5 The Politics of Market Liberalism in the Eighties: Blue Smoke and Mirrors?

In 1980 market liberals had a choice between Libertarian and Republican Presidential candidates, both exploiting the crisis of Vital Center liberalism and committed to freer markets, lower taxes, stable money, and a roll-back of the welfare state. Beyond these programmatic goals the two candidates shared little. Ronald Reagan’s orientation was towards the past; his rhetoric evoked images of a vanishing American economic and military pre-eminence that he promised to restore. The Libertarian, Ed Clark, looking to the future, projected a vision of a libertarian utopia and sought to catalyze a political revolution.

Reagan sought to purge the existing system of the excesses of the sixties but intended to leave standing the New Deal order. For Reagan in 1980 there would be no suicidal replay of Barry M. Goldwater’s quixotic 1964 assaults on Social Security and the Tennessee Valley Authority. Clark, on the other hand, sought to create a new political order by yoking the free-market political economy of the right to the social liberalism of the left.

The two candidate’s proposed foreign policies differed markedly. Where Reagan described the Vietnam adventure as a noble effort and sought to revitalize the military to press the Cold War, Clark repudiated “American interventionism” and echoed George McGovern’s 1972 call for America to “come home.”

Reagan anticipated coming to power in 1980 by leading a coalition of Republicans, disaffected Democrats, and politicized Protestant fundamentalists; Clark foresaw the ultimate Libertarian victory as the triumph of young, independent voters come to political awareness and committed to the proposition that civil and economic liberties were part of the seamless fabric of freedom.¹
In a contest to succeed Carter, Clark and the Libertarians had no chance, producing little more than a small blip on the electoral radar screen. Some libertarians took the opportunity to join the Reagan administration, serving in secondary or tertiary policy roles. Most remained outside, serving as skeptical critics and commentators on Reagan’s efforts to roll back the state.

Reagan’s supporters were quick to claim that he had won an historic mandate comparable to that achieved by Roosevelt, with the implication that a radical downsizing of the state could now be launched. That Reagan received any such mandate seems doubtful. In 1981 the voting specialist Everett Carll Ladd reviewed the relevant polling data and concluded that rather than presaging some great realignment, the 1980 election only confirmed the “dealignment” of American politics. Party loyalties continued to fray. A plurality of voters now identified themselves as independents. Just as the election did not create a new majority party, neither did it give Reagan a mandate to abolish the social welfare state. Although there had been a sharp drop in “confidence in government performance,” public “support for government service was at, or near, record levels in 1980.”

Reviewing much the same material, Gerald M. Pomper suggested that though Reagan had not achieved a mandate in 1980, the election “does provide the opportunity for Republicans to develop an electoral majority that will consistently support a conservative direction in public policy.” A majority of the electorate converted to the principles of the New Deal order “when that program improved their lives.”

Reagan was not an inflexible dogmatist even if he was perhaps the most ideological of all recent presidents. Reagan’s record as Governor of California had been more accommodating than his rhetoric. During the 1980 presidential campaign he consciously sought to disarm those who feared him as Goldwater reincarnate. Subsequently, when his 1981 domestic spending cuts began to hurt, Reagan insisted that, like FDR, he was trying to protect the system rather than transform it:

I’m doing everything I can to save it; to slow down the destructive rate of growth in taxes and spending; to prune non-