

An Embarrassed Note from the Publisher

For years my association with Tyrrell has been an embarrassing one. For example, soon after *The Alternative* was founded we received the annual fundraising letter from William F. Buckley, Jr. informing us that *National Review* was in grave financial trouble and needed immediate contributions to make up the deficit—I believe it was \$245,000—in order to survive. Tyrrell immediately sent Buckley a personal check for the entire \$245,000, attached to a smart-ass letter (at the time his checking account contained \$27.13).

Then there was the time we were caught leaving New York's Algonquin Hotel, a place Tyrrell insists on patronizing because of its literary ambience. It was bad enough that Tyrrell attempted to pay the bill with his Sears card, but the real embarrassment came when the A&P grocery bag he was then using as an attaché case burst open, revealing to everyone in the lobby that *The Alternative's* distinguished editor was attempting to leave the hotel with 17 ashtrays, four coffee cups, three towels, a meat platter, and six Gideon Bibles.

The worst episode, however, began the night David Keene, Pat Buchanan, Tyrrell, and I were having a tryst with a rather good bottle of Beaujolais in a London hotel. Around midnight the phone rang. It was a trans-Atlantic call from Samuel Beard, president of the American Institute for Public Service, announcing that Tyrrell had just been selected winner of the Institute's award for "The Greatest Public Service Performed by an American 35 Years or Under."

Tyrrell strutted and roared his approval at the news, but Keene, Buchanan, and I were mortified. Imagine, the editor of the most irresponsible journal in America cited for his *public service*! Chosen by a panel of 70 distinguished people headed by Jacqueline Kennedy Onassis! A panel which also chose two darlings of the Morally Committed, Katharine Graham and Peter Rodino, as winners in other categories!

My embarrassment increased when I learned that Tyrrell would travel to Washington to receive his award in the Old Supreme Court Chamber. People attending the ceremony would include such respected members of The Establishment as Secretary of the Treasury Simon, Attorney General Levi, Agriculture Secretary Butz, a dozen Congressmen and Senators, and representatives of the Washington Press Corps.

Well, despite the respectable audience, the august surroundings, and the public-spirited and highfalutin rhetoric of the other award winners, I am pleased to report that Tyrrell behaved as one might have expected. I quote for you his acceptance speech:

I am very grateful to the American Institute for Public Service and especially to my fellow poet Mr. Muhammad Ali for recognizing my public service. (Note: Mr. Ali is a member of the 70-person Board of Selectors which chose Tyrrell.)

But I accept this annual award in the same state of astonishment that Mr. Ralph Nader might experience upon being informed that he had just been made Chairman of the Board of General Motors. Sometimes I get the feeling that Mr. Nader's innovations at General Motors might consist of introducing into the automobile technological advances like rubber band engines and square wheels, perhaps even square wheels made of cement. No doubt my innovations to the public service are as useful, for after recalling some of my own writings and those of my journalistic brethren I am as suspicious of the journalist's claim to public service as were Thomas Jefferson or Ted Williams. And so if the French Republic is served by botulism at the Tour d'Argent, I suppose America is served by my writing and editing.

Actually I suspect that any public is always better served by its bartenders and its morticians than by its pundits. (Note: *Applause, especially from the Congressmen.*) The technicians of cocktails might spice their discourses with occasional exaggerations but never have I known one to make a habit of scaring the hell out of his clients. Nor do bartenders' abuse the enormous influence they hold in this Republic by making celebrities of one another.

All in all I have to conclude that bartenders, and for that matter millions of other ordinary citizens, do more for the public service than people like me. For after all the hot air has been spent it is the average citizen—in his mores, his manners, and his preferences—who decides what serves the public. Assuredly intellectuals and perhaps even statesmen have some influence, but I suspect that by the time an intellectual's views begin to influence the public's behavior that intellectual has long since returned to the angels. Let us not forget that the character of the people is more important to a society's condition than the harangues of its intellectuals. The bartenders of America have consistently opted for a free society, and in this decision they are at once rare and admirable.

Consider Russia. I doubt that the average Ivan has any great appetite for freedom. In 1917 he may have experimented with democratic liberties for a few months but then most Russians seem to have settled back into a secure and comfortable despotism. The vast majority of Chinese seem to be the same kind of people.

My bartender is different. He has never felt Gulag Archipelagoes a service to the public. I am glad to be one of his clients. So I accept this award with misgivings. But I would not want Mr. Ali to hear that I turned it down.

Obviously I could not afford Joe Frazier's fee for protection. Nevertheless I *do* accept this award, and I accept it full of the realization that it is awarded not to me but to the many excellent articulators of alternative viewpoints who contribute to our monthly table of contents. They are intelligent and principled writers who deserve recognition, and you have honored them today. Thank you.

One might say that the reaction to the speech was mixed: The elected and appointed public officials led the applause at Tyrrell's comments about morticians and bartenders versus pundits. On the other hand, *Washington Post* editor Ben Bradlee was overheard describing *The Alternative* as "a magazine full of cornpone platitudes." And Mary McGrory, the incomparable columnist for the *Washington Star*, is reported to have said, "Tyrrell struck me as a Yuk."

While we might all breathe easier upon learning that Tyrrell made such an impression on Bradlee and McGrory, it is nonetheless disturbing to note that so many Congressmen and Washington politicians walked away from the ceremony actually thinking that they may have met a genuine "public servant," albeit of the literary genre. Fortunately, before any of them could read his speech into the *Congressional Record*, nominate him for a Central African ambassadorship, or name a parking lot after him, he granted one of his rare interviews to the media, this time to William Delaney of the *Washington Star*. He was sober.

Question: In recent issues of The Alternative you seem—much like H.L. Mencken in the 1920s—to be poking holes in everyone's balloons but not offering any constructive political suggestions of your own. You ridicule Carl Albert, The New York Times, then blithely label President Ford "the new Harding." How do you see yourself as a journalist?

Tyrrell: Like Mencken, and like so many journalists then and today, I suppose I am much more adroit in the art of destruction than in the art of construction. Of course, in Mencken's day, the pomposities of society and the pomposities of politicians were much more susceptible to destruction; and destruction was much more necessary, it seems to me, in those days. Today I should hope that I'm not only bent on destruction. There is a need today, unlike years in the past, to affirm certain values and to propose constructive policies. I should hope that today I do my bit in proposing and affirming.

Q: What policies do you propose? Do you have any gods on the American political scene today?

A: On the American political scene today I consider myself an agnostic. I don't believe in

any of them. I think politicians are generally a pretty unsavory pack. I do like to think that I can believe in the integrity and the intelligence of a man like Sen. Jim Buckley, who strikes me as impressive. There are other men in public life who attract my undivided attention occasionally. I think one is Sen. Proxmire. I think Secretary of the Treasury Simon is an interesting man deserving of our attention. But I think most politicians today are at one with Sen. Mike Gravel of Alaska.

Q: In what way?

A: I think most of them are ridiculous.

Q: As a conservative, do you hope for reform in your direction within the Republican party?

A: Actually, you can hope for reform even in the Democratic party, but I'm not ever comfortable with the word reform as it was used in the '60s and '70s. I would say this about the parties—the Democratic Party seems to me moribund, and the Democratic Party seems to me to be involved in continuous civil war.

Q: You mean an elitist-yeoman sort of civil war on issues such as school desegregation, welfare...

A: No. It's almost religious warfare, I think, that bothers the Democrats. The people who call themselves liberals today, like Rep. Michael Harrington of Massachusetts, people like that, I don't consider liberal at all. I consider them radical. I think people like that are taken with a religious fervor that has very little respect for democratic realities, such mundane realities as the role of blue collar workers and other such apparently unimportant people.

Q: What are the opposing religious camps, as you call them, dividing the Democratic party?

A: Well, there's all sorts of religious enthusiasm. These religious enthusiasts multiply with such speed. There is suddenly an obsession with women, a woman's ideology that excludes all other political interests. There's an enthusiasm with what is called ecology that suddenly precludes any other interest. There's an antibusiness enthusiasm that is suddenly taken up by large numbers of people. Another enthusiasm that has been hatched in the last six to twelve months is this furious enthusiasm against the Central Intelligence Agency.

Q: That seems to amuse you?

A: Well now, the Central Intelligence Agency was created by liberals. It was the handmaiden of liberal foreign policy for many years throughout the cold war period. The claims that are made against it are, of course, ridiculous. When Sen. Church said back in May that it is the CIA not the Russian KGB that is feared all over the world, and this is undermining the legitimate foreign policy efforts of the United States, he was making this claim that was preposterous, of course, and not to be taken seriously by serious men. Really! Do you actually think the average Frenchman lives in terror of the CIA? I can tell you today there are probably many average Portuguese who live in the hope that the CIA gets to work in Portugal soon.

Q: If, as you say, the Republicans are moribund and the Democrats are warring among themselves over a variety of enthusiasms,

where do you see us headed? Do you see Ford, your "new Harding," taking the cake in '76?

A: Things are in a terrible flux in this country. But right now I think Ford is in a very good position to be elected in 1976. It wouldn't be such an awful thing. Harding had an awfully good Cabinet there for a while, and Ford has an awfully good Cabinet today. In many ways, Ford is far superior to Harding. He might even be as competent a man as Coolidge.

Q: You're chuckling again. But you would prefer to see whom? James Buckley?

A: Actually, the ideal President of the United States, in my mind, would be Sen. Mike Gravel. Let me be the first, aside from Sen. Gravel, of course, to endorse his candidacy for the Presidency. I think he is wonderful; he'd be a superb choice in my opinion. Americans need to laugh, and they'd be laughing 24 hours a day with him in the White House.

Q: What do you think of George Wallace? Do you find him entertaining?

A: No, I don't. I find George Wallace embarrassing.



Q: Why?

A: Because George Wallace too often runs his campaigns on malevolence—just like Teddy Kennedy.

Q: Malevolence? Can you explain a little further?

A: Well, his campaigns, his issues are so often invidious. Recently, Teddy Kennedy said that health care in America was for the very rich. I think that was his claim. Not only is that an absurd and blatantly incorrect statement, but it's an invidious statement to make. The American people don't need to be torn apart by any more issues than divide them right now. Teddy Kennedy might have his arms outstretched in brotherly love, but I...

Q: You think there is some very dangerous class division right now in the country?

A: No, no, no. There definitely isn't. Only in the eyes of people like Teddy Kennedy, who spend their holidays in the Swiss Alps and Hyannisport and places like that. No, but you keep telling people that they are getting a raw deal and before you know it they are convinced that they are. I think that's a horrible aspect of American politics—so many American politicians run on the creation of divisiveness. If politicians take the American people as they are and speak honestly to them, face up to the fact that they have certain disagreements with their constituents, they would do more good for their country than we've seen done in many years. Whether this would be good for their short-range political careers is another question. They're a strange breed, the American politician. Not a very pleasant one.

Q: They're better in other countries?

A: I recently spent a week in England, where we're editing a book on social democracy, and I was with Angus Maude and several other members of Parliament. I was struck by the fact that even in a country which has so much more class consciousness than our own country, the democratic or elected politicians, whether they be liberal or conservative, at least looked like the representatives of a democratic people. Here, our politicians look like peacocks. They look like beauty queens. I don't trust any politician with a suntan.

Q: What conservative thinkers or philosophers or iconoclasts do you admire?

A: I honestly don't look at people as conservatives or liberals when I pause to admire or abominate them. I look at them as intelligent and well-intentioned or as blowhards and ignoramuses. So I mean I'd have to say that I really do admire Milton Friedman, for instance, and Ed Banfield. Ed Banfield was one of those professors on college campuses today who endures so much opprobrium and physical abuse. Irving Kristol is a man of enormous value to our Republic. Bill Buckley is a great man. Daniel Patrick Moynihan, in my opinion, has done a great deal in the intellectual world. I should hope he's going to do a great deal of good in international politics. What he essentially says is to treat people with enough respect to disagree honestly with them face to face, and not to try and manipulate them. That's one of the terrible problems of our politics which is destroying our parties.

Q: Do you have any political ambitions at all? Would you like to run for Congress in Indiana? Or, is it more amusing to sit on the sidelines with your intellectual companions and scoff at all politicians as ridiculous? A bright young man like yourself, why shouldn't you step into the arena like Theodore Roosevelt?

A: No, I truly enjoy writing, and I think—what was it that Kissinger said? Power is the ultimate aphrodisiac. I think the smell of fresh ink is the ultimate aphrodisiac.

Q: What do you make of the so-called new breed of budget-scrutinizing, bus-riding politicians elected as liberals? For example, Gov. Jerry Brown, in California, Gov. Dukakis in Massachusetts, who turn out to be unpredictable by traditional liberal-conservative standards. Do you see any basis of possibly a new party there?

A: That's a very interesting possibility! I see them as hopeful, and I'm not going to get my hopes up too high. I'm not a maiden in this game. I view them hopefully, but I think they could be even more, have an even more salutary effect if they would remember the heuristic effect that a politician can have on his constituency. The terrible thing about so many of our politicians, take Fulbright for instance, they will twist and turn on issues and always claim that they are absolutely consistent. No politician is absolutely consistent, but I think his duty is to explain why he has changed his position or that he has changed his position. You can see it as one of the shortcomings with Nixon. When he was President he neglected to notice the educational role he could and should have as President. It's something that [Franklin] Roosevelt always knew

Roosevelt explained his positions in fireside chats and tried to get the American people to go with him. Roosevelt was great manipulator, but he wasn't solely a manipulator. When Nixon went to China and popped off in the way he did about the Great Wall and Chinese society and utterly ignored the enormous bloodshed and the terrible tyranny that existed and exists now in China, it was inevitable that he would confuse a great many people in America, and our people don't need to be confused any more than they already are. It's confusing when President Ford gets up and demands \$722 million for South Vietnam. Now you know that \$722 million isn't going to save that military situation at all. If he wanted to save that military situation he'd have gotten up and demanded B52s. How could a sensible man out there in Wisconsin, Iowa or California actually believe that \$722 million was going to do what Ford wanted it to do? Politicians have a duty to carry on an intelligent discourse with the American people—not to confuse people and not to degrade political discourse any further than it already has been degraded. The bureaucracy degrades it so much. The quota system is not a quota system; it's a

"goal" system. Why, you know damn good and well what a goal system is; it's a quota system!

Q: What about your magazine itself? Do you make money at all on this?

A: As with all intellectual reviews we, of course, lose money. Unlike most intellectual reviews, we're one of a few pro-capitalist magazines that actually loses money. I get the impression a businessman always thinks an intellectual is up to something, and I guarantee I have fewer businessmen associated with me in any way than the *New Republic* or *The Nation*.

Q: And you're not proud of it....

A: No, I'm not proud of it particularly because I think Schumpeter's insight that businessmen or the bourgeoisie would never be able to defend itself against the anti-bourgeois elements is one of the lingering tragedies of Western life, because bourgeois society with all of its philistinism has ushered in more freedom and more prosperity for more people than any other system. It'll be a great shame when this system fades from the scene, as I do indeed believe it will as long as businessmen refuse to take a reflective view

on an intelligent and philosophical approach to public life. They, too, believe as do all politicians that all business needs is a little PR. And all the politician needs is a little PR. Unfortunately, issues are deeper than that.

Q: Watergate did not at all expunge this from the system?

A: No, I think Watergate just gave us the PR to cover up, and a lot more bogus fears. It injected a lot more silliness into public discourse because I must say I have yet to see the tablets handed down containing those great lessons that we're all to learn. I have yet to see the Congress operate intelligently and forthrightly.

All in all, I think it is safe to say that by the time Tyrrell left Washington on his evening flight back to Southern Indiana, we were guaranteed that one more city would be added to the expanding list of cities to which *The Alternative* will never be invited to move its editorial offices. In fact it is merely a matter of time before Bloomington invites us to leave! □

Jude Wanniski

The Quiet Tax

Every day of the week the federal government raises your taxes. It does so silently, automatically, daytime, nighttime, and Saturday, too! Almost every politician in Washington who is even half-bright knows it's going on. But almost all of them, whether Democratic or Republican, liberal or conservative, keep quiet about it, for one reason or another believing it serves their interests.

This Quiet Tax results from the effect inflation has on the progressive income tax schedules. At any given level of real income—by which we mean the purchasing power of an income rather than the mere dollar amount—households are moved from nontaxable to taxable brackets and from lower to higher brackets. The government thus gets not only a proportional share of any wage increase, but an added dollop as well. At a 10% annual inflation rate, for example, the wage earner whose gross income is \$15,000 today would rapidly be pushed into higher tax brackets even though his real gross income would remain the same. In 20 years, if his pay increases merely offset the rise in the Consumer Price Index, his annual salary would be \$103,210, which would put him in the 70% tax bracket.

Similarly, a couple that buys a house today for \$15,000 would, at a 10% annual inflation rate, need to sell it for \$103,210 to recoup the original real investment after 20 years. At this point they would owe the government the tax on a "capital

gain" of \$88,210. The same would occur with a share of stock.

When the inflation rate was only two or three percent a year, nobody paid much attention to this government subterfuge. Indeed, politicians dressed it up by terming the increase due to overtaxation "the fiscal dividend." In contemplating it, Democratic spenders in the early 1960s drooled over several years of projected fiscal dividends and spent them in advance on the Great Society. Republican budget-balancers clammed up, hoping to one day use the magic fiscal dividend to reduce the national debt.

By far the most important reason why politicians like the Quiet Tax is that it is political insurance against having to vote explicitly for tax increases. It's a rare politico who will make such an admission, but Russell Long of Louisiana, Chairman of the Senate Finance Committee, is not embarrassed at all to say he wants to keep the Quiet Tax around. "When you have inflation," he says, "the costs of government go up, and if you didn't have the extra revenues you get by people moving into higher brackets Congress would have to raise taxes. And I've never voted for a general tax increase in thirty years."

Unfortunately, though, Senator Long doesn't quite understand the problem. No one should begrudge the government its fair share of an increase in income that simply reflects inflation, but in jumping up tax brackets individuals have to yield

more than proportional shares of their incomes to the government, with dire consequences to the economy. To maintain his purchasing power, the wage earner must demand a pay increase not only to offset inflation, but also to recoup the tax-bracket bite. If the Federal Reserve increases the money supply enough to accommodate this combined wage increase, inflation is spurred on a little faster. If the Fed holds back on money growth to fight inflation, unemployment results.

With the latter result, everyone turns to Congress with pleas to stimulate the economy, either through increased spending or through decreased taxes. As it did in the current recession, Congress usually obliges with both. But increased spending only leads back to the original problem, for the Treasury has to borrow the money to finance the spending, and the Federal Reserve has to print the money to accommodate the Treasury borrowing. If it does, we get more inflation. If it doesn't, government spending simply replaces private spending and unemployment remains the same.

Because the Quiet Tax began the problem in the first place, the solution is of course to cut taxes to give back to workers what the progressive income tax overtaxed. Congress loves to cut taxes, and everything would work wonderfully if the phony fiscal dividend were simply corrected by an Act of Congress every year in which there is inflation. But two things prevent this from ever happening. First,