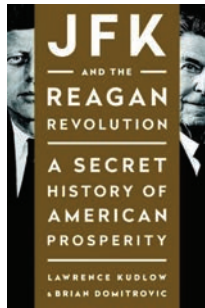


The Ture-Kennedy Blueprint

IKE BRANNON



JFK and the Reagan Revolution: A Secret History of American Prosperity, by Lawrence Kudlow and Brian Domitrovic (Portfolio, 256 pp., \$29)

FOUR decades ago, Larry Kudlow was part of a cabal that began thinking about tax policy not from the demand side—where the government gives people back a little of their own money for a bit so they spend more—but from the perspective that any tax changes should boost the incentives for people to work and firms to invest, and thereby stimulate output and employment. The movement these people begat came to be known as supply-side economics.

In the 1970s, the tax code strongly deterred entrepreneurship and work. The corporate tax rate was 48 percent and the top rate on small businesses and workers was 70 percent. In his fascinating biography of Johnny Carson, Henry Bushkin reported that Carson hired him as his agent partly because—after federal, state, and New York City taxes, combined with his previous agent’s 10 percent commission—it wasn’t clear that Carson was seeing anything from his salary, and Carson wanted Bushkin to do something about it.

Hundreds of thousands of Americans came to the same realization

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and began arranging their affairs accordingly: Wealthy capitalists began to seek out economically worthless investments that delivered beaucoup tax breaks, or they hid their money from the taxman, or they simply gave up and enjoyed the remaining fruits of their labors without laboring any more.

The nascent supply-siders—most notably Representative Jack Kemp (R., N.Y.), Senator Orrin Hatch (R., Utah), and the economists on the congressional Joint Economic Committee, as well as Kudlow—knew that a temporary tax cut of the sort Jimmy Carter proposed early in his tenure would not fix what ailed America: This group wanted a fundamental restructuring of the tax code to make it more conducive to work, investment, and economic growth.

Their idea that sky-high tax rates deterred economic activity was somewhat radical at the time. Eventually, the

worked for Wilbur Mills, the Democratic chairman of the House Ways and Means Committee, but who was no Democrat.

Ture was a proto-supply-sider and the integral connection between Kennedy and the 1970s supply-siders, as he became staff director of the Joint Economic Committee for the Republicans in the 1970s when that committee was at its apex. Kudlow and Domitrovic report that Ture forcefully argued to Kennedy that the economy didn’t need a Keynesian jolt, and suggested that a reduction in the top corporate and personal tax rates would boost long-run growth. The final legislation signed by President Johnson did precisely that, reducing the top corporate rate from 52 percent to 48 percent and the top personal rate from 91 percent to 70 percent.

The extent to which the tax cuts succeeded at stimulating economic growth is a matter of debate, of course: The

This book is an effort to reclaim the proud history of supply-side economics.

notion caught on, thanks in no small part to the editorial page of the *Wall Street Journal*, and it became the guiding force for the Kemp-Roth tax cuts in 1981 as well as the comprehensive tax reform in 1986. Kudlow played a role in both.

To some degree, this book is a work of humility: What Larry Kudlow and Brian Domitrovic suggest is that the work that Kudlow did with Kemp, Hatch, and the Joint Economic Committee in the 1970s actually had its roots in the Kennedy White House. And it’s easy to read this as a recommendation that Donald Trump emulate JFK as he pursues tax reform.

The authors praise Kennedy for being ecumenical in his appointment of cabinet members and senior staff and eschewing party loyalty in favor of competence, which is now as then a radical notion. He took the same approach when he began considering a tax cut, and among the people he brought into the fold was Norman Ture, an economist who at the time

economy did grow smartly in the years after passage of the tax cut, but the defense buildup associated with the Vietnam War and an increasingly accommodative Federal Reserve have led Keynesians to conclude that the long and robust expansion of the decade owed to demand-side effects. The authors beg to differ.

People have ascribed a supply-side motivation for Kennedy’s tax cuts before, but this book goes farther than previous efforts. Ture’s influence is illuminating: These days the man has an outsized reputation in conservative tax circles, and his role in crafting the Kennedy tax package is notable.

Discussions over what became the Kennedy tax cut began shortly after the economist John Muth published “Rational Expectations and the Theory of Price Movements” (1961), the paper that later became the foundation for a new school of economic thought that moved the economics profession beyond the ineffectual Keynesian perspective in the 1970s. Economists paid

little attention to it at the time, but Ture—who got his Ph.D. from the University of Chicago—may have grasped its importance early.

This book is, of course, very timely; not only are Republicans hoping to enact some sort of comprehensive tax reform in the next year, but too many of them have tried to sell reform as a Keynesian shot in the arm for the U.S. economy.

It is a powerful urge: The George W. Bush administration used such reasoning to push both the 2001 tax cuts and the 2003 acceleration of the remaining tax-rate reductions through Congress and largely eschewed any supply-side rhetoric. And, of course, politicians of all stripes embraced a Keynesian perspective when it came to the 2009 stimulus bill, and there was no shortage of economists willing to do likewise.

The return of Keynesianism in D.C. is understandable: The mere fact that it justifies more spending will always make politicians amenable to such thinking. (Keynesianism has not made a similar comeback in academia.) But it's also true that by the 2000s the supply-side moniker had become stained by various outlandish claims made by charlatans holding its banner.

One way to view this book is as an effort to reclaim the proud history of supply-side economics for the next fight and advance the view that economic growth should always be a primary goal of our government. Of course, the common perception is that any growth we've had over the past two decades has gone only to the wealthy, and these days people on the left would rather focus tax policy on redistribution. Thomas Piketty, the latest economic hero of our nomenclatura, has suggested that a 90 percent top tax rate would work just fine and still "leave plenty" to motivate the upper-income workers. This perspective makes many despair of any bipartisan tax reform.

If the populace comes to despair that economic growth will ever do them any good, it will bode ill for the future of our country, as well as that of the GOP, and the next tax reform won't be concerned about reducing tax rates at all.

And Larry Kudlow's efforts will have been in vain. **NR**

Acts of Undermining

IAN TUTTLE

DISCUSSING Rousseau's *Confessions* in his work *Allegories of Reading*, Paul de Man wrote: "It is always possible to face up to any experience (to excuse any guilt), because the experience always exists simultaneously as fictional discourse and as empirical event and it is never possible to decide which one of the two possibilities is the right one." This was a pregnant comment, though no one knew it at the time.

By 1979, when *Allegories* was published, de Man had become the toast of American academia, and his "deconstructionism" a staple of humanities departments. The above was the sort of erudite-sounding twaddle to which his acolytes thrilled: the both/and, the neither/nor, the ultimate "unreadability" of a text. The prospect of the indeterminacy of meaning was exciting. "The fall into the abyss of deconstruction inspires us with as much pleasure as fear," one of de Man's students would write. "We are intoxicated with the prospect of never hitting bottom."

In 1987, though, four years after de Man's death (which was noted on the front page of the *New York Times*), a sudden sobering occurred. That year, a young Belgian scholar, Ortwin de Graef, revealed that between 1940 and 1942 de Man had contributed some 170 articles to *Le Soir* and *Het Vlaamsche Land*, Belgian daily newspapers, one French, one Flemish, that acted as propaganda arms for the Nazi occupiers. Those revelations (which also appeared on the front page of the *New York Times*) were explosive, sparking a vicious battle between his detractors and defenders that occupied the pages of prominent academic and literary journals for several years, and prompting a reassessment of his work that included new, darker readings of passages such as the above. The fallout continues. In 2014, City University of New York professor Evelyn Barish published *The Double Life of Paul de Man*.

De Man is one of three 20th-century notables who share the stage in Jonathan

Leaf's new play, *Deconstruction*, which premiered in March in New York City, courtesy of the Storm Theatre Company and Christopher Ekstrom Productions. Set in the summer and early autumn of 1949, *Deconstruction* reimagines the relationship between a young de Man (Jed Peterson), newly arrived in New York City from Belgium, and novelist-critic Mary McCarthy (Fleur Alys Dobbins), by the late 1940s a member in good standing of the celebrated Manhattan literary circle that included Dwight Macdonald, Edmund Wilson (McCarthy's second of four husbands), and many others. It was through Macdonald that McCarthy met de Man, and she promptly procured for him a temporary teaching position at Bard College. But it has long been rumored that their relationship was not strictly professional, and *Deconstruction* imagines how that liaison might have unfolded.

The play is a study in sophisticated deception, as were the lives of the principals. Is de Man the bashful prey of a predatory older woman? Or is he the seducer? "There's something cruel about you," McCarthy says in the opening scene, and even as de Man acts the *ingénu*, it's a clear indication of what is to come. By the end of the play, de Man will have impregnated McCarthy, threatened her with blackmail, and abandoned her for one of his students, whom he has also impregnated.

Peterson and Dobbins handle their roles admirably, particularly as the emotional pitch of events escalates. Dobbins is a convincing McCarthy, shifting seamlessly between vulnerability and icy wit, while Peterson's amorphous de Man manages to be both repulsive and pitiable. These subtleties are facilitated by Leaf's smart script and the simple set, constituted largely of scattered books.

In real life, de Man, by the end of 1949—that is, a semester into his job at Bard—had conceived a child with a student named Patricia Kelley, whom he married shortly thereafter. It seems not to have fazed him that he also had a wife and three children living in Argentina. (They divorced sometime in the 1950s.) De Man and Kelley subsequently moved from prestigious institution to prestigious institution as his profile rose; they remained together until his death.

In *Deconstruction*, McCarthy is the collateral damage of these lies, which are