
ON POLITICAL BOOKS

The Phillips Curve

Is there an emerging populist majority?

by Paul Glastris

Kevin Phillips earned his reputation as an acute political prognosticator for his 1968 book *The Emerging Republican Majority*, in which he coined the term “the Sun Belt.” Hindsight has not been as kind to some of his later predictions. In *Post-Conservative America*, published in 1982, he argued, among other things, that the third-party candidacy of John Anderson was a momentous event that could redefine American politics. Phillips’s latest book* is intriguing, well researched and forcefully argued. But his fallibility is something to keep in mind, especially if you are a liberal, because his thesis is precisely what liberals want to hear: that the Democrats will profit from a rising populist backlash against the rich-get-richer policies of the Reagan-Bush administrations. The liberal left has, of course, been making this case for years. But Phillips’s conservative credentials add a kind of reverse neocon respectability.

The first half of his thesis—that the rich made out

fabulously in the 1980s while the bottom half of America got a smaller piece of the pie—is familiar and indisputably true. Phillips pokes fun at media commentators who describe as “rich” those with \$50,000 or \$100,000 annual incomes. Such people are mere foot soldiers in a march directed by awesomely rich generals in the upper half of the 1 percent bracket, who measure their extraordinary gains not in income but in assets and net worth. The number of decamillionaires, centimillionaires, and billionaires in the U.S. nearly tripled from 1980 to 1988. Only rarely in American history—the Gilded Age of the 1880s and the Roaring 1920s—have the rich gained like this. Such eras, argues Phillips, inevitably spark political counter movements: William Jennings Bryan’s Prairie Populism and FDR’s New Deal.

Phillips doesn’t believe that the growing chasm between the super-haves and nearly everyone else can be fully explained by market forces. Too much evidence points to self-interested manipulation of the rules of the game by those at the top. A *Business Week* survey found that in 1979, the average CEO

**The Politics of Rich and Poor: Wealth and the American Electorate in the Reagan Aftermath*. Kevin Phillips. Random House. \$19.95.

Paul Glastris is a contributing editor of *The Washington Monthly*.

made 29 times as much as the average manufacturing worker. By 1988, the average CEO was making 93 times as much.

Washington was the biggest manipulator. It's not exactly news that Reagan's tax policy favored the well-to-do. But Phillips relentlessly argues that nearly every Republican creation of the past decade did the same. The deficits kept real interest rates high, a boon to the coupon-clipping creditor class as well as to Wall Street traders and investment bankers. And deficits fattened the wallets of wealthy owners of T-bills, both here and abroad, while punishing middle-class taxpayers who shell out most of the \$200-plus billion annual interest payments on those debts. Meanwhile, deregulation showered its benefits on the affluent, who disproportionately ride planes and make long-distance calls. The poor and lower-middle class, who take buses and make local calls, got nothing but higher bills and service cutbacks.

Cappie-bashing

Politicians, the media, and the public are beginning to grasp the significance of these trends, Phillips argues. TV shows that glorify wealth, like "Dallas," are losing ratings, while 82 percent of respondents to a Gallup poll last February favored raising taxes on those with annual incomes above \$80,000. Phillips writes like someone who not only expects a populist backlash, but is trying to egg one on. He labels the financial policies and practices of the Reagan era "Economic Darwinism" and offers arch descriptions of the haunts of the super-rich, such as Greenwich, Connecticut, "where the view of Long Island Sound from Round Hill Road is almost worth an SEC violation."

If Americans are so ready to be outraged about the Lifestyles of the Rich, why is silver-spoon George Bush the most popular of presidents? Phillips's explanation is that liberals simply let it happen, as they did during past "capitalist heydays." What the Democrats have always needed is a great economic crisis that convinces Americans that laissez-faire policies and growing disparities of wealth hurt the nation as a whole. Rather than sit around praying for a recession, Phillips suggests the Democrats exploit public outrage over 1980s-style capitalists like Michael Milken and hands-off Republican politicians who are letting the Japanese buy up American assets.

Phillips is not alone in thinking that the Democrats can thrive simply by cranking up the populist rhetoric. Liberals all over America want Michael Dukakis's head on a pike for his failure to indulge in class warfare until the very end of his campaign, when polls showed that the tactic seemed

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to work. Phillips even quotes Republican campaign consultants as being secretly relieved that Dukakis did not resort to populist appeals any earlier. Democratic Party regulars may think House Majority Leader Richard Gephardt is a drip, but they are more and more taken by his theme of economic nationalism.

Vox popped

What Phillips and others don't acknowledge, however, is that any Democrat who follows the populist game plan runs smack into the party's greatest weakness: Government. The populist alternative to laissez-faire Republicanism is more federal "programs," funded by progressive tax increases. Yet any time a liberal politician says the word "program" most voters hear "bureaucracy" and rightly get turned off. Another possibility is Daniel Patrick Moynihan's payroll tax cut proposal—the cleverest populist idea in years. So why did Democratic leaders in Congress reject the notion? Perhaps because they're too wedded to government entitlement programs that the tax cuts might jeopardize.

Phillips suggests that affirmative government may be making a "philosophical comeback." Well, maybe, philosophically, among some voters. But that's a long way from saying that the public actually trusts Democrats to *run* the government. In a sense, Michael Dukakis was right: The issue *is* competence. Democrats simply haven't demonstrated much of it recently. Why hasn't the savings and loan debacle sent citizens rushing into the arms of the Democrats for government protection against ruthless capitalists? Because Democrats and the government itself are as deeply implicated in the scandal as the crooked S & L managers.

Phillips also argues that liberals need a powerful intellectual vision capable of competing against the "seamless web" of conservative ideas knitted in the past 15 years by thinkers such as George Gilder and Arthur Laffer. Three liberal proponents of economic populism, Robert Kuttner, Paul Starr, and Robert Reich, seem to agree. They have just published the first issue of a new quarterly called *American Prospect*, in hopes of helping renew the liberal ideology. But publication was delayed because copies of the new magazine got stuck at a postal facility in Richmond, Va. "We wondered why nobody was getting them," Starr told the *Chicago Tribune*. If Starr, Reich, Kuttner, and now Phillips want to help liberalism, they should turn their celebrated minds to the task of reforming government bureaucracies. Populism can be fun, but it will be neither profitable nor morally defensible unless the Democrats can learn how to deliver the mail. □

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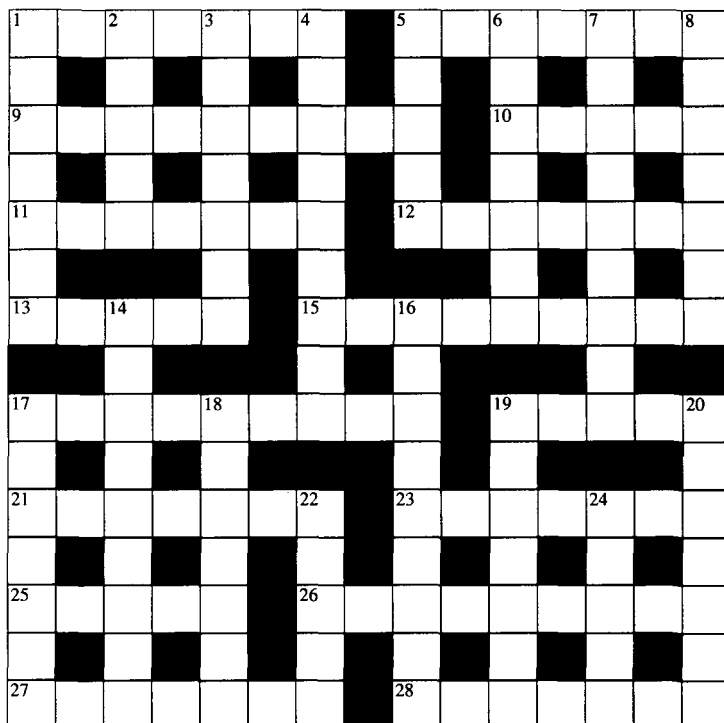
POLITICAL PUZZLE

by John Barclay

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g. USA, are treated as one word.

ACROSS

1. Captive hogs ate in peculiar way. (7)
5. Popular objective from around Scotch river flowing West. (7)
9. Fractional part of leaderless census taker. (9)
10. Twelve ounces in hiding place. (5)
11. One Cheops arrangement for shelter. (7)
12. Mix arts artlessly for discredited ideologue. (7)
13. Demonstrated against fabric? (3,2)
15. Chopped finer tree for block. (9)
17. Mixing palette in silver ends mineral deposit. (9)
19. Popular food sold in Tampa stadium. (5)
21. Aquatic mammal and insect join for waterproofing. (7)
23. Language disturbed his naps. (7)
25. Picture a period after 999. (5)
26. First person, then Cambridge institution, swallowed by crazy viper in early stages. (9)
27. Son's arm mangled for extorted fees. (7)
28. Devour one egg scrambled around middle of April. (7)



DOWN

1. Bosses swallowed in python chosen by lot. (7)
2. Totals including parenthetical start for the pits. (5)
3. Summon careless railroad again. (7)
4. Ideologue planned street mix. (9)
5. Make a turn in marketplace. (5)
6. One hanging in there made nude err. (7)
7. Loss of control shakes insides around jazz finale. (9)
8. Sea creature devoured in pride of lion's. (8)
14. Recount all eating in assembly. (4,5)
16. Confused turtles in subway control device. (9)
17. Less courteous raises distributed around
- September first. (7)
18. Station Jackson for inactive medical control device? (7)
19. Cleverly gain in the theater. (7)
20. Disturb the late Jim Thorpe, for example. (7)
22. Sorts copies? (5)
24. It is less friendly to throw rice after one. (5)

Answers to last month's puzzle:

