

# The Political Forum

*A review of social and political trends and events  
impacting the world's financial markets*

Mark L. Melcher  
Publisher  
[melcher@thepoliticalforum.com](mailto:melcher@thepoliticalforum.com)

Stephen R. Soukup  
Senior Editor  
[soukup@thepoliticalforum.com](mailto:soukup@thepoliticalforum.com)

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### **The New Political Paradigm**

**Mark L. Melcher**

Contrary to the spin in the liberal media, the recent labor settlement between UPS and the Teamsters was not, in my opinion, either a great victory for the majority of UPS employees or for the cause of organized labor.

So far as I can tell, the primary result of the strike settlement is that several thousand UPS workers will lose their jobs permanently, and the rest will have their retirement funds run by a corrupt organization that has a history of using employee pension accounts as slush funds for mob activities.

As for the cause of organized labor, all the strike did, in my opinion, is call attention to continued widespread corruption within the union movement. If this public airing were to lead to a clean up of union leadership, then the unions and their members might benefit. But it won't, at least not during the Clinton administration, which is too beholden to the current crop of union bosses to bring out the Lysol.

Instead, a new round of public attention to union corruption is likely to have a negative effect on union organizing activities, which the unions desperately need to be successful if they are going to have a continued role in American society.

In short, I believe that the UPS strike wasn't "just what labor needed," as many liberal commentators maintained. It was more probably exactly what labor didn't need, especially at this point in time, when the globalization of production, the globalization of competition, the rapid growth in employee profit sharing plans, and the technological revolution, which places a premium on skills rather than on union affiliation, have greatly lessened the appeal of union membership for the vast majority of workers.

The bottom line is that it isn't American labor versus American capital anymore, but American labor and capital versus the capital and labor of other nations in a global marketplace.

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Subscriptions to The Political Forum are available by contacting:  
The Political Forum

8563 Senedo Rd., Mt. Jackson, Virginia 22842  
Tel 540-477-9762, Fax 540-477-3359, Email [melcher@thepoliticalforum.com](mailto:melcher@thepoliticalforum.com),  
or visit us at [www.thepoliticalforum.com](http://www.thepoliticalforum.com)

The effect of all of this is to confirm, once again, that the old labor vs. capital paradigm, which was a principal feature in American politics for almost exactly a century, is no longer of much importance. This once all-important tension, which actually defined the Republican and Democratic parties for decades, took root during the Marxist and utopian socialist movements that followed the Civil War, bloomed in 1886 when Samuel Gompers founded the American Federation of Labor, began to wilt in the early 1970's with the advent of Richard Nixon's appeal to the "new Republican majority" of blue collar workers, and became an endangered species in 1989, when the Berlin Wall fell, and a new era of global competition emerged from the rubble.

Throughout most of the 20th century, the Democratic Party was the preferred political home for blue-collar workers. Today, Republicans get a majority of their votes from these so-called "Joe Sixpacks" and their wives. Conversely, the Republican Party was, from the time of the so-called "Robber Barons" in the late 19th century until very recently, the home of big business.

Today, while the GOP still has a huge following in the small business community, the board rooms of most of America's corporate giants are filled with Democrats, who aggressively support the Washington colossus in exchange for huge amounts of business, for important tax breaks and direct subsidies, and most importantly, for a steady stream of regulatory initiatives and trade rulings that serve to cripple their smaller competitors both at home and abroad.

Needless to say, these are not novel observations on my part. The history and ramifications of the decline of union power in the United States has been a regular topic of political pundits for a long time. What hasn't been discussed among this genre is the nature of the new political paradigm that has, during the past couple decades or so, slowly replaced the old one.

In fact, most political pundits today don't seem to know that such a thing exists. Liberal commentators still appear to labor under the misconception that the Democratic Party represents the blue-collar worker in his fight against the "capitalist dogs." Conservative pundits, on the other hand, seem to believe that "we are all capitalists now" and that no significant threat to free enterprise exists anymore. Both assumptions are wrong.

The reality is that a powerful new paradigm has emerged onto the American political scene that has completely changed the nature of the Democratic Party, and is a direct threat to America's traditional brand of free enterprise capitalism.

Simply stated, this new paradigm, which is as dynamic, fascinating, and certainly as important to the future course of society as the old labor-capital one, involves the tension between the authority of government bureaucrats, and their allies in some of the nation's most important boardrooms, and the classic American concept of individual freedom.

Unions no longer have the clout to close down vast American enterprises for any serious length of time, as they once did. But government today has the power, vested in mountains of laws, regulations and court rulings, to destroy or badly cripple any business, or any industry, in the United States, large or small, whether it is a meat packing plant in Nebraska, a restaurant in Brooklyn, or the entire tobacco industry. No union boss in U.S. history has ever had this kind of pure, unadulterated muscle.

Government today also has the kind of power to kill, maim, malign, and confiscate the property of individual citizens that the nation's founding fathers would have found astonishing, as was discovered, for example, by such a diverse lot as the Branch Davidians in Texas, a falsely accused "terrorist" in Atlanta, and dozens of ordinary farmers, who have been pilloried for filling in low spots in their own fields, which the EPA bureaucrats now call "wet lands."

The scope and raw power of the tens of thousands of nameless, faceless bureaucrats in this nation is almost beyond comprehension. Somewhere, someplace taxpayers are paying people to write hundreds of pages of complicated regulations specifying exactly which public housing residents can own a pet (old people who need companionship), how many black men and how many woman of any color should be fire fighters in Podunk, Iowa, and (how's this for hubris?), how many doctors is "too many."

Helping with this task, are millions of big-company, private sector bureaucrats, whose bosses have learned that fortunes can be made if government bureaucrats can be "helped" to make and enforce decisions that favor them over their competitors; who are blind to the lesson learned by so many Frenchman during "the terror," that those who help place the heads of others on the block soon find their own there.

Operating between these private and public sector bureaucrats and their bosses are tens of thousands of lawyers, who live on the system like blood sucking leaches in a swamp full of sows, operating in a special environment, designed by them, of "legal bribery" and "honest graft."

Being a bureaucrat in America today is never having to say you're sorry, for mandating air bags that kill children, for destroying families with pernicious welfare programs, for wrecking the educational and legal systems with crackpot experiments and the imposition of politically correct nonsense, and for thousands upon thousands of other asinine rules that are based on bad science, bad sociology, and bad economics, all hiding behind the hubristic mask of "we're here to help you."

To better describe this new paradigm in American politics, I will turn to the thoughts of three brilliant men from three different eras in American history, all of whom have written about this tension between the legitimate requirement for the expansion of government authority in an increasingly complex society and the desire on the part of individuals, and the need on the part of free enterprise, for freedom from governmental tyranny.

Read in concert, I believe these quotes form a mosaic that almost perfectly defines the characteristics of the new political paradigm, which, I believe, will define American politics for decades to come.

I'll begin with an observation by Tocqueville, who saw it all developing as early as the 1830s. He put it this way.

I think, then, that the species of oppression by which democratic nations are menaced is unlike anything that ever before existed in the world; our contemporaries will find no prototype of it in their memories. I seek in vain for an expression that will accurately

convey the whole of the idea I have formed of it; the old words despotism and tyranny are inappropriate; the thing itself is new, and since I cannot name, I must attempt to define it.

I seek to trace the novel features under which despotism may appear in the world. The first thing that strikes the observation is an innumerable multitude of men, all equal and all alike, incessantly endeavoring to procure the petty and paltry pleasures with which they glut their lives. Each of them, living apart, is as a stranger to the fate of all the rest; his children and his private friends constitute to him the whole of mankind. As for the rest of his fellow citizens, he is close to them, but he does not see them; he touches them, but he does not feel them; he exists only in himself and for himself alone; and if his kindred still remain to him, he may be said at any rate to have lost his country.

Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratification and to watch over their fate. That power is absolute, minute, regular, provident, and mild. It would be like the authority of a parent if, like that authority, its object were to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood; it is well content that the people should rejoice, provided that they think of nothing but rejoicing. For their happiness such a government willingly labors, but it chooses to be the sole agent and only arbiter of their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property and subdivides their inheritances; what remains, but to spare them all the care of thinking and all the trouble of living?

"Thus it every day renders the exercise of the free agency of man less useful and less frequent; it circumscribes the will within a narrow range and gradually robs a man of all the uses of himself.

Next, I turn to the thoughts of the brilliant turn-of-the-century sociologist Max Weber, who is widely credited with being the first to view the importance of this phenomena in a modern sense.

Weber is best known for his wonderful book *The Protestant Ethic and the Spirit of Capitalism*, which, regular readers will recall, is included on the 25-book recommended summer reading list that I published in February, 1996. These thoughts of Weber were contained in a much larger and lesser-known book of his, published in 1921 and entitled *Economy and Society*.

It was here that Weber pointed out that society is not divided into two classes, capital and labor, as Marx maintained, but into three. Between capital and labor, Weber said, there is a new, emergent middle class of white-collar, technical and administrative personnel, "whose share in the economic product depended on skill and educational status rather than on the ownership of property or the power of collective organization."

The quote in the preceding paragraph is from the *Oxford Companion To Politics of the World*. The following quotes from the same volume will I think explain Weber's view of the new paradigm.

Weber's most notable contribution, however, lay in identifying the importance of bureaucracy to modern politics. His definition of bureaucracy, not as a type of political system, but as a continuous, professionalized, and rule-governed form of administration, showed it to be increasingly prevalent--thanks to its being uniquely equipped to handle increasingly various and complex organizational tasks--in all spheres of modern life.

On the basis of his analysis he demonstrated that the socialist ideal of a society without domination was utopian, and predicted that the replacement of the capitalist entrepreneur by the state administrator would create a monolithic power structure as oppressive as that of ancient Egypt and as economically stagnant as that of late imperial Rome.

In Weber's view, the key concern about bureaucracy was not that it be replaced but that it be checked, on the one hand, within a framework of mutually limiting power structures and, on the other, by ensuring that bureaucratic organizations were themselves subordinate to the control of individual leaders selected on the basis of nonbureaucratic principles and acting under such principles.

Finally, I'll turn to the thoughts of Vanderbilt University's Alasdair MacIntyre, from his extraordinary book on moral philosophy, *After Virtue*. This volume wasn't included on my above-mentioned recommended reading list, but I discussed it at length in a July, 1996 piece entitled "Does Liberal Activism Bestow 'Character'?"

MacIntyre's analysis is far too complex to present here in its entirety. But simply stated, he argues that the tension between individual freedom and modern day bureaucracy is not exclusively about material matters, as implied by Tocqueville and Weber, but has an important moral element.

In fact, MacIntyre says, this tension is a stepchild of the great moral struggle that began with the attempt by Enlightenment philosophers to establish a moral scheme based on reason alone. The efforts of these men were doomed from the start, he says, because they had to reject, due to the nature of their project, the notion that man has "an essence which defines his true end;" that life has a divine purpose, either in the Aristotelian sense that man must fulfill his role as dictated by "nature," or in the theological sense that man must fulfill God's will.

Without such a teleological framework, MacIntyre argues, "the whole project of morality becomes unintelligible," and moral philosophy becomes nothing more than an arena for competing notions that have no basis other than "logic," which is, of course, debatable.

The result of this futile quest, MacIntyre says, was that the Enlightenment philosophers succeeded in eroding belief in the theistically-based moral order of the Middle Ages, but failed to establish an alternative order that would stand the test of time. Hence the fight continues today, in the midst of moral chaos. Only today, the cudgel of "reason" is wielded by bureaucrats, instead of by Enlightenment philosophers, or their successors, the 19th century reformers. MacIntyre puts it this way.

The civil servant has as his nineteenth-century counterpart and opposite the social reformer: Saint Simonians, Comtians, utilitarians, English ameliorists such as Charles Booth, the early Fabian socialists. Their characteristic lament is: if only government could learn to be scientific! And the long-term response of government is to claim that it has indeed become scientific in just the sense that the reformers required.

Government insists more and more that its civil servants themselves have the kind of education that will qualify them as experts. It more and more recruits those who claim to be experts into its civil service. And it characteristically recruits too the heirs of the nineteenth-century reformers. Government itself becomes a hierarchy of bureaucratic managers, and the major justification advanced for the intervention of government in society is the contention that government has resources of competence which most citizens do not possess.

Private corporations similarly justify their activities by referring to their possession of similar resources of competence. Expertise becomes a commodity for which rival state agencies and rival private corporations compete. Civil servants and managers alike justify themselves and their claims to authority, power and money by invoking their own competence as scientific managers of social change.

These experts can achieve "ends," MacIntyre notes, but these "ends" are necessarily value based, and the system has no means for addressing values, other than the subjective views of the individuals bureaucrats and the organizations that employ them.

The result, he says, is a society in which the meaning of such words as right, wrong, moral, immoral, truth, lie, justice and injustice is increasingly subjective, having no basis other than the passing whim of whichever "expert" happens to be in charge at the time. In such a society, he notes, the statement "This is good" has come to mean nothing more than "Hurrah for this!"

Needless to say, MacIntyre is pessimistic about the prospects for individual freedom when pitted against the power of modern day bureaucratic "experts." He notes that, in contrast to places where military force is often the deciding factor in social struggles, "in our culture we know of no organized movement towards power which is not bureaucratic and managerial in mode, and we know of no justifications for authority which are not Weberian in form."

In one sense, MacIntyre's pessimism is understandable. Modern society demands a much larger and more powerful bureaucracy than did the sparsely populated, chiefly agricultural society of the 18th century America. And as MacIntyre notes, there is no reason to expect that this power won't be used to achieve "ends" that restrict individual freedom and that are morally adrift.

On the other hand, I am encouraged that champions of individual freedom, and of traditional Judeo-Christian moral teachings, are finally beginning to mount counter assaults against such things as the important bureaucratic tool of judicial activism; against constitutionally questionable regulatory actions in such areas as racial quotas, restrictions on religious freedom, and radical environmentalism; and against the unchecked growth of "entitlements," which are the "walking around money" that today's bureaucrats use to solidify their power base.

In the end, of course, the battle is not over whether bureaucracy will become ever more powerful. That issue has already been decided in favor of the bureaucrats. The fight is over whether this power can be, as Weber suggested, checked by "mutually limiting power structures" and by the adoption of mechanisms that will ensure that bureaucratic organizations are "subordinate to the control of individual leaders selected on the basis of nonbureaucratic principles and acting under such principles."

So far, the United States hasn't been too successful in this regard. But the fight ain't over 'till it's over, as they say. And history demonstrates that freedom and transcendent principles have a way of finishing strong. Whatever the outcome, that, in my opinion, is what American politics will be about in the next century. We'll see.

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