

vocates, some of whom oppose all blood sports. Others oppose medical experimentation on animals. There are some who would arrest every butcher in the Republic and others who would shut down all pet shops. Quite possibly there are activists opposed to all of the above and to God knows what else.

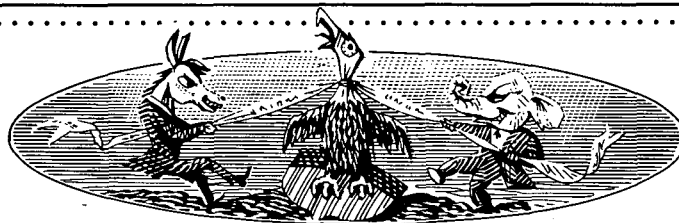
Such reformers view themselves as but the very latest edition in the great American tradition of reform, placing themselves grandly in line with the abolitionists and the suffragettes. I

should think that historian Adams would be more inclined to lump them with the bigots of colonial time who for the highest religious reasons persecuted Baptists and Quakers in Massachusetts, with the Pilgrims who banned play on Christmas and the Maypole on May Day, and with this century's Prohibitionists. These bully-boy pietists manifested the animal rights activists' same disregard for the rights of others and a similar narrow-mindedness and fanaticism.

Yet today's animal rights advocates are not merely public nuisances. They are a threat to their neighbors. How the Boy Scouts conduct their wilderness programs may be a matter for police action. The Solomons on the bench can decide that. Less debatable is the fact that experiments on animals have dramatically improved human health and happiness. Toxicological studies with dogs have allowed pharmaceutical companies to put thousands of useful drugs into production. Progress against

horrible immuno-deficiency diseases and leukemia has been realized thanks to bone marrow experiments on dogs. Studies of viral diseases in monkeys have allowed headway against AIDS and the virtual elimination of such diseases as polio. Organ transplanting would have been impossible without animal experiments. Americans do not need lectures on the humane treatment of animals nearly so much as they need continued experiments in pursuit of human health. □

## CAPITOL IDEAS



### THE MISSING GENERATION

by Tom Bethell

Many thanks for the enthusiastic response to my query last October about the "missing generation" of conservatives in America. Within a certain age group (perhaps 45 to 70), it has been suggested to me, there seem to be very few conservatives. Why is this?

"We grew up during the Roosevelt years," wrote Gene Thornton of Chapel Hill, North Carolina, "which accustomed us to the idea that it was up to the government to provide the remedy if the wrong was obviously beyond the power of the individual to right." Then "during the war against Hitler, we got used to the idea that any means were justified to right a wrong as great as racism." And so, after the war, "when we saw judges in effect passing laws that legislatures refused to pass, the intent of which was to bring black Americans into the mainstream of American life, it seemed to us to be right, or at any rate, not positively wrong. . . . I think that is why there is a 'missing conservative generation' in American life, which may even have been a good thing in its time, considering the alternatives."

Several people repeated these themes of Depression, war, and civil rights, although none as succinctly as Thornton. Tom Holt of Arlington, Virginia, noted that many people had heard stories "about how government had stepped in to help with WPA and other make-work," as he indeed had heard from his "officially elderly parents,

both of whom grew up in the Depression. It was not until my father started a small business fifteen years ago that their theretofore benign attitude toward government changed."

"I was born in 1932," wrote George Waldman of Reading, Massachusetts, "so I lie right in the middle of the generation in question. I remember growing up believing that there really was something sinister about conservatives—yet my family was not at all political. Although this belief now seems irrational, it was not uncommon at the time; nor did it seem unjustified. For one thing, conservatives were generally blamed for the 1930s Depression, which they had apparently visited on the American people out of greed and spite. One came in fairly frequent contact with these conservatives: they could be identified by the reactionary views they casually expressed regarding race, class, and religious orientation. At the time liberal intellectuals were seen as championing more enlightened views. The case was reinforced by two events: the advent of the racist Nazi regime in Germany, which was understood at the time to be a right-wing phenomenon; and, later, the widely heralded progress made by liberals in race relations in this country, exemplified by the civil rights laws."

Bruce D. Price of New York City noted that the missing generation was born circa 1915-1945, which he characterizes not as a period of two wars but as a single event—"the Great Calamity might be a good name." Price continued:

"But thirty years is only half a man's

life. And when we emerged from the Great Calamity, most people were *tired*. Additionally, they felt the good had won, so they were complacent. Exhausted and smug—that about sums it up. People wanted only to get back to a normal life and to an enjoyment of the fruits of victory. In short, there was little energy left for—and little need felt for—a sustained exertion on behalf of what might be called conservative agendas."

A number of writers expressed a certain amount of irritation with the missing generation. They had returned from the war and held "a huge party." Today they are a "fat and happy generation who have grown older, who still want more cake for their old age, when they are the ones needing it least." They will leave "the children of the revelers to pay the bill." (Miriam Cody, Amherst, Massachusetts.)

"In my experience," wrote Dan Hawkins of Helena, Montana, "they should be called the entitlement generation. They (generally speaking) are *entitled* to Social Security, are *entitled* to Medicare, *entitled* to early retirement. God help me if it is only the beginning of a trend, but the vital, valuable members of this society lost to retirement communities, motorhoming, and consumerism at its crassest are a great loss indeed.

"Where we were born into cynicism and have grown into conservatism (largely), the missing generation was born into ascendancy" and became cynical. "It's conceivable that such in-

nocence was unprepared to be jilted by a succession of progressively un-won wars: Korea, Vietnam, the Cold War, and Central America. A heart hardened, though not closed, to this country's virtues was inevitable."

John R. Dunlap of Santa Clara, California (and a frequent contributor to *TAS*), wrote: "I seem to find the very lowest voltage (or at most the sense that politics is just a game, something of low stakes and minor importance) among people born roughly between 1933 and 1943—the last decade of this 'generation' we're talking about. They are the Americans too young to have been caught up in World War II (though some lost a father at a tender age), too young (or lucky) to have been directly involved with Korea, and of course too old to have been touched by Vietnam or swept into the antinomian idiocy of 'the sixties' (i.e., 1965-73). They may very well be the most pampered, unruffled birth class in our history. . . . By and large they just weren't directly touched or troubled, personally, by any of the great socio-political calamities of this century. . . . They got off scot free, most of them, and they don't seem much taken with the conflict of ideas."

He notes that "something similar can be said about the students I've been getting in college [Santa Clara University] over the last several years—those born between about 1960 and 1970." And he is "wary of what's coming: the sons and daughters of the baby boomers."

"There is another factor," Bruce Price added. "War, it's reasonable to postulate, destroys disproportionately

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the brave, the good, the manly. The million men who don't come back are precisely those most likely to sustain a nation through the simple device of leading ordinary and, it might even be argued, conservative lives. I think that the Great Calamity actually changed the gene pool of Europe."

There were three dispatches from Charley Burlingame, 57, of Taos, New Mexico, who concluded: "This is it. I

am giving you the final ungarbled word of the lost generation. I have talked this over with my sister and she does not dispute my latest theory. It is not the Depression. At least not directly. Nor is it the colleges of the fifties, though that was not a bad idea. It is pure demographics. Caused by the Depression to be sure, but it is the demographics and not the attitudes that gave us the grey flannel suits and

the other do-nothings of my age group, including Ted Kennedy. We all know and agree that people had fewer babies in the thirties. There are fewer people my age than any other age. That's why I don't fear Social Security. I'll get the final check before it goes broke."

Since there were no contraceptives in the 1930s, Burlingame points out, the birth dearth was a matter of pure abstention. "Who abstained best? The

people with the best personal discipline and best control of their lives. In short, the leadership took a ten-year break from sex . . ." (I have heard a similar "survival of the unfittest" theory used to impute inevitable decline to the Roman Catholic Church, whose "intellectually fittest" members become celibate priests.)

Several readers lamented the lack of leadership displayed by this "missing" cohort. (Maybe, indeed, the best were killed in World War II.)

"The right, the Republicans have no heroes," wrote Peter Ostrowski of Eureka, South Dakota. "In print they are great. In person they are standoffish. Barry Goldwater is as inspiring as cleaning out a dog kennel. Reagan—well, I admire him, but I've given up waiting for him to inspire a generation. It seems to be all he can do to keep the train on its track." John Poulin of Manitoba thought Reagan "more nearly resembles a chaperone" than "knight with banner unfurled."

Brent Hall, 49, of Tallahassee, Florida, wrote: "We grew up in the great era of pragmatism and quickly learned not to be conspicuous lest we suffer the attacks of liberal goon squads, teachers, and professors. I recall the way Robert Taft was sandbagged by the Eastern Republicans. No encouragement for me there. I witnessed the ripping of Goldwater because he dared to draw the line. My hopes faded with his defeat. . . .

"In the meantime we are out here, perhaps more of us than you suspect. I see the problem differently than you. It's at the top and it has to do with guts. When Jack Kemp can't rally the leadership of the Republican party to our cause, I become very suspicious. I will vote for Bush because the alternative is so horrible. But I fear for the party and the Republic."

Lawrence Scrivani of Cupertino, California, said the place to look would be the years between the world wars: "Did something happen during those years that predisposed the minds of a rising generation in favor of an activist principle?" Of course there was the Depression, sufficient to "chill the self-confidence of a generation of young conservatives." His next point was interesting:

"Another possibility might be the identification of conservatism not with principle but with protection of social status; specifically, with the thwarting of upward mobility for European 'ethnics' who comprised the bulk of the working classes then. Although these ethnics were essentially social conservatives, they could find a political home only among the Democrats. In order to construct a working coalition

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with them, social philosophies had to be subordinated to practical economic programs."

The following comments by Kenneth Aanchi of New York City should be read carefully. Before 1915, he writes, "when conservatism was dominant," the U.S. predominantly consisted of Anglo-Saxon and "related European stock." But then, with the late nineteenth- and early twentieth-century emigration from Central and Eastern Europe, and the immigration caused by the Russian Revolution, many "anti-nationalistic" people arrived whose goal "was to create in this country a climate suitable for the forming of an international and socialistic country, in which aggressive minorities could operate without the fear of being attacked by the then dominant ethnic and religious groups."

"By lessening nationalistic and patriotic zeal and fostering the feeling of guilt among the 'old' Americans, the new minority elites could go about dismantling American traditions and establish their Utopia for themselves. This long-running objective reached its apogee during the Vietnam war. As these 'internationalists' became more assertive," a younger generation tending toward more traditional values has "slowly begun to realize that they have been duped; and are now beginning to assert some semblance of conservatism." (My quibble is: How did these "aggressive minorities" so quickly turn into "elites"?)

"I don't know where the missing conservative generation is, but I too have been waiting for its coming," Peter Ostrowski added. "I have often thought that once the baby boomers were married, bought a house, started to save for their children's college, there would be such a backlash against the politics of tax and spend that all the civil rights, environmental/EPA, OSHA stuff would suffer a sudden death." Instead his friends have PEACE license plates, toil in free medical clinics in Honduras, and think "shooting a grouse is more grave than adultery."

He concluded: "Maybe the reason is that people have lost faith in their own ability to provide for themselves and to stand alone in the world. They feel they need a government agency to protect them from evil in the world—corporations and the rich; they don't mind paying a third of their earned income to the government so that government can protect, inspect, and supervise all aspects of their lives."

I would only add that America was a conservative country until the 1930s, its conservatism assured by a Constitution interpreted in such a way as to protect private property. There was not much need for conservative philosophy when the Founding Fathers had not

only provided it but locked it securely into the structure of government. That lock wasn't picked until the New Deal. Republicans unfortunately had provided the justification by running ruinous fiscal and monetary policies at the outset of the Depression (causing it). Then came the war, and for twenty years after that there was widespread belief that state-controlled economies would surpass free ones. "Liberalism

at the time provided a big political puddle within which to swim," George Waldman concluded. "Who could want anything more? Things started to go sour in the 1960s."

My thanks to all correspondents; those quoted and those I don't have room for, including: George Steven Swan of South Bend, Indiana; Mark Smith of Claremont, California; Humberto Fontova of Laplace, Loui-

siana; Alec Hamrick of Cory, Colorado; Harry Johnson of Batavia, Illinois; C. E. Windle of Redmond, Washington; R. E. Kutz of Fort Collins, Colorado; Jonathan Athens of Columbus, Ohio; James J. Carter of Grand Junction, Colorado; and Thomas Donelson of Olathe, Kansas. I enjoyed hearing from you, and in a future issue I will suggest another readersymposium on a different topic. □

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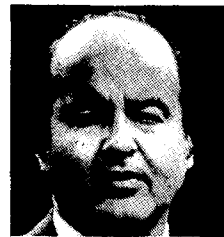
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Ambrose Evans-Pritchard

## VOODOO DEFICITS

For the edification of George Bush: Ronald Reagan's and Margaret Thatcher's supply-side successes have already proved that the Keynesian orthodoxies on budget deficits are bunk.

Remember the Laffer Curve? It was the graph that Arthur Laffer drew on a napkin to show that lower taxes do not necessarily cut tax revenue. It is a beautiful curve, but it needs a decade to work its magic. The supply-side economists failed as propagandists. They allowed their partisans to excite unrealistic expectations instead of inoculating the theory by warning in advance, and repeating forcefully, that President Reagan's tax cuts would lead to several years of budget deficits before real revenues caught up again. They laid themselves open to accusations of voodooism by Keynesian economists, and to caricature by Washington liberals who saw it as a ploy to starve the government of funds.

Margaret Thatcher has rescued the Laffer Curve. She has cut top marginal rates from 98 percent on dividends and ~~83 percent on earned income~~ to 40 percent for both. The basic rate of income tax has come down from 33 percent to 25 percent with further cuts planned. Yet the Treasury is awash with tax revenue. Nigel Lawson, the Chancellor of the Exchequer, is predicting a budget surplus of about \$18 billion for this fiscal year. That is 2.3 percent of GNP, the equivalent of the United States running a budget surplus of about \$115 billion. The British national debt, four times as high as that of some European countries only a decade ago, is coming down so fast that there is now talk of wiping it out entirely and putting the surpluses into an investment fund to be tapped when the baby boomers reach retirement.

Britain, perhaps, was a better laboratory for supply-side economics than was the United States. Taxes were much higher, indisputably beyond the point of maximum revenue on the Laffer Curve. The British economy had fallen

so far behind when Mrs. Thatcher took power in 1979 that there was the potential for leaps in productivity. The parliamentary system made it possible for the prime minister to control spending and lower taxes step by step, avoiding sudden deficits and a loss of nerve. No American President could hold the Congress to such a strategy as long as incumbency and profligacy go hand in hand on Capitol Hill.

However, Mrs. Thatcher's supply-side successes prove a point of immediate relevance to the Bush Administration: that the Keynesian orthodoxies about budget deficits are bunk. The evidence has been piling up through the 1980s. Keynesians predicted that the Reagan deficits would lead to inflation because they fueled "demand" in the economy. As everybody now knows, inflation plummeted as the Federal Reserve tightened monetary policy, more than offsetting the fiscal stimulation of the deficits. In Britain we see the corollary of this. There is a budget surplus, which should stifle "demand" in Keynesian theory, yet inflation is picking up. The British economy is booming in spite of fiscal restraint and enjoys the lowest un-

employment rate (8 percent) of any major country in Europe.

Something interesting happened when the British budget went into surplus: the trade balance went into massive deficit. Let us call these the "twin opposites." Britain is an extreme case, but not unique. Australia is in the same predicament. Germany is the other way around: it has a budget deficit and a hefty trade surplus. Looking at the industrial economies over the last forty years, it is hard to see any connection between fiscal policy and the trade balance. "You may as well flip a coin, at least you'll be right half the time," says Michael Darby, the assistant secretary of the Treasury for economic policy. Yet the concept of the "twin deficits" is so embedded in American opinion that even reporters for the *Wall Street Journal*, like Alan Murray, write as if it were self-evident that the U.S. budget deficit is the cause of the trade deficit. "People who aren't thinking clearly try to link the two. They're taking it straight out of undergraduate textbooks," says Stephen Entin, a former Treasury official now at the Institute for Research on the Economics of Taxation.

Some of the Keynesian arguments do not even make sense. At first the budget deficit was said to be causing the strong dollar, then all of a sudden it was causing the weak dollar. Peter Peterson's apocalyptic article "The Morning After" in the *Atlantic* (October 1987) is typical of the genre. He portrays the 1980s as an import binge on a credit card. This has become an article of faith for a whole generation of financial journalists and investment analysts who learned their economic theory in the 1960s, before capital flows came to eclipse the effects of fiscal policy. It is hardly surprising that opponents of the Reagan Administration have seized on the argument with relish. After all, it used to be conservatives who were denouncing Democratic deficits. It is also the only angle of attack left to them after six years of rolling expansion with low inflation. Who can blame Lloyd Bentsen for saying that anybody can buy the illusion of prosperity with "\$200 billion in hot checks every year"?

"It's arrant nonsense," says Milton Friedman. "The trade deficit is an economic blessing. It's enabled us to have a higher level of investment." Friedman joins classical economists in arguing that changes in capital flows have been driving the dollar up and down, determining the trade balance. At the end of the Carter malaise there was a flight from American assets. When Reagan restored confidence and improved the (real, after tax) yield on investment, the dollar became fashionable again. Americans stopped sending about \$100 billion a year overseas and invested it at home instead. Foreign capital also poured in. "The Germans and the Japanese weren't able to compete for their own capital," says Paul Craig Roberts, former deputy secretary of the Treasury. The dollar soared, and so did the trade deficit. Now that the investment expansion has run its typical course of five or six years, the capital inflow has slowed, bringing down the



Ambrose Evans-Pritchard is the Washington correspondent for the *London Spectator*.