

Looking East: What American Neoliberals Learned from Japanese Political Economy — and How They Unlearned It, 1981–1994

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要約

アメリカ政治史において、いわゆる「日本パニック」は1970年代後半から1990年代初頭までの政治評論の際立った特徴であるとみなされてきた。一方、この時代の多くのアメリカ人が日本の科学技術や文化を高く評価していたことも事実であろう。本稿では70年代以降の米国の日本への見方を探るにあたり、これまであまり取り上げられてこなかったリベラル派の論客と民主党の政治家についてとりあげる。彼らは米国の政治経済、政治による経済への介入、産業振興に関する政策ビジョンを打ち出していくにあたり、当時の米国における日本の政治経済をめぐる一般論に働きかけたのである。

民主党における「ネオリベラル」となった彼らの党内における影響力は1980年代始めから1990年代にかけて増した。その間およそ15年をかけ、彼らは日本を自由貿易と経済のグローバル化を推し進める米国への脅威として位置付ける政治的なレトリックを編み出した。彼らの日本に対する見解は180度転換したといえるわけだが、特に彼らが当初いわゆる日本型の経済成長のモデルを支持していたことから、政治経済に対するネオリベラルのアプローチの生成を、民主党独自の枠組みのもとで起きたこととして読み解くことができるだろう。これは、ネオリベラリズムについて、政治的な保守主義の伸長に対する反動やその陰險さを強調する従来の見解とは異なるものである。当時のネオリベラルは、政治経済に関する一貫性のあるビジョンを意識的にうちだしたのである。それは、自由市場を是とする保守主義とは異なり、また官民協力というアメリカの自由主義の伝統を引き継いだものであった。

Introduction

In an early scene in the seminal Christmas movie *Die Hard* (1988), Det. John McClane, who has flown to Los Angeles in order to reconcile with his estranged wife, Holly, remarks to Joseph Takagi, her boss at Nakatomi Corporation, that he was not aware Christmas was celebrated in the corporation's home country of Japan. "We're flexible," Takagi jovially tells McClane. "Pearl Harbor didn't work out so we got you with tape decks!"¹⁾

This rather forced joke refers to an important preoccupation of American political culture in the 1980s, the very ubiquity of which was reflected in the fact that Takagi's comment is throwaway. Later dubbed the "Japan Panic," this was a preoccupation with the theory that

¹⁾ *Die Hard* (1988). Directed by John McTiernan. Los Angeles: 20th Century Fox.

the international expansion of Japanese companies after the mid-1970s, facilitated by Japan's postwar 'Economic Miracle,' threatened the economic preeminence of its ally, the United States, and might even begin to undermine the stability of American culture.²⁾ Pointing out American opinion-makers' preoccupation with Japan is not a novel intervention in historical scholarship about the 1980s; several historians have studied the phenomenon of what can variously be described as the "Japan Panic," "Japan-bashing," "Japan revisionism," or "Yellow Peril Politics." This can be examined as a topic in itself, or as one aspect of a more complex story in which American consumption of Japanese cultural products was the most tangible example of the era's gallop towards economic and cultural globalization, or as a recent chapter in the longer history of US–Japanese foreign relations as the two countries move back-and-forth across the boundaries of enmity and alliance.³⁾

This article does not disavow the findings of earlier scholarship in this area. Rather, this article posits that the ubiquity of "Japan-bashing" and the voracious American appetite for sushi, anime, and VCRs, have concealed another significant aspect of US interest in Japan from the mid-1970s to the early 1990s: the influence of American interpretations of Japanese political economy upon the development of neoliberal politics.

'Neoliberalism' is one of the most fertile subfields of political history, supplemented by a steady stream of academic studies from other disciplines (notably geography and political theory) and journalistic commentary. Debates continue over meanings of the term, even over its analytic usefulness. In broad terms, 'neoliberalism' refers to a fusion of right-to-center-right politics with economic liberalization, identified as taking place across a range of (primarily Western-hemispheric) countries beginning c.mid-1970s. Rather than an anti-statist outlook, as the politics of right-wing governments during this period (such as the Reagan administration have conventionally been seen), 'neoliberalism' is focused on markets' insulation from political intervention; encasement by institutions, as Quinn Slobodian describes it in his recent book *Globalists* (2018).⁴⁾

Complicating this picture somewhat is the fact that the term 'neoliberal' was used, from

²⁾ David Morley and Kevin Robins, *Spaces of Identity* (New York and London 1995), 148–149. See also Andrew C. McKeivitt, *Consuming Japan* (Chapel Hill 2017), 3n6.

³⁾ See the following examples. M. J. Heale, "Anatomy of a Scare: Yellow Peril Politics in America, 1980–1993," *Journal of American Studies* Vol. 43 No. 1 (April 2009), 19–47. McKeivitt, *Consuming Japan*. Walter LaFeber, *The Clash* (New York and London 1998). Michael Schaller, *Altered States* (New York and Oxford 1997).

⁴⁾ Neoliberalism is discussed and its possible meanings debated in the following examples. David Harvey, *A Brief History of Neoliberalism* (Oxford and New York 2007). Kim Phillips-Fein, "The History of Neoliberalism" in Brent Cebul, Lily Geismer, and Mason B. Williams (eds.), *Shaped by the State* (Chicago and London 2019), 347–359. Daniel Rodgers, "The Uses and Abuses of 'Neoliberalism,'" *Dissent* Vol. 65 No. 1 (Winter 2018), 84–87. Quinn Slobodian, *Globalists* (Cambridge and London 2018). On changes within the Democratic Party which inform the issue of the party's relationship to neoliberalism, see: Lily Geismer, "The Shifting Class Politics of the Democratic Party," *Public Seminar* (May 5th 2016), <http://www.publicseminar.org/2016/05/the-shifting-class-politics-of-the-democratic-party/> (accessed September 1st 2019).

the early 1980s, by commentators (some of whom professed themselves to be neoliberals)⁵⁾ to describe a loose grouping of liberal politicians, opinionmakers, and policy analysts who sought to reorient Democratic politics in response to ‘movement conservative’ ascendancy.⁶⁾ This term was used irregularly, and by the early 1990s had essentially been superseded by the more capacious ‘New Democrats.’⁷⁾ The terms ‘neoliberal(s)’ and ‘neoliberal politics’ are used here because ‘New Democrats’ came into use slightly later and was principally associated with the Democratic Leadership Council (DLC), which was only one faction involved in the party’s Reagan-era reorientation; also, using the terms ‘neoliberal(s)’ and ‘neoliberal politics’ will indicate the amorphous nature of liberal revisionism through the second half of the 1980s. These terms are, thus, used in this article to refer to a set of historical actors and to a perspective on or set of ideas about political economy. This article does not engage with the more theoretical meanings of ‘neoliberalism’ adumbrated earlier, but it does not necessarily reject them — rather, it shifts the attention to reorientation within Democratic politics during the 1980s.

The significance of, and level of interest in, neoliberalism and the recent history of the Democratic Party derives from the fact that examining this history yields major explanatory dividends for contemporary US politics. Yet, as Brent Cebul commented in a recent article about what he terms “supply-side liberalism,” one potentially problematic aspect of scholarship about these issues is that it tends to treat Democratic neoliberal politics either as purely reactive (to the ascendancy of ‘movement conservatism’), or even as insidious attempts to undermine a putative liberal Democratic tradition.⁸⁾ Examining Democratic neoliberals’ interest in Japan

⁵⁾ Neoliberal was used at the time to describe various politicians and opinionmakers, including by those who identified themselves with this type of liberal revisionism or reorientation; see the following examples. Charles Peters, “A Neo-Liberal’s Manifesto,” *The Washington Post* (September 5th 1982), <https://www.washingtonpost.com/archive/opinions/1982/09/05/a-neo-liberals-manifesto/21cf41ca-e60e-404e-9a66-124592c9f70d/> (accessed September 2nd 2019). Charles Peters, *Tilting at Windmills* (New York 1988), 207–211, 232. Randall Rothenberg, *The Neoliberals* (New York 1984).

⁶⁾ See the following examples for analyses or critiques of these politicians and opinionmakers which used the term ‘neoliberal’ to describe them. Victor Ferkiss, “Neoliberalism: How New? How Liberal? How Significant?”: A Review Essay,” *The Western Political Quarterly* (Vol. 39 No. 1) (March 1986), 166–177. Walter Goodman, “Neo-Liberals and the Fight for the Political Center,” *The New York Times* (October 26th 1983), <https://www.nytimes.com/1983/10/26/us/neo-liberals-and-the-fight-for-the-political-center.html> (accessed December 2nd 2019). William Kristol, “On the Neoliberal Frontier,” *Regulation* (Vol. 7 No. 3) (May/June 1983), retrieved from <https://www.aei.org/articles/on-the-neoliberal-frontier/> (accessed December 2nd 2019).

⁷⁾ For the emergence of New Democrats and the national party’s responses to ‘movement conservative’ ascendancy during the 1980s, see Jon F. Hale, “The Making of the New Democrats,” *Political Science Quarterly* (Vol.110 No.2) (Summer 1995), 217–218.

⁸⁾ Brent Cebul, “Supply-Side Liberalism: Fiscal Crisis, Post-Industrial Policy, and the Rise of the New Democrats,” *Modern American History* Vol. 2 No. 2 (July 2019), 139–145. The best treatment of the recent Democratic Party, which advances a notion of “liberal transformation” rather than “decline,” but which is nonetheless critical of the historical actors, is Lily Geismer, *Don’t Blame Us* (Princeton and Oxford 2014). Examples of highly critical treatments of the post-1970s Democratic Party as reactive or even insidiously conservative include Thomas Frank, *Listen, Liberal* (New York 2016), and Judith Stein, *Pivotal Decade* (New Haven 2011).

is one way to correct this record: through the example of what is described in this article as neoliberals' 'Japanese Economic Model' ('JEM'), one may see how Democratic neoliberals attempted to apply a genuinely distinct view of political economy to the challenges of the 1980s.

Moreover, shifts in how neoliberals evoked and discussed Japan in political discourses in the later 1980s and early 1990s, further reflects the reorientation of neoliberal political economy away from cooperative industrial policy and planning, towards a self-conscious embrace of globalization best expressed by the emergence of a new orthodoxy on "free trade." It is also worth noting, although there is not the space to explore it fully in this article, that assessing neoliberal political economy on this basis situates it in another important historiography: the interpretation of American state-building, and of relations between government and business, as consistently "associational," characterized, even during the notionally statist New Deal era, by the expansion of state capacity through public-private partnerships and federal financing of institution-building within sectors such as nonprofit foundations and universities.⁹⁾

2. The United States and Japan from the Seventies to the Nineties

Two historical developments underlay American commentators' interest in Japan during this period. The first was the legacy of the postwar American Occupation of Japan (1945–1952), while the second was the Japanese "economic miracle," which can be roughly dated as lasting from the end of the 1950s until the recession of 1990–1991.¹⁰⁾ One of the Occupation's key reforms was the introduction of US antitrust laws, intended to break up Japan's four mighty *zaibatsu*, "large conglomerates of interrelated industrial, financial, and commercial enterprises" controlled by family-owned holding companies. After the Occupation, however, the *zaibatsu* were reconstructed as *keiretsu* ("economic groups"): networks of companies, with cross-shareholding and interlocking boards of directors, controlled by big banks and trading companies. Within the *keiretsu* sat *kigyo keiretsu* ("enterprise groups"), which networked supply chains, manufacturing firms, and distributor firms. Companies within *keiretsu* could coordinate business-development and trading strategies, which enabled them to produce what American commentators in the 1970s saw as a form of cooperative capitalism, facilitated by Japan's Ministry of International Trade and Industry (MITI).¹¹⁾

Journalists had begun to identify Japanese growth as an "economic miracle" in the early

⁹⁾ Brian Balogh, *The Associational State* (Philadelphia 2015). Cebul, "Supply-Side Liberalism," 142–143n12.

¹⁰⁾ Schaller, *Altered States*, 8–18, 30, 62. Jennifer M. Miller, *Cold War Democracy* (Cambridge and London 2019), 22–25.

¹¹⁾ Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford 1982), 9, 17. Clyde V. Prestowitz, Jr., *Trading Places* (New York 1989), 293–298, 303–304. Schaller, *Altered States*, 9–12.

1960s; a popular term for it became “Japan, Inc.”¹²⁾ By the early 1970s, the Japanese fusion of cartelization with protectionist trade policies, along with the Nixon administration’s drawdown of American military influence in East Asia, was cause for both admiration, from Japanophiles such as Herman Kahn, and for alarm from others. During the 1970s Japanese exports skyrocketed, especially from the auto manufacturing sector, which started to outperform that of the US. Japanese firms’ international expansion was often discussed in martial terms: in 1971, Nixon’s secretary of commerce commented that “the Japanese are still fighting the war” through economic means.¹³⁾ Throughout the 1980s, Japanese foreign direct investment into the US increased. Critics regarded this as unwelcome and dangerous, animating the so-called “Japan Panic.”¹⁴⁾ Looking back in 1992, the *Forbes* journalist Robert Kearns wrote that Japanese cartel capitalism had been “colonizing” the US, in particular, dominating the US in hi-tech sectors, such as electronic engineering, which would be most important to the twenty-first century economy.¹⁵⁾ This was the context for neoliberals’ interest in Japan during the 1980s.

3. Neoliberals and a ‘Japanese economic model’ in the Eighties

Neoliberals were highly conscious of Japan’s economic success from the earliest moments of their involvement in liberal political discussion. One such neoliberal was Lester Thurow, who wrote *The Zero-Sum Society* (1980), in which he emphasized declining productivity as America’s most pressing economic concern, and advocated for a state industrial policy focused on strategic investment in key sectors. This introduced the language of “sunset” (e.g. auto manufacturing, steel) and “sunrise” (e.g. computing, biotechnology) industries into political discourse, terms which immediately captured the high-technology-haunted imaginations of neoliberal politicians. When *The Zero-Sum Society* was published, Thurow sat for a cozy interview on local cable television with New Jersey’s freshman Democratic senator and neoliberal wunderkind Bill Bradley.¹⁶⁾

In Thurow’s view, the best model for this sort of industrial policy was Japan, which had

¹²⁾ Sarah Metzger-Court and Werner Pascha (eds.), *Japan’s Socio-Economic Evolution* (Abingdon and New York 2013), 392. Johnson, *MITI and the Japanese Miracle*, 3–6, 8–12.

¹³⁾ Maurice H. Stans quoted in LaFeber, *The Clash*, 352. Miller, *Cold War Democracy*, 281–282, 346n14. Schaller, *Altered States*, 210–211. Kevin M. Kruse and Julian E. Zelizer, *Fault Lines* (New York and London 2019), 30. Takashi Oka, “Review of *The Emerging Japanese Superstate* by Herman Kahn,” *The New York Times* (December 13th 1970), <https://www.nytimes.com/1970/12/13/archives/the-emerging-japanese-superstate.html> (accessed March 12th 2019). Stein, *Pivotal Decade*, 163–165.

¹⁴⁾ McKeivitt, *Consuming Japan*, 25–30.

¹⁵⁾ Robert L. Kearns, *Zaibatsu America* (New York 1992), 3, 220–222.

¹⁶⁾ Thurow, *The Zero-Sum Society*, 95–96. Rothenberg, *The Neoliberals*, 164–168. Robert Kuttner, “Lester Thurow, an Economist Ahead of His Time,” *The American Prospect* (Blog) (March 30th 2016), <https://prospect.org/blog/tapped/lester-thurow-economist-ahead-his-time> (accessed March 13th 2019).

the highest productivity growth rates in the world, along with 50% less wealth inequality than was the case in the US. Meanwhile, trade deficits had been rising since the mid-1970s, while the US also lagged in productivity and capital investment behind all other major industrial societies with the exception of its principal ally, Great Britain.¹⁷⁾ University of California–Berkeley business professor David Vogel wrote, later in the 1980s, that this made JEM an economic policy model which was worth examining and applying to the US context. The lesson, in Thurow’s view, was that “Major investment decisions have become too important to be left to the private market alone, but a way must be found to incorporate private corporate planning into this process [of state investment planning]. . . Japan Inc. needs to be met with U.S.A. Inc.”¹⁸⁾

Thurow’s ideas were echoed by other neoliberal political economists, such as Robert Reich, whose book *The Next American Frontier* (1983) reaffirmed many arguments in favor of a national industrial policy. Reich wrote in *The Atlantic Monthly* in March 1983 that government regulation of businesses had provided Republicans with “a convenient rhetorical scapegoat,” but that free-market revivalist argument “offers no real explanation” of economic challenges which faced the US. Instead, the challenges were being posed by the macroeconomic picture of globalization (“The globe is fast becoming a single marketplace”), and by the efficacy with which the new major competitor, Japan, had adapted. Reich singled out for praise Japan’s ability to move its “industrial bases” in steel and electronic towards high technology, specialized products, and higher-skill labor. Reich contrasted Japanese industry with the precipitous decline of British manufacturing, and also highlighted Japan’s more cooperative, “less rigidly delineated relationship between management and labor.” Probably more than specific management practices or automation upgrades, it was JEM’s strategic, cooperative, and responsive structure (“an organization designed for change and adaptability”) from which neoliberals could learn.¹⁹⁾ These arguments, it is important to note, were intended to frame “new approaches” for Democrats, and definitely not designed to cede ground to free-market revivalism; in 1984, the Austro-libertarian economist Melvyn Krauss directed a jeremiad at Thurow and Reich, accusing them of retooling traditional social democracy with new language.²⁰⁾

Neoliberals were helped by the publication in summer 1982 of Chalmers Johnson’s *MITI*

¹⁷⁾ Thurow, *The Zero-Sum Society*, 84, 139, 191–192. Caucus Committee on Party Effectiveness (CPE), Democratic Caucus — US House of Representatives, *Rebuilding the Road to Opportunity* (Washington, DC September 1982), 10–11.

¹⁸⁾ David Vogel, *Fluctuating Fortunes* (New York 1989), 229–230, 259–260. Thurow, *The Zero-Sum Society*, 192.

¹⁹⁾ Robert B. Reich, “The Next American Frontier,” *The Atlantic Monthly* (March 1983), <https://www.theatlantic.com/past/docs/issues/83mar/reich.htm> (accessed May 16th 2019).

²⁰⁾ Melvyn Krauss, “Protectionism, the Welfare State and the Third World,” *Cato Journal* (Vol. 3 No. 3) (Winter 1983/1984), 675–676.

and the Japanese Miracle (1982), which advanced and popularized an interpretation of JEM that became widely accepted in American political discussion. Johnson was the most influential of a loose group of writers known as “revisionists,” who built on existing interest in Japan’s economic growth to develop the theory of JEM as a form of cooperative capitalism.²¹⁾ While Thurow made Japan central to his arguments about desirable US economic and industrial policy, Johnson was one of the first people to try and study JEM itself in detail, and to build up an interpretive architecture around the Japanese economy that could provide keywords for US political discussion. In Japan itself, Johnson became part of what was called, by decade’s end, the “Gang of Four,” the key “revisionists” who were, besides Johnson: Clyde V. Prestowitz, James Fallows (a leading neoliberal luminary), and the Dutch journalist Karel van Wolferen.²²⁾

Johnson, a political scientist at the University of California–San Diego, focused on MITI as the central factor in Japan’s economic growth. MITI had been established in 1949 with a mandate to coordinate trade policy; during the mid-1950s, it came to occupy a determining influence on setting “industrial policy,” which Johnson, like neoliberals such as Thurow, defined as the national state identifying or designating strategic-core industries within the private economy, and channeling public investment in the economy towards these industries. By the early 1980s, Japanese planners had identified, and then successfully developed, a world-leading high technology sector.²³⁾ Successful industrial policy was also predicated upon public–private partnership between the state and business; Johnson identified the successful maintenance of such partnership models as crucial to MITI’s midwifing of the Japanese “miracle.” Keeping business on side in this partnership required legal job protections, “cross-penetration” through government and business by elite personnel, targeted tax breaks and access to government financing, and public assistance with selling products through mechanisms such as trade tariffs. Johnson described Japan’s economic model, which had developed by fits and starts into a coherent system, as the “capitalist developmental state” (CDS).²⁴⁾

This sort of deep public–private partnership was not peculiar to Japan; indeed, Johnson himself argued that the US’s so-called ‘military-industrial complex’ had similar characteristics.²⁵⁾ Notwithstanding this antecedent for public–private partnerships in the US,

²¹⁾ David Pilling, *Bending Adversity* (New York 2014), 96–97. McKeivitt, *Consuming Japan*, 25–30. For a detailed (if hostile) look at the Japan “revisionists” of the 1980s and 1990s, see: Brink Lindsey and Aaron Lukas, “Revisiting the ‘Revisionists,’” *Trade Policy Analysis* (Cato Institute) (No. 3) (July 31st 1998), <https://www.cato.org/publications/trade-policy-analysis/revisiting-revisionists-rise-fall-japanese-economic-model> (accessed March 13th 2019).

²²⁾ Pat Choate, *Agents of Influence* (New York 1990), 44–45. Heale, “Anatomy of a Scare,” 36–37.

²³⁾ Johnson, *MITI and the Japanese Miracle*, 191–194, 198–199, 311. Prestowitz, *Trading Places*, 171–174, 306.

²⁴⁾ Johnson, *MITI and the Japanese Miracle*, 311–313, 316.

²⁵⁾ *Ibid*, 311–312.

it is still the case that a formal industrial policy with facilitatory public–private cooperative institutions had never been developed in the US. Furthermore, while historical comparisons can be drawn between Japanese cooperative capitalism and specific areas of American economic life, such as Cold War defense industries, there has been a persistent rhetorical emphasis, at least, upon the need to draw clear lines between public and private sectors; the phrase ‘military-industrial complex’ was coined by President Dwight D. Eisenhower to warn against letting such public–private interconnectedness become a common feature of the American economy.²⁶⁾ Public–private partnership in the postwar US economy was significant but neither systematic nor underpinned by a coherent public philosophy.²⁷⁾ In contrast, “revisionists” argued that an “implicit theory of the developmental state” evolved in postwar Japan and gradually became entrenched in a public philosophy of cooperative capitalism from the late 1950s and early 1960s.²⁸⁾

In Washington, DC, neoliberal politicians also evoked a putative JEM as they began to develop new messaging on political economy. A vital development was the establishment of the Committee on Party Effectiveness (CPE) in 1981. CPE was technically a committee of the House Democratic Caucus, the organizational locus of Democrats in the US House of Representatives. The Caucus’s new chairman, Louisiana congressman Gillis Long, ranked fourth in the House Democrats’ leadership, after Speaker Thomas P. “Tip” O’Neill, Majority Leader Jim Wright, and Majority Whip Tom Foley. Long, however, used the seemingly ecumenical CPE to formulate messaging and proposals on political economy and industrial policy which consciously aligned with, and mutually reinforced, emerging neoliberal politics.²⁹⁾ At the same time as CPE was established, Long’s House caucus office issued a statement of “economic principles” which averred that, unfortunately, “Government” did not have “all the answers,” and that Democrats would henceforward foster cooperative working between state, management, and labor, and target state investment in key growth

²⁶⁾ Dwight D. Eisenhower, “Farewell Radio and Television Address to the American People by President Eisenhower” (January 17th 1961), in Robert L. Branyan and Lawrence H. Larsen (eds.), *The Eisenhower Administration 1953–1961: A Documentary History* (Volume II) (New York 1971), 1375.

²⁷⁾ For an interesting discussion of the development of a public philosophy emphasizing enterprise, which coexisted with the reality of extensive, if unsystematic, public–private partnership; see: Wendy Wall, *Inventing the “American Way”* (Oxford and New York 2008).

²⁸⁾ Johnson, *MITI and the Japanese Miracle*, 32. George R. Packard, “The Japan-Bashers are Poisoning Foreign Policy,” *The Washington Post* (October 8th 1989), https://www.washingtonpost.com/archive/opinions/1989/10/08/the-japan-bashers-are-poisoning-foreign-policy/2323862c-95d6-483b-8c16-43911602d692/?utm_term=.2d1f1dc2799a (accessed March 13th 2019). Karel van Wolferen, *The Enigma of Japanese Power* (New York 1989), 6–8, 353–356.

²⁹⁾ For some background on the House Democratic leadership, the creation of the Committee on Party Effectiveness, and Gillis Long’s political career, see: Jeffrey Bloodworth, *Losing the Center* (Lexington 2013), 221–225; John A. Farrell, *Tip O’Neill and the Democratic Century* (Boston / New York / London 2001), 539–540, 551; Al From, *The New Democrats and the Return to Power* (New York 2013), 31–34.

industries.³⁰⁾ A few years later, Carolyn Barta, a longtime journalist for *The Dallas Morning News*, described CPE as an ideologically “diverse committee” which had set out to make “Democrats in Congress. . . known as a party of new ideas.”³¹⁾

Many of these formative neoliberal ideas would be channeled into CPE’s report *Rebuilding the Road to Opportunity: A Democratic Direction for the 1980s* (‘the Yellow Book’), published in advance of the 1982 Midterm Elections. Neoliberals found JEM particularly appealing for its focus on investment in hi-tech industries, such as electronics and computing. CPE’s economic policy task force was chaired by Colorado congressman Timothy Wirth, who chaired the House Energy and Commerce Committee’s Subcommittee on Telecommunications and was a proponent of state investment in the hi-tech, “postindustrial” economy.³²⁾ Wirth’s task force identified “high technology growth industries” as the necessary target of public investment. Traditional manufacturing industries were beginning to decline, and a “transition [was] taking place in America’s workforce” towards hi-tech sectors. Wirth proposed that targeted public investment and consensus-building between the state and businesses could be achieved through establishing a new Economic Cooperation Council (ECC) —CPE members saw the ECC as their core proposal. A four-page memorandum was circulated to members to explain the ECC’s role in more detail.³³⁾

CPE staff identified “international competitive challenges” as the US’s prime economic problem, and argued that these challenges, crucially, were *not* the result of ‘free market’ forces but instead due to “calculated, planned, national efforts.” Competitor developed countries had “undertaken a national effort to formulate an economic *strategy* and marshal *public and private* resources” to deliver strategic goals (emphasis added). The memo singled out Japan, and in particular its hi-tech sectors, as an example of this economic trend. The ECC would coordinate a strategic response to such issues; the CPE proposed that it be composed of government, university, business, and labor representatives, with interagency reach and a fully-staffed data-analytics bureau. One of its primary aims would be “Identifying and promoting. . . technological advances,” as well as evaluating federal “educational and scientific programs” to find ways for the government to aid or effectuate the necessary “advances.”³⁴⁾

³⁰⁾ “Statement of Democratic Economic Principles: Approved by House Democratic Caucus” (April 8th 1981, Folder 1 Box 63, Committee on Party Effectiveness 1982 — Miscellany, House Democratic Caucus (records), Library of Congress (Washington, DC).

³¹⁾ Carolyn Barta, “Democrats draft blueprint,” *The Dallas Morning News* (January 16th 1984), Folder 5 Box 63, Committee on Party Effectiveness 1984 — Chronological File, House Democratic Caucus (records), Library of Congress (Washington, DC).

³²⁾ Rothenberg, *The Neoliberals*, 161.

³³⁾ “Major Recommendations of Task Force Reports,” Folder 1 Box 63, Committee on Party Effectiveness 1982 — Miscellany, House Democratic Caucus (records), Library of Congress (Washington, DC).

³⁴⁾ “The Economic Cooperation Council,” Folder 4 Box 63, Committee on Party Effectiveness 1983 — Undated, House Democratic Caucus (records), Library of Congress (Washington, DC).

When the Yellow Book was published in September 1982, its proposals were pored over in the Beltway press. Some commentators portrayed it as revealing the emergence of a “New Democratic Party,” with younger “Atari Democrats,” such as Wirth and Congressman Richard Gephardt, leading the way in developing new proposals for liberal politics.³⁵⁾ Conservative-leaning media did not necessarily take this view; an editorial in *The Cincinnati Enquirer*, for example, declared that the Yellow Book was a “simplistic plan” for “more. . . bigger government and more intrusive government when big government is what stifles initiative.”³⁶⁾

More detailed commentary recognized the significance of the proposed ECC, and also drew explicit comparisons with JEM. An editorial in *The New York Times* referred to the ECC as the Democrats’ “key proposal,” and labeled it as “MITI-minus.” Less “authoritarian” than Japan’s ministry, the council could shape a “constructive partnership between business, labor, universities and government.” The editorial’s conclusion must have delighted neoliberal Democrats: “Growth and fairness may be familiar Democratic Party goals—but purposeful investment in growth is not. The Democratic proposals could put new life in the old liberal agenda.” Similarly describing the proposals as a constructive step forwards from their old, problematic agenda, the columnist Joseph Kraft wrote that the Democrats had revived liberal “Economic Realism.”³⁷⁾

A lengthy article in *The Socioeconomic Newsletter*, published by the nonpartisan Institute for Socioeconomic Studies, struck similar notes. Profiling Wirth, this article identified the House members behind *Rebuilding the Road to Opportunity* as younger Democrats calling for investment in hi-tech industries as “employers of the future.” The article referred to Wirth and his fellow “Atari Democrats” with the faintly unflattering description of “whizzy, futuristic,” but also referred to them as committed to “economic dynamism.” The article then juxtaposed “Atari Democrats” with a bloc of older Democrats, such as former vice president Walter Mondale, whom it associated with organized labor and declining, lower-tech industries.³⁸⁾

³⁵⁾ Press Dispatches, “‘New Democratic Party’ unveiled,” *The Atlanta Constitution* (September 22nd 1982) (Atlanta, GA), 3-A. Joseph Kraft, “Denting unemployment will take deficit cuts,” *The News-Messenger* (September 29th 1982) (Fremont, OH), 4. Retrieved from Newspapers.com (www.newspapers.com).

³⁶⁾ Editorial, “Democratic alternative routes us into the quicksand of big spending,” *The Cincinnati Enquirer* (October 2nd 1982) (Cincinnati, OH), A10. Retrieved from Newspapers.com (www.newspapers.com).

³⁷⁾ “The Democrats and MITI-Minus,” *The New York Times* (September 22nd 1982), A26. Joseph Kraft, “Economic Realism Is Back,” *The Washington Post* (September 28th 1982). Both in Folder 1 Box 63, Committee on Party Effectiveness 1982 — Miscellany, House Democratic Caucus (records), Library of Congress (Washington, DC).

³⁸⁾ “‘Atari Democrats’ Seek National Investment Policy,” *The Socioeconomic Newsletter* (Vol. 3 No. 1) (Dec–Jan 1983), The Institute for Socioeconomic Studies (White Plains, NY), Folder 1 Box 63, Committee on Party Effectiveness 1982 — Miscellany, House Democratic Caucus (records), Library of Congress (Washington, DC).

In keeping with the theme of “dynamism,” *Socioeconomic Newsletter* emphasized that the proposed ECC would be an agile body that could build “broad public support” for a long-term economic strategy, and not “the monolithic national planning agency found in many of our competitors’ nations.” It also directly compared neoliberal Democrats’ agenda to Japan: “Japan is cited as a model [for these Democrats],” both because of the success of JEM’s public-private partnership, and the success of Japanese firms in hi-tech industries. Anticipating a case study in Clyde Prestowitz’s later book *Trading Places* (1988), *Socioeconomic Newsletter* highlighted the loss of US capacity in semiconductor production: “Japanese companies now have 70 percent of the world market for the new, highly efficient 64K RAM silicon chip.”³⁹⁾

Neoliberal Democrats continued to foreground public-private partnership and the ECC in their economic agenda through the later 1980s. They argued that their core goal, establishing long-term growth, could be effectuated through systematic public-private partnership, sustained by cooperative institutions, and with a strategic focus on investment in hi-tech industries and R&D. This was reiterated in a series of Congressional Democratic reports: *Renewing America’s Promise* (‘the Blueprint’) (1984), *Choices for Change* (*Choices*) (1986), and *Investing in America’s Future* (1990). Reflecting the institutionalization of neoliberal politics within the party, these reports were each the product of collaboration with broader in-party groups; *Investing in America’s Future* was produced under the banner of the House caucus itself. One such in-party group was the National-House Democratic Caucus (NHDC), formed in July 1983, which brought together eighty “prominent Democrats” with the seventy-three congresspeople who were already CPE members. The “Outside Members” included businesspeople drawn mainly from financial services, major donors, and academics including Lester Thurow. NHDC’s economic agenda, put forward in the Blueprint in January 1984, focused on “building a business-labor-government partnership to develop and implement long-range economic and international trade strategies and for investing in . . . workers’ skills and in scientific and entrepreneurial innovation.”⁴⁰⁾

In a chapter on “Government’s Economic Role,” the Blueprint reaffirmed “free enterprise and competition” and also stated that “beyond the myth of the free market. . . [is] the long-standing reality of interaction between government and private enterprise.” The report called for public-private partnership, and used Japan’s hi-tech “computers and telecommunications” industries as an example of where such partnership had been successful. Long-term economic policy, the report argued, required cooperative institutions, the most

³⁹⁾ *Ibid.*

⁴⁰⁾ “The National Democratic Caucus,” Folder 5 Box 63, Committee on Party Effectiveness 1984 — Chronological File. “National-House Democratic Caucus: Activist House Democrats Reveal ’84 Strategy Plan” (January 8th 1984), Folder 1 Box 64, Party Effectiveness Task Forces 1984 — *Renewing America’s Promise* Correspondence 1983–1984. Both in House Democratic Caucus (records), Library of Congress (Washington, DC).

important of which would be the ECC.⁴¹⁾ Former Carter administration domestic policy advisor Stuart Eizenstat supported plans for an industrial policy with reference to JEM in a 1984 *Fortune* article, published to coincide with the Blueprint's publication. Eizenstat argued that, following the example of "MITI-Minus," economic policymakers needed to anticipate market trends, consider protectionist trade policies but only with "industry-led plans" to address specific sectoral problems, strategically invest in high technology and research and development (R&D), and be supported by a cooperative group such as the ECC, which would bring together government, business, and labor.⁴²⁾

JEM's influence was again reflected in *Choices*, which Congressional Democrats prepared ahead of the 1986 Midterm Elections. *Choices* connected the need for the state to develop hi-tech industry, to investment in science education. For example, the economic policy task force chair, California congressman Leon Panetta, noted that superior Japanese growth in hi-tech industries could be linked to the fact that US students at the high-school level spent only one-quarter the time on science subjects as did their Japanese counterparts. Panetta concluded that the US produced far fewer hi-tech engineers as a result.⁴³⁾ *Choices* sounded some other notes from the Japanophile hymnal, such as targeted protectionism through import relief for specific industries and "investment credits or loan guarantees" for businesses which developed new technologies.⁴⁴⁾ *Choices* described a Council on Industrial Competitiveness (CIC) in similar terms to the ECC of earlier reports, as "a forum to build consensus among business, labor, government, academic and public interest groups." In a section discussing R&D, the report emphasized that Japanese investment in high technology had been doubled between 1960 and 1983 while American R&D investment declined by 0.3%. The Democrats proposed increasing research funding and coordinating "Federal grants with private sector initiatives" as a priority, highlighting new sectors such as biotechnology as particularly important.⁴⁵⁾ Such proposals were reiterated two years later, during the runup to the 1988 elections, by the House Caucus's economic policy task force, which identified public-private partnership as a prerequisite not just for long-term economic growth, but also for renewing competitiveness in the globalizing economy: "National strategic planning is vital if we are to mobilize public/private investment,

⁴¹⁾ The National-House Democratic Caucus, *Renewing America's Promise* (Washington, DC January 1984), 19-22, 25-26.

⁴²⁾ Stuart E. Eizenstat, "Industrial Policy: Not If, But How," *Fortune* (January 23rd 1984), Folder 1 Box 64, Party Effectiveness Task Forces 1984 - Renewing America's Promise Correspondence 1983-1984, House Democratic Caucus (records), Library of Congress (Washington, DC).

⁴³⁾ Leon Panetta, "Draft-Choices for Change: Economic Growth for American Strength" 7-8, Folder 12 Box 65, Party Effectiveness Task Forces 1985 - Task Force on Long Term Economic Policy, House Democratic Caucus (records), Library of Congress (Washington, DC).

⁴⁴⁾ Democratic Caucus - US House of Representatives, *Choices for Change*, published by National Legislative Educational Foundation (Washington, DC June 1986), 4-6, 14-15.

⁴⁵⁾ *Ibid.*

research and development. . .to meet foreign challenges in future growth industries.”⁴⁶⁾

Nevertheless, the reports and internal documents from 1985 onwards placed less emphasis on cooperative state-led institutions than was the case earlier in the decade, and they made fewer laudatory references to Japan. In fact, Japan was increasingly discussed by Democrats, later in the 1980s, as a potential adversary, and its economic achievements seen as threatening.

4. “The Cold War is over; Japan won”

Neoliberals’ altering perception of Japan, as a threat to the US, derived from two main factors. One was the end of the Cold War, in the context of which the US’s East Asian ally was increasingly seen in adversarial terms.⁴⁷⁾ Neoliberals would be prime movers behind this interpretation of US–Japanese relations. The second factor reflected the changing relationship of neoliberals to the politics of the global economy: trade liberalization—“free trade”—became a priority. This was not a matter of reducing government investment in trade or financing for firms seeking to trade internationally; indeed, *Choices* proposed increasing export financing, heavily criticizing the GOP for seeking to shut down the Export-Import Bank in 1986. *Choices* claimed that a “major reason for America’s comparatively poor showing [in exports] is that our government stands on the sidelines.” The long-term goal of such policies, however, was to give the US “some big sticks” in trade talks, leverage to block seemingly hostile practices of “foreign industrial targeting, such as the apparent Japanese campaign to drive the US semiconductor industry to the wall.”

Many neoliberal Democrats increasingly saw government support for US trade as a way to revivify an international open trading system; they charged that Republicans had actually allowed a freer trade system to begin to disintegrate precisely because they had not utilized state action to maintain it.⁴⁸⁾ This was one of the subtle changes in neoliberals’ market politics: whereas previously, they had advocated for public–private partnership within the market to shape economic growth, now they advocated for government intervention to clear barriers to competitiveness in the market.

Neoliberals had already recognized that a strategic approach to international trade was necessary. In *The Road From Here* (1981), Senator Paul Tsongas of Massachusetts had urged that businesspeople be educated about foreign markets and US firms be incentivized to create overseas jobs, because globalization was one of the new realities of the 1980s. One could

⁴⁶⁾ “Meeting the Challenge of America’s Economic Future” and Covering Letters (May 20th 1988), Folder 4 Box 68, Party Effectiveness Task Forces 1988 — Task Force on the Economy, House Democratic Caucus (records), Library of Congress (Washington, DC).

⁴⁷⁾ Schaller, *Altered States*, 5, 245–260. LaFeber, *The Clash*, 381–385. Kruse and Zelizer, *Fault Lines*, 189.

⁴⁸⁾ Democratic Caucus, *Choices for Change*, 6–10.

plausibly argue, as Congressional Democrats who represented the old industrial districts would in the 1990s, that it was a choice for neoliberals to embrace liberal trade, but companies from other countries such as Japan did not expand into US markets because neoliberal politicians chose to accommodate themselves to globalization; they expanded because the US had been successful at constructing a prosperous economic system for their allies, and in the 1980s they had to work out a response to this situation. Tsongas argued for helping American companies engage in international trade because it could increase foreign markets for US goods and help drive growth.⁴⁹⁾ It was only in the later 1980s, however, that free trade became as central to neoliberals' economic views as domestic political economy had been in their heady early years.

To an extent, the rising salience of free trade placed a new emphasis on an issue which all the discussion of JEM had elided: the fraught relationship between neoliberals and organized labor. In the neoliberals' interpretation of Japanese political economy, labor played a virtually invisible role. As Robert Reich had written in 1983, one of the appealing lessons of JEM was its "flexible" structure of labor-management relations.⁵⁰⁾ As trade liberalization became more important, those Democrats who were more closely politically-aligned with labor became more wary. One such Democrat had, ironically, been among the advocates of CPE's new approach to political economy: Missouri congressman Richard Gephardt, who served as Caucus vice-chairman under Gillis Long.⁵¹⁾ It was under Long's mentorship, and as a founding CPE member, that Gephardt played a prominent role in early efforts to formulate neoliberal political economy.

Gephardt had a hand in drafting CPE's economic policy proposals, which focused on creating an ECC. In 1988, commentator and political consultant Caroline Arden described Wirth and Gephardt's handiwork as "the most innovative" proposals produced by CPE, ones which "represented many of the attitudes and values of the 'Atari Democrats.'"⁵²⁾ Gephardt's decision to foreground opposition to free trade in his 1988 Democratic Presidential primaries campaign was, partly, a product of political exigency: when Gary Hart was the early frontrunner, prior to his preposterous implosion and exit from the race (and then his yet more preposterous reentry to the race), Gephardt found that a pose of economic "populism" distinguished him from the former Colorado senator.⁵³⁾ Gephardt also had long-standing ties to labor, partly from necessity rather than some sort of ideological commitment, as the representative of an urban district then-dominated by white-ethnic working-class voters in southern St. Louis, Missouri.

Gephardt's Congressional base and the voters he targeted during the 1988 Democratic

⁴⁹⁾ Tsongas, *The Road From Here*, 195–206.

⁵⁰⁾ Reich, "The Next American Frontier."

⁵¹⁾ Richard Ben Cramer, *What It Takes* (New York 1993), 277–281.

⁵²⁾ Caroline Arden, *Getting the Donkey Out of the Ditch* (New York / Westport / London 1988), 100–102.

⁵³⁾ Cramer, *What It Takes*, 282–283. Peter Goldman and Tom Mathews, *The Quest for the Presidency 1988* (New York 1989), 98–100.

primaries did, therefore, almost perfectly fit the profile of those who felt most threatened by the continuing disruptions heralded by globalization and the move towards freer trade. As Paul Taylor, a senior political reporter for *The Washington Post*, wrote, Gephardt's most resonant message in the 1988 campaign was his famous "Hyundai ad." The ad focused on tariffs imposed on American goods in East Asian countries such as South Korea and Japan; the ad's title derived from Gephardt's claim that a Hyundai would cost \$48,000 if the US replicated South Korea's tariffs. Auto workers "work their hearts out every day trying to turn out a good product at a decent price," Gephardt told Iowans, "It's not their fault we can't sell ours in a market like that [Japan, South Korea, or China]—and I'm tired of hearing American workers blamed for it."⁵⁴ Gephardt blamed a lack of "economic nationalism" for economic woes. He advocated for retaliatory tariffs — not for cajoling East Asian competitors, such as Japan and South Korea, into free-trade agreements, and won the Iowa United Auto Workers chapter's endorsement.⁵⁵ Gephardt's "anti-trade" turn underscored the vulnerability of neoliberals' emerging commitment to trade liberalization; it was far more divisive than their emphasis on public-private partnership in domestic political economy had been in the early 1980s.

Nonetheless, most neoliberals increasingly argued that free trade was an ineluctable feature of the emergent globalizing economy. Gephardt's 1988 campaign primarily showed that while the gulf between neoliberal and labor-aligned political economy would continue to widen, cession of ground to labor would be the exception rather than the rule. Gephardt's campaign faltered after he won the Iowa caucuses, and neoliberal Democrats moved more and more to embrace free trade rhetoric — often by assailing East Asian countries' trade policies.

Few countries seemed to threaten the ideal of free trade as deeply as Japan. Whereas neoliberals had once looked to Japan for economic-policy inspiration, by the mid-1980s, their perspective changed. In *The Zero-Sum Solution* (1985), his follow-up to *The Zero-Sum Society*, Thurow still made the case for cooperative capitalism, arguing that US policymakers ought to balance market-focused growth with what he called "social organization." On the other hand, Japan itself was now seen very much in threatening terms; the US-Japanese trade deficit, he argued, was "economically and politically unacceptable." Thurow's proposed solution was not to develop new, targeted protectionist policies, but to negotiate bilaterally to end all trading restrictions between the two countries.⁵⁶

Granted, the best-known work which crystallized the changing place of Japan in public discussion was not written by a neoliberal. Clyde Prestowitz was a counselor at the Department of Commerce during the Reagan administration, where he worked on trade negotiations,

⁵⁴ Paul Taylor, *See How They Run* (New York 1990), 14–15. James Risen, "But It Is Called Oversimplified: 'Hyundai' TV Ad Boosts Gephardt," *Los Angeles Times* (March 2nd 1988), <https://www.latimes.com/archives/la-xpm-1988-03-02-mn-305-story.html> (accessed May 16th 2019).

⁵⁵ Taylor, *See How They Run*, 14–15. Taylor E. Dark, *The Unions and the Democrats* (Ithaca 1999), 133–134.

⁵⁶ Lester C. Thurow, *The Zero-Sum Solution* (New York 1985), 59–60, 360–363.

principally with Japan, from 1983–1986. His experiences there, in particular a cycle of failed attempts to persuade Japan to liberalize its trade policies, persuaded Prestowitz that Japanese governments operated from principles of political economy that were philosophically opposed to those of the US. Like the iconoclastic Pat Choate, another disenchanting conservative economist, Prestowitz believed that Japan’s threatening trading policies derived from a self-conscious sense of sociopolitical uniqueness which manifested itself in closed, “clubby” business culture, political and economic cartelization, and an elliptical relationship with alleged “allies” such as the US.⁵⁷⁾ Prestowitz’s essential warning was that Japan’s non-free market principles put them at a strategic advantage to US policymakers, whose concern with harmonious US–Japan relations was not reciprocated.

Prestowitz’s work was indebted to that of Chalmers Johnson (as he acknowledged), in particular with its emphasis on MITI’s role in national strategic economic planning.⁵⁸⁾ His big contribution to the debate was to consolidate the generalized view of Japan as a potential threat; Prestowitz actually described the US as a “Colony-in-the-Making,” a new sort of “fourth-world” economy. Drawing similar conclusions to others such as Douglas Frantz, Catherine Collins, and Martin and Susan Tolchin, Prestowitz wrote that “Japan is building a separate economy in the United States.”⁵⁹⁾ JEM had effectuated this sinister process due to two main factors: first, the asymmetry in trading relations resulting from Japanese protectionism vs western free trade, and second, Japan’s long-term strategic investment in high technology, made possible by its planned-capitalist system.

These fears of Japanese economic power became organizing themes of neoliberal political analysis in the later 1980s. Yet whereas dissident conservatives like Prestowitz and Choate came to support modified protectionism and economic nationalism, neoliberals now argued that Japan, reconceptualized as a foreign policy threat, could be countered with economic liberalism. One of the leading voices in this regard was the journalist James Fallows, a longtime neoliberal who joined *The Atlantic Monthly* in 1981 and lived in Tokyo between 1986 and 1988.⁶⁰⁾ Fallows sounded some warning notes, for example with a September 1987 article entitled “Japan: Playing By Different Rules,” and then firmly planted his flag in 1989 with the now-famous article “Containing Japan.”⁶¹⁾ The title itself is telling, evoking “Containment,” the defining grand-strategic concept of the Cold War. Fallows’s characterization of the Japanese threat is worth quoting in full:

⁵⁷⁾ Prestowitz, *Trading Places*, 300–302, 192–210. Choate, *Agents of Influence*, 28–43.

⁵⁸⁾ Prestowitz, *Trading Places*, 106–111.

⁵⁹⁾ Prestowitz, *Trading Places*, 305, 308–309. Douglas Frantz and Catherine Collins, *Selling Out* (Chicago 1989). Martin Tolchin and Susan Tolchin, *Buying Into America* (New York 1988).

⁶⁰⁾ James Fallows, *More Like Us* (Boston 1990), 4–5. Rothenberg, *The Neoliberals*, 35–36.

⁶¹⁾ Prestowitz, *Trading Places*, 199, 307. James Fallows, “Containing Japan,” *The Atlantic Monthly* (May 1st 1989), <https://www.theatlantic.com/magazine/archive/1989/05/containing-japan/376337/> (accessed March 14th 2019).

“Unless Japan is contained, therefore, several things that matter to America will be jeopardized: America’s own authority to carry out its foreign policy and advance its ideals, American citizens’ future prospects within the world’s most powerful business firms, and also the very system of free trade that America has helped sustain since the Second World War. The major threat to the free-trade system does not come from American protectionism. It comes from the example set by Japan.”

US policymakers could best respond to the threat of Japanese economic power, Fallows would go on to argue, by applying the lesson that while, on the one hand, “Japan gets the most out of ordinary people by *organizing* them to adapt and succeed,” “America, by getting out of their way so that they can adjust individually, *allows* them to succeed.” He loftily claimed that “unpredictability and disruption” were stitched into the fabric of American capitalism.⁶²⁾

These interpretations were given added weight with the Cold War’s end. Fears of Japanese economic power had percolated into public opinion sufficiently that they featured in Democratic focus group research carried out to help the House caucus produce *Investing in America’s Future* in 1989–1990. On behalf of Pamela Churchill Harriman’s political action committee (PAC) Democrats for the 90’s, KRC Research & Consulting asked focus group participants about their perceptions on important policy areas. Discussing economic priorities, one male focus group participant claimed that “constraints” such as union rules needed to be taken off American workers, since at present US regulatory policymakers were “letting the Japanese come in and dominate the market.” The second comment worth quoting is from a discussion of defense priorities. One participant singled out the continued existence of the Soviet Union as a hostile superpower, self-apparently a defense or national security issue. Another male participant singled out Japan: “We’re being invaded by the Japanese. We dropped atom bombs on Japan and we’ve been bombarded ever since then by Sony and Hondas.”⁶³⁾ The economic expansion of Japanese companies is seen here as the adjunct of a hostile foreign government, and analogous to the threat of the USSR, which was then in decline as the US’s principal geopolitical rival.

Campaigning for the Democratic Presidential nomination in December 1991, Paul Tsongas responded to the news that the USSR had been dissolved by borrowing a quip from none other than Chalmers Johnson: “The Cold War is over; Japan won.”⁶⁴⁾ The end of the Cold War was a strange sort of crisis: what national purpose can be found in unipolarity? Bill Bradley explained it well, several years later, in his memoir *Time Present, Time Past* (1996): “The old

⁶²⁾ Fallows, “Containing Japan.” Fallows, *More Like Us*, 48, 55–56.

⁶³⁾ “KRC Research & Consulting — Research Report: Democrats for the 90’s (November 1989),” Pages 51 and 87, Folder 1 Box 71, Party Effectiveness Task Forces 1989 — Focus Groups and Polling, House Democratic Caucus (records), Library of Congress (Washington, DC).

⁶⁴⁾ Paul Tsongas quoted in Charles Krauthammer, “The Unipolar Moment Revisited,” *The National Interest* No. 70 (Winter 2002/2003), 5.

monolithic military threat [of the USSR] was replaced by a variety of ambiguous threats. . . The intelligence community surveyed the world for that evil force whose activities could endanger our future. Japan was a possible target. Nationalism was resurgent there, and they were often untrustworthy, predatory traders.”⁶⁵) Neoliberals saw Japan, as post-Cold War threat or rival, in terms of its economic prosperity and global expansion, which was based, as they had admiringly recognized earlier in the 1980s, on what Johnson called CDS. When Fallows revisited Japan’s economy in the mid-1990s, he contrasted JEM, which he theorized was partly inspired by the nineteenth-century German political economist Friedrich List, whose work was introduced to Japan after the Meiji Restoration (1868) with an “Anglo-American” economic system based on “free market” principles and free trade.⁶⁶)

The reinterpretation of Japan as a threat, existential precisely because it was economic, was a product of the end of the Cold War, but it also reflected the growing salience of free trade for neoliberals. Trade policies such as NAFTA, Senator Bradley would argue in the mid-1990s, had been important because they helped shape a liberal “North American. . . society” of economic interdependence and cultural exchange.⁶⁷) These trade policies also underlined the neoliberals’ now-irreparable rift with organized labor; Dick Gephardt, then majority leader in the House, rallied Congressional Democrats to oppose NAFTA in 1993.⁶⁸) Valorizing free trade, as Bradley did, may have been a reorientation of focus from the cooperative capitalism discussed by neoliberals in the 1980s, but it reflected a continuity in their thinking: the market was not, as conservative free-market revivalists seemed to think, a good in itself, but could be pointed in the direction of social good.

Conclusion

Just as it is deceptive for free-market revivalists to argue that economic adjustments in the 1980s were the inevitable result of the natural motions of the great god Market, it is simplistic to claim that neoliberal Democrats were simply giving themselves cover to concede ground to ‘movement conservatives.’ When Bill Bradley told Randall Rothenberg in 1982 that he was “trying to think through the problems of the Eighties,” that “the traditional Democratic responses really had their origins in the Thirties,” he was recognizing observable political reality.⁶⁹) Neoliberals’ interest in Japan and JEM is an effective example of how their project,

⁶⁵) Bradley, *Time Present, Time Past*, 138.

⁶⁶) James Fallows, *Looking at the Sun* (New York 1995), 179–194.

⁶⁷) Bradley, *Time Present, Time Past*, 348–352.

⁶⁸) Gilbert A. Lewthwaite, “Gephardt declares against NAFTA — Democrat cites threat to U.S. jobs,” *The Baltimore Sun* (September 22nd 1993), <https://www.baltimoresun.com/news/bs-xpm-1993-09-22-1993265014-story.html> (accessed May 16th 2019).

⁶⁹) Randall Rothenberg, “The Neoliberal Club,” *Esquire* (February 1st 1982), <https://classic.esquire.com/article/1982/2/1/the-neoliberal-club> (accessed September 2nd 2019).

during the 1980s, was not simply reactive, but was based upon articulating and advancing a particular vision of, and approach to questions of, political economy, in the context of the era's manifold challenges. The promotion of "Japan Panic," starting at the turn of the decade, by neoliberal-aligned figures such as Senator Paul Tsongas, James Fallows, and Lester Thurow reflects the more general emergence of free trade as economic orthodoxy for New Democrats. While neoliberals' promulgation of JEM proved to be ephemeral, examining this area of political discourse does demonstrate that attempts to reorient Democratic and liberal politics during the era of 'movement conservative' ascendancy were not merely reactive, as critics may claim, but characterized by a distinct view of political economy and a sustained effort to engage with the real political and economic challenges of the time.