

Neocon Notes

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I. Introduction: the New Conservatism 1980-2000

A. It can easily be argued that the period from the late 1970s through 2000 is the period in which Neocons emerged as an influential group of policy analysts within Republican circles.

B. The “new conservatives” were influential for various reasons:

i. First, the 1970s were a disaster for many republican ideas, ideals, and personalities

- { Vietnam undermined the credibility of both parties, and increased worries that communist regimes would eventually “take over” the third world
- { The economy was going through a very bad period of high inflation and high unemployment, and two energy shocks
- { Many social policies were felt to be failures as, for example, successive generations stayed on “the dole,” rather than moving back into productive society
- { The central (federal) government and national debt was growing at historically rapid rates, which was a concern to both small government conservatives and those who regarded deficits as appropriate only in the short run.
- { Traditional “middle class” assumptions about family life were being challenged by the new left.
- { (Of course, similar political problems were also being raised and addressed in the other Western countries at the same time.)
- { So, Republicans--e.g. America’s Right of Center coalition--needed a public policy program that could solve the “stagflation” of the seventies, end the malaise, address national security problems, and restore confidence in government.
- { (Democrats--e.g. America’s Left of Center coalition--insisted that bigger versions of existing programs would “do the trick.” But the voters to the right of center were skeptical about such claims.)

ii. These serious problems created an opening for a new group of conservatives intellectuals and policy makers, with relatively new ideas about how to address these problems.

iii. Initially, many of the new ideas for domestic policies came from right of center academic economists and other policy analysts that held positions at new right of center think tanks founded in the 1970s

{ Noteworthy among these were the American Enterprise Institute (actually founded in 1943) and the Heritage Foundation (founded in 1973).

{ For example, [Ronald Reagan](#) said of the AEI in 1988: “The American Enterprise Institute stands at the center of a revolution in ideas of which I, too, have been a part. AEI’s remarkably distinguished body of work is testimony to the triumph of the think tank. For today the most important American scholarship comes out of our think tanks – and none has been more influential than the American Enterprise Institute.”

{ The think tank was not a “new invention,” but right of center foundations, some also quite new, gave right of center think tanks the resources to attract articulate younger talent with new ideas as well as older established people with government experience.

{ There were important problems to be solved.

{ (Note all of these new right of center think tanks were “neo-con” policy groups. For example, the Cato foundation established a new “moderate” and increasingly respectable form of “libertarian” policy research.)

iv. The American neocons, through the electoral successes of republicans such as Ronald Reagan (and the many Republican Senators who won control of the US Senate) were able to adopt policies that solved many of these problems (most notably inflation, tax preferences, and malaise) and reduced others.

{ The 1980 election produced a fairly major shift in policies in the US in the liberal direction (in its 19th century or European sense).

II. The Reagan Revolution (1981-89)

A. In 1980 Reagan defeated incumbent Carter with 51% of the popular vote, to Carter’s 41.1 % and Anderson’s (6.6%) and the Libertarian’s (1.1%).

i. (See, for example, <http://www.census.gov/prod/2001pubs/statab/sec08.pdf> for detailed presidential election data.)

ii. It was the first loss by an incumbent since Herbert Hoover in 1932.

iii. Equally striking was the success of the Republicans in the Senate, which shifted to the republicans for the first time in decades.

iv.

Year	Party of Pres	House	Senate
1,971	R	d254 / r180	d54 / r44
1,973	R	d239 / r192	d56 / r42
1,975	R	d291 / r144	d60 / r37
1,977	D	d292 / r143	d61 / r38
1,979	D	d276 / r192	d58 / r41
1,981	R	d243 / r192	d46 / r53
1,983	R	d269 / r165	d46 / r54
1,985	R	d252 / r182	d47 / r53
1,987	R	d258 / r177	d55 / r45
1,989	R	d259 / r174	d55 / r 45
1,991	R	d267 / r167	d56 / r44
1,993	D	d258 / r176	d57 / r43
1,995	D	d204 / r230	d48 / r52
1,997	D	d207 / r226	d45 / r55
1,999	D	d212 / r222	d45 / r54
US Statistical Abstract 2000, table 460			

B. The Reagan Revolution

C. Although the neocons are some times described in extreme terms by their critics (and rivals) on the left, in fact, neocons gained significant influence in the Republic party because they were not radical, but shifted the republic party back towards what might be called 19th century liberalism.

{ [I use the term “liberal” here and throughout these notes in its nineteenth century sense, which is still the usual meaning of the term “liberal” in Europe, e.g. as a group emphasizing economic and civil liberty.]

i. The republican party has nearly always been a coalition of what in Europe would be called conservatives, liberals, and Christian democrats.

ii. Under the Reagan neocons, the republican platform (manifesto) moved from “mainstream” conservative toward somewhat “mainstream” liberals.

{ Under the Reagan neocons, the party emphasized open (more or less) unregulated markets, “economic liberty,” the work ethic, and a theory of distribution that rests on what economists would refer to as “marginal value product.”

{ It was a secular program rather than a religious resurgence. The latter would emerge ten to fifteen years later, partly through the realignment of the Western and Southern representatives in Congress.

{ (The realignment under Bush II twenty years later could be regarded as a move toward traditionalists away from economic liberals, or, in the European lexicon, a shift toward Christian democrats and conservatives, away from liberals.)

iii. Regarding tax policies, the neocons favored flatter and broader taxes as recommended by nearly all public finance economists at the time.

iv. Regarding inflation, the neocons favored better more predictable control of the money supply (as long recommended by Nobel prize economist Milton Friedman) rather than the previous focus of central banks on nominal interest rates and unemployment.

v. Internationally, the neocons claimed to support liberal democracy against dictatorships and especially against communist dictatorships, and many advocated a relatively aggressive program to challenge (soviet sponsored) communist efforts round the world.

{ Many favored a balanced budget amendment as an institutional solution to two decades of significant deficits (including the 1986 Nobel prize winner in economics, James M. Buchanan).

{ Many were “supply siders” who believed that changes in the tax code, specifically reductions in loopholes and lower marginal tax rates, would increase economic growth. (The Laffer curve.)

{ (It bears noting that most economists believed that lowering marginal tax rates would increase economic output. “Supply siders” were simply more optimistic about the extent to which economic output would increase than most economists.)

vi. As common in political debates, the critics often make the Reagan reforms seem more radical (as did the Republican party’s own rhetoric) than they really were.

- { Much of the economic deregulation of the Reagan administration, simply continued and finished policies already in place under Ford and/or Carter.
- { Much of the foreign policy similarly followed themes that had been established by Carter and Ford.
- { Many other reforms largely followed long-standing patterns, as with the social security reforms of 1983 (recommended by the Greenspan commission) which increased taxes, extended the social security tax base and slightly reduced future benefit levels by increasing retirement ages.

[We are very likely to similar reforms adopted throughout the west in the near future.]

- { Indeed, many of the neocons were ex-democrats who left that party as its center of gravity moved to the left during the sixties, seventies and early eighties.
- { (In effect, such neocons were “Johnson” democrats: believers in a muscular foreign policy and efficient expansive domestic programs.)

vii. There were, however, significant reforms of tax, monetary, and defense policies during Reagan’s first term of office.

- { Consistent with the administration’s declared international agenda, a significant build up of the military was undertaken (which was mostly debt financed).
- { Moreover, with the aid of the Senate and moderate democrats in the House, a major tax reform was introduced that flattened the tax schedule and lowering both average and marginal tax rates (and thereby, together with the increase in defense expenditures, created significant deficits).
- { Inflation was brought under control by reducing the growth rate of the money supply--albeit with a recession, although a much milder one than most Keynesian economists predicted.
- { (The tax reform and the new monetary policy were widely imitated throughout the west.)
- { Indeed for right of center intellectuals and policy “wonks,” the first term of the Reagan administration was the “Camelot” that Kennedy’s first years had been for left of center intellectuals in the 1960s.

[To see evidence of this, simply Google “Reagan legacy,” or “Reagan Revolution.”]

viii. Foreign policy rhetoric was clearly bolder and more confident, in part because Reagan was such a fine speech reader, but also because he was able to tap into American, indeed Western, mythology in a way that few presidents or prime ministers (and their speech writers) have been able to.

{ See for example Reagan's great "tear down this wall" speech delivered in Berlin on June 12, 1987.

D. The second term of the Reagan administration was clearly less "revolutionary."

i. The administration had already worked out what could with the democratic Congress, and, thus, what was politically feasible for significant reforms had for the most part already been put in place.

ii. So, the usual "horse trading" for "pork" among members of the House and Senate once again became the main dish of Washington politics, rather than reform.

iii. The election results, however, demonstrated that Reagan's first term policies and Reagan himself were very popular among a broad cross section of voters.

{ (Reagan won reelection with 58.5% of the popular vote against former vice president Mondale's 40.4%.)

{ (Mondale's campaign errors can only account for a small part of this difference.)

iv. Towards the end of the second term, the Iran-Contra affair emerged as a significant foreign policy scandal which would haunt the Bush (senior) administration for much of its time in office.

E. Many of the neocons inside Washington became "pragmatic" compromisers, because compromise after all was necessary to get bills through the House of Representatives.

{ As noted above, right of center concern about deficits largely disappeared after the deficits became republican deficits.

{ Interest in term limits also faded, after its was Republican terms that would be limited.

{ Interest in reducing "pork" also faded as Senators began taking home more of the "bacon." (Ear-marked public capital projects)

i. By the end of the second term, all the Reagan team could propose was "more of the same."

{ In this sense at least, many of the “neocons” could be said to have become “cons,” folks interested in preserving the status quo rather than reformers.

ii. The Reagan presidency ended with the second term because constitutional term limits (2) for the President made it impossible for him to run again.

{ Reagan left office in 1988 as a popular and relatively old man (77 years old) and soon began to succumb to Alzheimer syndrome.

{ (On June 6, 2004, Reagan died at the age of 93 after a long decline under Alzheimer’s)

iii. His vice president, a very experienced politician and bureaucrat from an elite Northeastern family--and Reagan’s rival for the Republican nomination in 1980--sought and won the presidency in 1988.

III. The Bush (Senior) Administration

A. George Herbert Walker Bush won the 1988 presidential election with 53.4% of the vote, while Michael Dukakis, the former governor of Massachusetts received 45.6% of the vote.

i. It was not a very close election and new ideas did not play a very important role in the campaign.

ii. It was largely viewed as a contest between continuation of the Reagan policies or a return to the Democratic policies of, say, Jimmy Carter.

iii. Reagan and his policies were still popular, and it was clear that Bush was qualified to hold the office:

{ Bush probably had the best vita of any modern US president:

{ A navy pilot, a more or less self-made millionaire (oil in Texas), with time spent in the House of Representatives (from Texas), chairman of the RNC (when Nixon resigned--partly at his suggestion), ambassador to China, director of the CIA, VP, etc.

B. None the less, it is fair to say that the first Bush Administration was a significant shift in the direction toward “mainstream conservatives” or toward “country club” republicans, who are generally speaking folks who are very pleased with the status quo rather than reformers.

i. For example, Bush replaced many long time Reagan appointees with moderate right of center folk like himself.

- { Many could be regarded as neocons, broadly interpreted, but they tended to be drawn from elite schools, and tended to be experienced relatively moderate establishment men, rather than “Reagan revolution” outsiders.
- { And the Reagan neocons were not very happy with the new policies and the new people (nor being displaced from their offices).

C. The Bush administration was blessed with the collapse of the Soviet Union, which he and the previous administration could take some credit for.

- { How much, of course, is difficult to measure, and assessments tend to depend on one’s ideological perspective.
- { Many right of center analysts give the Reagan and Bush administrations’ policies a good deal of the credit for the collapse.
- { Although, clearly other internal changes were also very important.

D. The Bush administration was also hounded by two political scandals: one a serious constitutional matter and the other politically important.

i. The first scandal was a continuation of the Iran-Contra affair, in which the Reagan administration sold arms to Iran (from about 1985) to fund an anti-Marxist movement in Nicaragua (the Contras).

- { It was a serious scandal because it appeared to be (and probably was) an unconstitutional exercise of executive authority.
- { *(The constitution requires all moneys allocated by the executive to be from appropriation bills passed in Congress.)*
- { There was, however, never any proof that the arms for money scheme was approved by President Reagan or his cabinet, but several people from the Reagan administration were convicted of crimes and a few went to jail.

ii. The second scandal involved a promise that Bush made during the campaign to attract economic liberals and neocons to his side of the ballot.

- { Throughout his campaign in 1988, he had promised: “**read my lips, no new taxes.**”
- { After winning the presidency, however, as part of a grand budget compromise with Congress to reduce the deficit, Bush accepted a significant increase in the income tax.

{ This earned him the ire of many conservatives and neocons for the rest of his administration.

E. Bush ran for reelection in 1992, but lost.

i. His loss was mostly due to the relatively successful campaign of a third party candidate (Ross Perot) who ran on a balanced budget and “ending gridlock platform.

{ Perot received about 20% of the vote, many of which were protest votes of Liberals, the majority of which would have doubtless voted for Bush.

{ But, he also lost because he had broken promise about taxes (which is partly why so many liberals and independents voted for Perot),

{ because he thought that winning the election would be very easy (after the end of the cold war, the most important event since the end of WWII),

ii. and, also because his main opponent (Bill Clinton) had moved the Democratic Party back toward the center and was a far more articulate spokesman for his ideas than Bush was.

IV. The Clinton Administration

A. Clinton won the election with 42.9% of the popular votes (and 370 electoral votes) defeating Bush (senior) who received just 37.1% of the popular vote.

B. The first two years of the Clinton administration were surprisingly good years for the conservative movement, because Clinton accidentally re-energized the whole right of center coalition through his first policy efforts.

i. In one of his first acts, Clinton formally allowed gays to be members of the military, which offended cultural conservatives.

ii. Clinton then asked his wife Hillary to research, organize, and propose a major reform of the US health care system.

{ The US health care system evidently does need reforming, we spend more than any other country in the west, but many (lower middle class) persons are not covered at work and do not purchase their own insurance (and thus are insured only indirectly through hospital emergency room services).

- { Hillary seemed a strange choice to lead such an important task force. She is a very competent person, but she was not an established expert on health care reform and had no political credentials at that time, beyond being the president's wife.
- { Moreover, in the end, Hillary's proposed plan involved spending more, not less money, and was a very convoluted combination of private and public insurance. It did assure complete coverage, but made an expensive system even more expensive and bureaucratic.
- { It was clearly not a moderate centralist plan of the sort that Bill Clinton had promised, but a major expansion of the welfare and regulatory state.
- { Although, democrats controlled both chambers of Congress, Hillary's proposed reform was defeated in both chambers. It was too far to the left to be supported by moderate Democrats.

iii. Taxes were raised in part to balance the budget, and tax preferences were created to support various activities favored by the left of center coalition controlling Congress at the time.

- { (The reforms did not completely undo the Reagan tax reforms, but did move somewhat away from the "flatter" and more "neutral" taxation favored by most public finance economists, and which had justified the first round of Reagan income tax reforms.)
- { (Some the resistance was motivated by liberal principles and public finance theory, but much appeared to be simply a response to higher taxes among relatively well-off tax payers.)

iv. The Clintons were also found to be involved in questionable financial transactions while the governor of Arkansas, which gave rise to the "Whitewater investigations."

- { Although, the investigations never found anything criminal, suspicions never completely died away (at least on the right).

v. Together, these domestic policies and Whitewater excited a broad spectrum of the right of center coalition, especially what in Europe might be called Christian Democrats--e.g. the evangelical "values voters."

C. The Neocons and the Contract with America: Winning the Congress

Shortly before the midterm election of 1994, the Republican party proposed a "contract" with America. It was largely written by Richard Arme (a liberal neocon rep from Texas) using excerpts from an old Reagan state of the union address and current neocon (liberal) ideas about needed reforms.

D. The Contract was important for several reasons

- i. First, the contract is a clear statement of the what can be regarded as the (liberal) neocon consensus in 1994--which had not actually changed very much in the previous decade or two.**
- ii. Second, it was an attempt to organize a strong and clear national party platform for the off-year election.**
 - { Usually, Congressional elections are run on local issues rather than on national policies. As the saying goes, "all politics is local."
 - { Usually, off year elections, are therefore, rather unexciting events as far as large policy issues are concerned.
- iii. Third, the "contract" arguably worked--at least at the margin.**
 - { For the first time in many decades, the Republican's won control of **both chambers** of government.

E. The "CONTRACT WITH AMERICA," a neocon platform:

- i. As Republican Members of the House of Representatives and as citizens seeking to join that body we propose not just to change its policies, but even more important, to restore the bonds of trust between the people and their elected representatives.**
- ii. That is why, in this era of official evasion and posturing, we offer instead a detailed agenda for national renewal, a written commitment with no fine print.**
- iii. This year's election offers the chance, after four decades of one-party control, to bring to the House a new majority that will transform the way Congress works. That historic change would be the end of government that is too big, too intrusive, and too easy with the public's money. It can be the beginning of a Congress that respects the values and shares the faith of the American family.**
- iv. Like Lincoln, our first Republican president, we intend to act "with firmness in the right, as God gives us to see the right." To restore accountability to Congress. To end its cycle of scandal and disgrace. To make us all proud again of the way free people govern themselves.**
- v. On the *first day* of the 104th Congress, the new Republican majority will immediately pass the following major reforms, aimed at restoring the faith and trust of the American people in their government:**

- * FIRST, require all laws that apply to the rest of the country also apply equally to the Congress;
- * SECOND, select a major, independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud or abuse;
- * THIRD, cut the number of House committees, and cut committee staff by one-third;
- * FOURTH, limit the terms of all committee chairs;
- * FIFTH, ban the casting of proxy votes in committee;
- * SIXTH, require committee meetings to be open to the public;
- * SEVENTH, require a three-fifths majority vote to pass a tax increase;
- * EIGHTH, guarantee an honest accounting of our Federal Budget by implementing zero base-line budgeting.

vi. Thereafter, *within the first 100 days of the 104th Congress*, we shall bring to the House Floor the following bills, each to be given full and open debate, each to be given a clear and fair vote and each to be immediately available this day for public inspection and scrutiny.

1. THE FISCAL RESPONSIBILITY ACT: A balanced budget/tax limitation amendment and a legislative line-item veto to restore fiscal responsibility to an out- of-control Congress, requiring them to live under the same budget constraints as families and businesses. (Bill Text) (Description)
2. THE TAKING BACK OUR STREETS ACT: An anti-crime package including stronger truth-in- sentencing, "good faith" exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's "crime" bill to fund prison construction and additional law enforcement to keep people secure in their neighborhoods and kids safe in their schools. (Bill Text) (Description)
3. THE PERSONAL RESPONSIBILITY ACT: Discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements to promote individual responsibility. (Bill Text) (Description)
4. THE FAMILY REINFORCEMENT ACT: Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws, and an elderly dependent care tax credit to reinforce the central role of families in American society. (Bill Text) (Description)
5. THE AMERICAN DREAM RESTORATION ACT: A \$500 per child tax credit, begin repeal of the marriage tax penalty, and creation of American Dream Savings Accounts to provide middle class tax relief. (Bill Text) (Description)
6. THE NATIONAL SECURITY RESTORATION ACT: No U.S. troops under U.N. command and restoration of the essential parts of our national

security funding to strengthen our national defense and maintain our credibility around the world. (Bill Text) (Description)

7. THE SENIOR CITIZENS FAIRNESS ACT: Raise the Social Security earnings limit which currently forces seniors out of the work force, repeal the 1993 tax hikes on Social Security benefits and provide tax incentives for private long-term care insurance to let Older Americans keep more of what they have earned over the years. (Bill Text) (Description)

8. THE JOB CREATION AND WAGE ENHANCEMENT ACT: Small business incentives, capital gains cut and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act and unfunded mandate reform to create jobs and raise worker wages. (Bill Text) (Description)

9. THE COMMON SENSE LEGAL REFORM ACT: "Loser pays" laws, reasonable limits on punitive damages and reform of product liability laws to stem the endless tide of litigation. (Bill Text) (Description)

10. THE CITIZEN LEGISLATURE ACT: A first-ever vote on term limits to replace career politicians with citizen legislators. (Description)

vii. Further, we will instruct the House Budget Committee to report to the floor and we will work to enact additional budget savings, beyond the budget cuts specifically included in the legislation described above, to ensure that the Federal budget deficit will be less than it would have been without the enactment of these bills.

viii. Respecting the judgment of our fellow citizens as we seek their mandate for reform, we hereby pledge our names to this Contract with America.

[Notice that the "contract" includes provisions designed to appeal to all three of the major groups that form America's "right of center coalition."]

F. Clinton and the Republican Congress

i. The new Congress induced Clinton to move back to the center, where he was able to fashion coalitions of moderate democrats and republicans (normally including moderate neocons) for policies that secured majorities in both houses.

ii. The policies are surprisingly "neocon." For example:

- { Welfare was reformed and decentralized with caps on short term and lifetime benefits
- { The budget balanced for several years in a row (1998-2001), the first time in half a century.
- { Outlays as a fraction of GDP actually fell for the first time since immediately after War World II (partly as a result of the end of the cold war)

Outlays (not counting transfers) fell from 22.8 % of GNP in 1991 to a low of 18.4% in 2000.

Outlays under Bush junior have risen from 18.4% back to 20.3% (so much for the myth that right always favors smaller government).

{ Free trade treaties were negotiated regionally and world wide

G. Overall, Clinton's negotiations with the republican congresses during his last 6 years yielded a surprising string of liberal legislation.

{ The Clinton-Republican congress years (1994-2000) may turn out to have been the "glory days" of the neocon movement

{ Bush has moved away from what I have called the "liberal" part of the right of center coalition toward the Christian Democrat and country club conservatives.

{ This further supports my contention that liberal neocons tend to be from near the middle of the American spectrum of opinion.

V. Useful references

For numbers and facts see: the *Statistical Abstract of the United States*

http://www.census.gov/compendia/statab/federal_govt_finances_employment/federal_budgetreceipts_outlays_and_debt/

Several interesting overview of people and events are available at wikipedia try googling: "Reagan legacy," "Reagan legacy," "Reagan revolution" for a nice sample of critiques and defenses.