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Historian Nelson Lichtenstein: Clinton betrayed progressives, capitulated to the right

When Bill Clinton was elected president in 1992, he ended 12 years of Republican rule and seemed poised to enact a progressive transformation of the U.S. economy, touching everything from health care to trade to labor relations. Yet by the time he left office, the nation's economic and social policies had instead lurched dramatically rightward, exacerbating the inequalities so troubling in our own time.

"When he campaigned for president, Clinton was far more of a progressive than most people now remember. He was in favor of an expansion of the welfare state, and racially, he was a liberal. But Clinton thought that the mobility of capital, of the unregulated sort Wall Street and business advocated, was the surest road to prosperity," said Nelson Lichtenstein, a research professor of history at UC Santa Barbara, "and when you put the two things together, his welfare state liberalism conflicted with policies enabling capital mobility and deregulation, and in the end, he'd always plug for the latter." Lichtenstein's latest book examines Clinton's expansive agenda and reveals why it was such 'a fabulous failure,' and why its demise still haunts us today.

"A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism" (Princeton University Press, 2023) by Lichtenstein and Judith Stein (1940–2017), who was a distinguished professor of history at the City College and

Graduate Center of the City University of New York, shows how the administration's progressive reformers — people like Robert Reich, Ira Magaziner, Laura Tyson and Joseph Stiglitz — were stymied by a new world of global capitalism that heightened Wall Street influence, undermined domestic manufacturing and eviscerated the labor movement.

"Clinton went all over the world looking at other countries asking, how do you use government to spur economic growth? He saw health reform as a huge burden on industries like steel and auto and thus was part of his industrial policy," said Lichtenstein, who for many years directed the Center for the Study of Work, Labor, and Democracy. Lichtenstein is the author or editor of 18 books, including "The Retail Revolution: How Wal-Mart Created a Brave New World of Business" (Picador, 2010).

"At first, the Clinton health insurance reform had most of the big insurance companies and many CEOs from the manufacturing sector behind the scheme because it was going to save them a lot of money — that was the kind of coalition that was being assembled," Lichtenstein said of the Clinton Administration. "But Bill and Hillary Clinton misunderstood the changing shape of American capitalism. It was the Walmarts, Pizza Huts and the low-wage, low-benefit service sector firms that were actually becoming more important than General Motors in the political economy. These firms would have to finally pay their fair share for health insurance of their employees and they said, no! Then, while the big insurers wanted more clients through an expanded government program, they hated the idea of price controls, and in the crunch, they abandoned ship."

Robert Rubin, Larry Summers and Al Gore proved champions of the financialized world that became so identified with the Clinton Administration, especially in its second term. Meanwhile, Clinton divided his own party when he relied on Republican votes to overhaul welfare, liberalize trade and deregulate the banking and telecommunications industries. Even the economic boom Clinton ushered in — which tamed unemployment and sent the stock market soaring in what Alan Blinder and Janet Yellen termed a "fabulous decade"— ended with a series of exploding asset bubbles that his neoliberal economic advisors neither foresaw nor prevented.

"A Fabulous Failure" is a study of ideas in action, some powerfully persuasive, others illusionary and self-defeating. It explains why and how the Clinton presidency's

progressive statecraft floundered in a world where the labor movement was weak, civil rights forces quiescent and corporate America ever more powerful.

In many ways, we are still living in Clinton's America, Lichtenstein argues. Our basic structure of capitalism is still predicated on relatively low wages and a kind of international trade and mobility of capital which sometimes thwart efforts to revitalize the economy and regulate it, he commented, noting that the current White House is, however, "fighting much more vigorously and effectively."

Lichtenstein's current book project, "Why Unions Matter" (Yale University Press, expected release in 2025), is a study of how and why the "labor question" has become such a pressing contemporary issue and why working-class collective action and institutions are vital to the preservation and revitalization of democracy, at home and abroad. Ranging widely from Starbucks baristas and university graduate students to Hollywood writers and those who labor for Apple and Microsoft, his forthcoming book will deploy the history of the U.S. labor movement to illuminate the very recent past.

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