 1981.

But Hart's document provides little reason to believe these claims. While a consumption tax could in theory be made equitable, Hart notably fails to indicate a progression schedule in his proposal and thereby removes all basis for intelligent judgment. It is clear that his tax, like other consumption taxes, would leave accumulated wealth untouched. Like the current system, it would also probably fail to reach many transactions abroad, where rich Americans earn and spend an increasing amount of their money.

Nor is it apparent how the sharp reduction in corporate tax liability Hart suggests would create greater incentives to corporate investment than the notorious failure of the Reagan plan. Hart does not couple investment expensing with high taxes on profits not invested in the United States, for example, which would create clear incentives for domestic investment. He makes no suggestions for controlling the flow of investment abroad. And in a document virtually obsessed with internationalist themes, he fails to discuss those provisions of the current tax code that, by providing favorable treatment for foreign investment, effectively stimulate the drain of funds from the United States. Under

Hart's strategy, the operation of the firm, the consumption of profits and the making of private investment decisions in a global market are all left untouched. Most of the burdens and risks of domestic accumulation are shifted onto the working population.

Hart's other domestic economic initiatives are equally unpromising. He suggests the creation of a nationwide computer bank for job placement and endorses piecemeal measures for finding jobs for the chronically unemployed in low-wage industries. The first would only be a bad joke under a set of policies that will barely permit an enlarging market for dishwashers, while the second is hardly an adequate response to the massive dislocations that would attend the adoption of his trade package. He argues somewhat obliquely for energy price deregulation and the imposition of an oil import fee to encourage conservation, but unless they are coupled with some measure of real economic planning, such moves would only intensify the regional wars that now plague the United States and hasten the abandonment of the industrial core.

To stimulate and protect corporations in this environment, Hart tentatively endorses Felix Rohatyn's proposal for a revived Reconstruction Finance Corporation, but he places most of his emphasis on establishing state-based "Venture Development Centers" to spur the formation of new businesses by providing seed money and technical expertise to entrepreneurs. Such centers are a nearly perfect neoliberal construct, appearing to be both an innovative, market-oriented use of public funds and a resonant gesture toward the localism so threatened by a multinational world. In fact the proposal, a variant on the timeworn theme of government assistance to small business, would in implementation be either trivial or malign. At best it would merely ratify the tremendous disparities in wealth and growth that separate states like Hart's Colorado from disaster areas like Ohio and Michigan. At (the more probable) worst, it would exacerbate the already suicidal competition between states that now lure business investment by chopping the local taxes and regulations necessary to social welfare.

Finally, while Hart's paper is specifically addressed to economic policy, it reveals as well certain assumptions about the nature of democratic process and political interest articulation. It is striking that in all his calls for government initiatives in the economy, for example, Hart fails to specify any mechanisms of accountability, and thus would likely continue, as other neoliberals explicitly propose, the generations-long removal of key economic decision making from traditional democratic arenas. A substitute of sorts for mass democratic process is offered in his and other neoliberals' carpings about "economic democracy," but as Hart uses this newly protean term, it has nothing to do with either strengthened worker representation or public control over investments but with the integration of workers into the traditional goal structure of individual firms. Under this label he endorses tax write-offs for employee profit-sharing plans, urges that "employees and firms find new ways to

work cooperatively on the problems of structural change, productivity, and job satisfaction," and argues for the adoption of "self-managed work teams, labor-management steering committees in union shops, and problem-solving groups—such as the 'quality circles' used in Japan." But he fails to point out that for such schemes to be more than part of the latest round of "scientific" management techniques, workers must have effective and powerful organizations of their own.

There is nothing in Hart's proposals on economic democracy about the decline of unionism and how it might be reversed, nor about how to insure the representation of workers within those unions that remain. But surely he knows that in the peculiarities of the U.S. system, workers do not benefit from the protections found in Western European and other legal systems and are quite literally powerless against employers in the absence of formal, state-recognized modes of representation. One can only wonder upon what basis the labor-management "cooperation" Hart calls for might rest during a period of steadily declining union power. Equally, Hart calls for broad democratic renewal in America but takes no note of the drastic deterioration in levels of participation in politics or of the consequences that have followed on the decline of virtually all non-business-dominated institutions of public life.

This is as it should be, however—for neoliberalism, to the extent that it is a coherent ideology at all, directly relies for its implementation on precisely that erosion of labor strength and the deterioration and decay of the basic institutions of American democracy. In this, Hart's speculations show the characteristics of the movement as a whole: a deep and finally paralyzing ambivalence toward the workings of the market; an easy identification of global economic interests with "national security"; and a single-minded conviction that the game of international economic competition should be played according to rules laid down by private actors.

Thus, in an increasingly barren political landscape, neoliberalism makes minimal and passive adjustments to a drastically altered world. For all its bright promises of creative renewal, it signals no departure from the policies of the immediate past. It benefits politically from the misery that now pervades the population, but can offer little in relief. It may indeed triumph. But even as it advertises itself as the only viable alternative to the present disaster, this latest problem of Democratic renewal should be recognized for what it is: Reaganism with a human face. □

Central America

(Continued From Page 771)

recommended that the House Foreign Affairs Committee turn down the Administration's renewed aid request. "They're still killing a hell of a lot of people in the countryside," said one member of the delegation. In May the Guatemalan Committee for Peasant Unity, one of the largest opposition federations in the country, blamed the army for 3,000 killings since the coup last March.

■ As the guerrilla wars elsewhere in Central America drag on, trouble appears to be mounting for the Sandinist regime in Nicaragua. Former guerrilla commander Eden Pastora (Commander Zero) vowed in April in San José, Costa Rica, to "expel [the nine Sandinist commanders] with bullets." In early June, Pastora announced from Portugal the blueprint for a government in exile and his intent to overthrow the present Nicaraguan regime. He has accused its leaders of "betraying the Sandinist ideals," "subordinating themselves to Soviet imperialism" and "failing to solve the people's problems."

Pastora has sought to avoid links with Nicaraguan counterrevolutionary groups based in Honduras and Miami, and instead hopes to rally Nicaraguan citizens and Sandinist cadre opposed to the policies of the current government. So far, however, only a handful of Nicaraguan officials, most of whom fought under Pastora in the war to overthrow Somoza, have joined their former commander in exile. Meanwhile, leaders of the various counterrevolutionary armies composed of former Nicaraguan National Guardsmen have announced Pastora's "imminent integration" into their movement.

More likely allies for Pastora's government in exile are the political opponents of the Sandinist regime, including former junta member Alfonso Robelo, president of the Nicaraguan Democratic Movement (M.D.N.). Pastora and Robelo have engaged in frequent talks, and their mutual frustration with the Sandinist National Liberation Front (F.S.L.N.) leadership may soon lead to direct collaboration. On May 26, junta member Daniel Ortega announced the confiscation of Robelo's properties, including a hacienda and a cooking oil factory, in ostensible retaliation for his opposition activities abroad.

Political dissidents in Nicaragua have found their room for maneuvering increasingly limited, not only because of the government-imposed state of emergency but also because of press leaks in the United States alleging C.I.A. funding of "moderate opponents" of the Sandinists. Last March opposition political leaders and businessmen led by Robelo presented the Nicaraguan government with a comprehensive "peace proposal" advocating negotiations in several Central American countries, talks between the United States and Nicaragua, and internationally sponsored negotiations between the Nicaraguan government and the opposition. The F.S.L.N. rejected the proposal, a move not unrelated to the reports of covert U.S. support for dissidents in Nicaragua.

To offset the political damage to their cause as a result of such revelations, opposition leaders have launched a vigorous campaign to denounce covert action. At a recent conference in Washington, Alvaro Jerez, vice president of the M.D.N., attacked the C.I.A. plans as "totally anti-democratic and condemnable," adding that they gave the F.S.L.N. "the perfect excuse to justify repression, radicalization, and . . . their leaning toward the Soviet bloc." Jerez stated that the M.D.N., now in exile, would "devise other methods to continue our struggle against the increasingly totalitarian regime."