What the Democrats can learn from Jack Kemp
On an evening in late October, Rep. Jack Kemp arrives with his staff members at the volunteer firehall in Brant, New York, a small rural community east of Buffalo, where he is to speak at a Republican rally. The room is packed with the kind of small-town Republicans who believe in God, country, the highway program, and dairy price supports. At the far end of the community room, on a stage, a swing band in red sports jackets plays jaunty, upbeat favorites. At the other end, pitchers of beer are passed across a somewhat makeshift bar. Down the center are long tables with bowls of pretzels, potato chips, and peanuts, and “Joe Giambrone for Highway Superintendent” banners line the wall.

Kemp works the room without a hint of self-consciousness, patting backs, engaging in small talk, as though he really enjoys it. (“You’ve got to be as obnoxious as I am,” he once advised New Jersey Senate candidate, Jeff Bell.) After the candidates for state assembly and judge make their pitches, Kemp takes the stage. He is tired; he’s been making stops like this all day, and on top of this nonstop campaigning in his own district, he’s been flying in and out of town to campaign for Republican candidates around the country. But Kemp has prodigious reserves of energy, and in his blue suit and with his meticulously sculpted hair, he still radiates star presence. In Kemp’s first campaign, his handlers had worried that he looked “too kiddish, too pretty” and resorted to the darkroom to bring out slight wrinkles around the eyes on his campaign photographs and errant hairs on his billboards. But now, 14 years later, his stocky, six-foot body is ever so slightly soft, and his face shows just a hint of respectable jowl—though you still see the pug-nosed, freckle-faced kid who seems to have walked off a Wonder Bread advertisement. This impression is reinforced by his voice, which moves unexpectedly (and hoarsely) through the higher registers. The creases that were once the product of the darkroom are now there, in just the right places, showing the camera discernment, determination,
maturity, concern. It is not a Lincolnesque face, like Gary Hart's or Mo Udall's, but essentially boyish and round, more like, well, John Kennedy's in his later years. If our faces took the form of our wishes, then Kemp's would leave little doubt as to what he wishes to become. His travel schedule, which took him to more than 30 states this fall, and his personal PAC, the Campaign for Prosperity, which distributed close to $130,000 to 71 Republican (and one Democrat) House and Senate candidates, point in a similar direction.

But this evening Kemp is on home ground, and he starts off by casting a wide net. "You serve your party best," he says, "by serving your country first." Kemp is almost obsessively aware that Republicans are still a minority party and seems determined to reverse that, reaching out in every speech beyond the precincts of the party as presently defined.

Then he is on to the "elite group of left liberal people who want to run our lives, run our families, spend our money." This is the first time this day that he has descended to demagoguery like this; usually he sticks to the high and inclusive ground of economic policy and growth. But this is a small-town gala and he is throwing them a little meat. "They don't trust people and markets," he continues, the last word strangely out of place, as though spliced in from an economics textbook. Kemp still hasn't figured out how to weave the somewhat obscure theories that underlie his economic message into his stump speeches.

From there he talks at length about how he hasn't forgotten where he's from, how good the people of western New York are. When he travels to other parts of the country to campaign for other Republicans, he says, he does it for the people of his district, so they can have the kind of Congress that they and the country need. Becoming a national figure—and losing touch with the district—has been the road to ruin for more than one House member. Kemp seems just a tad defensive on this point. "There has not been a federal grant program that has been proposed for western New York that has not had my support," he told a League of Women Voters candidate forum a couple of hours before.

Next it's economic issues, and here Kemp's basic message starts to come through. Regarding Social Security, the answer is a strong economy. The steel industry—a sore point in Buffalo—could return to prosperity if we had monetary reform. Kemp is genuinely engrossed by economics and tries doggedly to plough through the subject even in settings like this. When he is tired, as he is tonight, it comes out in cryptic semi-phrases—Phillips curve, revenue feedback, demand-side models, stable currency—as though he's talking in hyphens. At a luncheon speech before the International Longshoremen's Organization earlier in the day, eyes had wandered around the room as he took them through the gold standard and Bretton Woods. But you admire his doggedness, and his sincerity and conviction come through even when the meaning doesn't. Tonight, however, he seems to sense that this isn't what they came to hear, and so he talks about football.

Kemp, of course, quarterbacked the Buffalo Bills to their years of glory in 1964 and 1965, when they won the AFL championship. He is still a local hero, introduced at speeches as "Number Fifteen". In crowds like this it's hard to tell where Jack Kemp the former quarterback leaves off and Jack Kemp the present congressman begins. To this day, Kemp seems to be a sort of life link with the magic world of Sunday afternoons and Monday evenings, a confirmation almost of the worth of that world. When he began his ILO speech by telling them how he always tried to avoid speaking engagements on Monday evenings, the brotherhood was established.

"This is the first time I've ever told this story," he tells the good folks at the Brant firehouse, his voice lowering, taking them into his confidence. "But I just feel this very strongly tonight. When I started out in life I wanted to be a pro football player. It's really all I thought about."

Kemp goes on to talk about how he started at Occidental College at five feet, 10 inches, 165 pounds. "One day the coach called me into his office and told
me, ‘Of all the people on this team, I think you are the only one who can make the pros. I really think you have it, have something inside you, and I want you to work—work just like you were a pro football player.”

“When I left that office, you know, I would have run through a brick wall for that coach.”

Kemp went on to recount the early years he spent kicking around the pros, his final breakthrough, and then he brought the story up to a class reunion he attended last year. “The whole team was there,” he recalled. “And you know, it came out that the coach had told every player on the team the same thing—that if they worked hard enough and sacrificed enough, they could make the pros. I was furious, for about a minute. Then I realized that that coach had made every one of us a little bit better, struggle a little bit harder, to reach our potential.”

“What is life for if not to inspire us to something better?” Kemp asks, suddenly catching the audience in the coil of energy you feel at a motivational seminar or a good gospel sermon. “There is no limit to what the American people can do—to the prosperity we can create, to what we can achieve—if we put no limits upon them.”

In Washington they try to understand Kemp through econometric models. But Kemp is talking about something else, something at which too many Democrats have come to look down their noses—individual aspiration and hope. “When the president says, ‘You ain’t seen nothin’ yet,’ he believes it,” he continues, “and folks, I believe it too.” It’s a warm bath in the America of the president’s television ads—“morning again in America”—Reader’s Digest, Amway, and Reverend Ike.

**Taft Democrats**

Jack Kemp and I came to Washington the same year, he as a Republican congressman, myself as a tax reformer very much on the other side of the street. When I first started to see his speeches in the Congressional Record, it seemed like the usual right-wing stuff: feed the rich through tax cuts under the guise of “stimulating the economy,” get the government out of the way, and all the flowers will bloom. Kemp did give it more flair than his Republican cohorts—the energy level was higher—but there didn’t appear
to be much to worry about. The Democrats con-
trolled things and—one assumed—always would.
But then the walls began to crumble. Jimmy
Carter didn't hack it; Ronald Reagan, in his
presidential campaign, was talking like Kemp,
and all of a sudden the so-called Kemp-Roth tax
cut bill, which just a few years before had seem-
ed a right-wing backwater idea, just a few steps
leftward from the Liberty Lobby, was becoming
the law of the land.
But what I remember most vividly from that
tumultuous year of 1981 was the way my own
party, the Democrats, responded. Or rather, how
they had no apparent response. I recall Lane
Kirkland, the AFL-CIO president, declaiming in
his sonorous monotone that Kemp-Roth—and
Reagan economics generally—were a "radical and
untried experiment" or words to that effect.
Wasn't that what the curmudgeons said about the
New Deal? I remember how the Democrats in
Congress took to invoking in their cause Henry
Kaufman, the sourpuss of the Wall Street bond
markets, the man the Republicans used to invoke
to throw cold water on the Democrats' own
"radical and untried" schemes. I remember the
tax bill that Ways and Means Chairman Dan
Rostenkowski wrote to counter the president’s bill; it was a disgusting special-interest buffet, and Democrats were talking at the time about how they were going to “win” by getting gas producers and kindred groups on their side. I remember thinking, “My God, wouldn’t a pure Kemp-Roth bill have been better than this?”

And I remember most vividly, the Democratic campaign just ended, Walter Mondale taking up the Robert Taft banner of balanced budgets and accountancy, while Reagan was playing to the public’s desire for a new morning; and in Congress it was Jack Kemp, not the Democrats, who was advocating the view that balanced budgets came second, that what counted was the theme that Jack Kennedy had espoused 24 years earlier—namely, to get the country moving again. And I heard Mondale making his traditional pitches to interest group leaderships, while the Republicans were speaking in metaphors that embraced us as Americans.

Then, just a couple of nights ago, after I had interviewed Kemp for this article, I dropped in on a friend who works for a Democratic congressman. As we walked through the corridors of the Cannon House office building—I realized I was pacing hard, as though trying to work something out of my system—I heard my friend saying something that had flickered across my own mind. This is a man of thoroughly populist instincts who is no friend of concentrated capital and power, yet here he was saying, “I’m starting to wonder why I’m a Democrat.”

I am not ready to become a Republican. I still see, through the rhetorical quaaludes of good feelings and growth, the smug patter at the country club, the mink coats, and cars about twice as long as they need to be. I still sense an animating bottom-line impulse of what’s-in-it-for-me. But I have to admit that Republicans like Kemp are onto something, at the symbolic level at least and sometimes, I think, at the level of policy. If the Democrats don’t grasp this, they are going to become, I fear, what Robert Taft led his own party to become—a permanent minority. To understand what the Republicans are onto, and where it falls short, we could do worse than to look at Jack Kemp.

In case you haven’t heard, Kemp has built his political career around a single notion: that by cutting taxes and returning to “sound money,” we can unleash the forces of enterprise and production and inspire a resurgence of prosperity in which all will partake. But this is not all Kemp is saying. Where he began as a balance-the-

budget conservative who went forth with the desire to foil the spenders (except where Buffalo was concerned), he now castigates his party and the Democrats for “worshipping at the shrine of the balanced budget.” While he is not on the front lines of increased social spending, he does not crusade against it: “People don’t elect Republicans to repeal the New Deal,” he says, putting the whole issue of budget cuts virtually over the horizon of his concerns. Where he once supported a value-added tax (a national sales tax) when Nixon was flirting with it, he now says tersely of Charls Walker, the big-banana corporate lobbyist who supports the idea, “He doesn’t think the poor people of this country are paying enough taxes.” And probably more than anyone in his party, he is using this message to reach out to blacks, minorities, and blue-collar workers to bring them into the Republican fold. “We Republicans are going to bring our message of hope, opportunity, and economic growth to the northeast and New York state,” he told a delegation of New York Democrats, “to cities, to blacks and Hispanics, into labor union hiring halls, to Massachusetts, and even to Georgia. Our plans for a brighter tomorrow exclude no one.”

Doggedly advancing these themes, Kemp has achieved a national stature that most senators and even Cabinet members might envy. During the last two weeks of November alone, he appeared on “Face the Nation,” “The McLaughlin Report,” “This Week with David Brinkley,” “Firing Line,” “Crossfire,” “Donahue,” “America’s Black Interests” (hosted by Julian Bond), and “Adam Smith’s Money World.” His op-ed pieces appear in major newspapers with regularity.

Partly through Kemp’s efforts, the themes have been catching on, at least from a marketing standpoint. A Harris poll for Business Week a number of months ago found that by a 51 percent to 39 percent margin, people thought the Republicans would do a better job of stimulating the economy than the Democrats would. “The Democrats have squandered their best issue—economic growth,” Harris concluded. “That’s the single biggest crisis they face.” What’s worse, the Democrats have been losing their grip on the symbols with which opportunity and hope are identified. A poll conducted immediately after the election by Vic Fingerhut, a Washington political consultant, found that 73 percent of Democrats and independents who leaned Democratic but voted for Reagan believed that Reagan, not Mondale, was the candidate who was...
“more in the Democratic tradition of Roosevelt, Truman, and Kennedy in fighting for working people.”

**Quite a piece of horseflesh**

Kemp got his political start in San Diego, where he played for the Chargers before going to Buffalo in 1962 in an unusual waiver foul-up. The editor of the *San Diego Union*, the conservative Copley paper, was Herb Klein, who later became press secretary to Richard Nixon. Klein saw something in Kemp and brought him on to do public relations for the paper. Kemp wrote a weekly column aimed at youth on such subjects as the evils of communism and the beneficience of the profit motive. “In America the quest for profit is inseparably linked to political freedom,” Kemp wrote in one column. “The opportunity to strive for economic gain is as much a part of our heritage as our vote and the Bill of Rights.”

A reporter with the *Los Angeles Times* recalls a meeting between Barry Goldwater and a group of writers and editors at the *Union* offices during Goldwater’s 1964 presidential campaign. When the questions became too unfriendly, the reporter recalls, the *Union* general manager gave the ball to Kemp to ask the “proper” ones.

Kemp was also getting involved in politics during these years, working in Nixon’s campaign for governor in 1962 and supporting Goldwater for president two years later. In 1967 he worked in the off-season in the administration of California’s new governor, Reagan, and a year later, when he was sidelined for the entire season with an injury, he came to Washington to work with the Republican National Committee. That year Kemp also worked with a group called “Athletes for Nixon.” He was politically active within pro football as well. He was one of the founders of the AFL players association in 1965 and served as its president from that year until 1970.

The Republican elders in Washington began grooming Kemp. When the Buffalo seat finally opened up, the county Republican chairman called Kemp “the Holy Grail,” and the national party regarded his campaign the same way. “He was treated as a ‘number one draft choice—a bonus baby,’” writes Pat Ryan in *Sports Illustrated* after the campaign. Consultants and technicians were provided. Herb Klein himself made trips to Buffalo, though the press was not always notified, since identification with Nixon was not entirely a plus in those Vietnam years. Kemp had everything going for him. Through his football notoriety he had 76 percent name recognition in the district to his opponent’s 23 percent. The district, though often touted as “blue collar” and Democratic, in fact consisted of the Buffalo suburbs and had a majority Republican registration. (Kemp’s district has since become even more rural and Republican). Until the Johnson landslide of 1964, it had sent to Congress a Republican by the name of John R. Pillion, who is most remembered for opposing statehood for Alaska and Hawaii on the grounds, among other things, that these states would probably send communists to Congress. Moreover, the Democrats were divided; the district’s then-current Democratic congressman, Max McCarthly, returned to run an independent campaign after failing to get the nomination for the Senate. Despite these advantages, Kemp almost blew it through his performance in TV debates. On election day, he squeaked by with 96,989 votes to his opponents 90,949.

When Kemp came to Washington, he had unquestionable star quality, at least to the Republicans (“quite a piece of horseflesh,” Robert L. Bartley of *The Wall Street Journal* editorial page called him). Towards the end of his first term in Washington, another *Journal* columnist, Alan Otten, called him one of the “clear comers” in the Congress. Kemp did not shy away from such publicity. The *Buffalo Evening News* reported that in his first eight months in office, Kemp issued almost as many press releases as his four western New York House colleagues combined. (“And there’s a lot of stuff he’s doing that we just don’t get to you because we just don’t have the capability,” a Kemp aide explained.)

He was a special favorite of Richard Nixon’s: the two had campaigned together for Robert Finch for lieutenant governor in 1966, and Nixon had played an active role in convincing Kemp to run.

For all this, however, Kemp’s prominence was confined largely to the Republican party. The House of Representatives is not a place where reputations are made overnight—or, in most cases, made at all. It is hard enough being one of 435 and even worse if you are in the minority, with no committee chairmanships or staff, and no speaker of your own party to help your re-election prospects by pushing a pet bill. Kemp’s early years as a congressman did little to distinguish him from the pack. He supported the war in Vietnam (a local peace group gave him the “Bomb of the Year” award), introduced a constitutional amendment to ban busing, and proposed a lid on government spending. His first floor fight was to cut the budget for the National Endowment...
When inflation increased the taxes of middle class people in the seventies, the Democrats did little to help. Kemp and the Republicans seized the opportunity.

for the Arts. "The worst thing that I can do as a representative of my district," he said, "is to allow this country's fiscal situation to deteriorate any further." Kemp wanted to cut taxes, but like most conservatives of the time, he saw spending cuts as the key. "I believe," he said, "the Congress must assign the highest priority to provide relief from the overwhelming burden of taxation by tightening the rein of federal spending and by reversing the enormous growth in the size and cost of government."

Yet like most congressmen, Kemp was inclined to look more kindly upon such expenditures where his own district was concerned. His first speech on the House floor—March 10, 1971—protested the dropping of Buffalo-to-Chicago service by what was then called Railpax. (The unfortunate impact upon the nation's overcrowded airports was among his stated concerns.) In his first reelection campaign he proudly took credit for $100 million in water treatment funds for the Great Lakes, $25.3 million for secondary water treatment, and $171 million for a local rapid transit system.

Ninety percent of Kemp's colleagues might have slept soundly upon such achievements, but Kemp was the man The Wall Street Journal's Otten had described as having "boundless ambition and a ruthless readiness to put his own needs first; a shrewd instinct for spotting good political openings, and real hustle to follow through and take advantage of them." Not the sort of man to make a career out of sewer grants. During his second term, Watergate hit, and with it the near decimation of his party. Here was a man who was intensely competitive, had spent his entire adult life in pro sports and politics, and who, moreover, was accustomed to calling the plays. Yet he was stuck on defense in a permanent goal line stand against an overwhelming number of liberals.

**Bacon to Buffalo**

Kemp sensed a fundamental contradiction in what he was trying to do, a contradiction that his divergent views on spending in general versus spending in his own district merely betokened. Republicans like himself had traditionally come to Washington to prevent government from doing things. They were trying to get the voters excited about a negative—about less. The Democrats, by contrast, were promising more—more money for education, more protection for consumers and the environment, more job training, more growth—they were even telling the voters that government could borrow the money to do all this. The Democrats were running a discount house while the Republicans were running a store with practically nothing on the shelves. "They had a thesis, the liberal left of the Democratic party had a thesis, which was to spend, finance it with deficits or whatever," Kemp said in a recent interview with People and Taxes. "And we had an antithesis which was not to spend. But the synthesis was inexorably shifting toward spending less than they wanted, more than we wanted, and I said, 'Hey, wait a minute, we need a thesis.'"

This bind was especially uncomfortable for a representative from a rustbelt city like Buffalo. Buffalo practically wouldn't exist without government spending, going back to the Erie Canal and on up to the procurement for World War II, which turned the city into what one writer called the "Seattle of the northeast." More recently, with the auto and steel plants closing, Buffalo desperately needed federal assistance, and there was no way a politician of any stripe could avoid this. Kemp has, as mentioned, gone after it with relish. His views on economic policy may impress them on "Meet the Press," but the bacon seems to matter more in Buffalo. Last fall Kemp ran TV ads proudly displaying the city's new half-billion dollar, six-and-a-half-mile rapid rail system with the tagline, "That's what leadership can do."

Kemp was not a hypocrite. "Very early in my political career I realized that the conventional conservative model, political and economic, was not an answer to people who were out of work."

The answer, Kemp saw, was growth. But how can you promote growth when you basically don't believe that government should do anything?
**Keynesian conservatism**

Well, one thing you can do is cut taxes. Kemp introduced an Accelerated Capital Formation Act that consisted primarily of business tax breaks of the kind Republicans traditionally supported. Like about 99 percent of all congressional bills, it went nowhere. "I came back and realized I hadn't done a very good job of selling my bill, so I changed the name and called it the Jobs Creation Act," Kemp has said. It sounded a bit more like a thesis and attracted more than a hundred cosponsors. This was in the midst of the recession of 1975. Someone had asked then Treasury Secretary William Simon why President Ford wouldn't support a jobs creation act and Simon had replied that it cost too much money. "Gee, if we took a temporary deficit to me there ought to be some revenue."

Kemp was becoming interested in the work of a Columbia economist by the name of Robert Mundell, who was arguing that Canada actually gained revenue in the early seventies by cutting taxes. Irving Kristol, one of Kemp's mentors, advised him to look into the Kennedy administration, which had pumped up the economy—gotten the country "moving again"—in the early sixties by doing precisely this. Kemp says he asked his staff to draft a tax cut bill as close as possible to the individual rate cuts Kennedy had proposed in 1963 (but which were not passed until after his death). Around this time, he said, he was starting to think that "the key to the economy is not the business entity, it is the individual worker and the individual entrepreneur." He dropped much of the business tax cut from his old bill and introduced an individual cut of 10 percent a year for three straight years. (Walter Heller, who was Kennedy's economic advisor at the time, insists that Kennedy's cut was more generous at the lower income levels. "They keep trying to put the Kennedy mantle on the thing and it doesn't fit," Heller says.)

Now what's the big deal about a tax cut? Haven't politicians been promising them for ages? Yes, but this was a Republican advocating, in effect, deficit financing. If this sounds suspiciously like the New Deal and Keynes, it's because you haven't grasped the whole theory. From the New Deal onward, Democrats had thought of the economy as driven by "demand." The way to "get the economy moving" was to put money into people's hands; in their role as "consumers" they would rush out to the stores, and the resulting purchases would induce investors to build the new factories and buy the new machines. This is called "demand-side" economics. Translated into politics, it meant that those at the lower- and middle-income levels should get the most in tax cuts, since they are the most inclined to spend. Demand-side economics was traditional Democratic economics.

Economists such as Arthur Laffer and Paul Craig Roberts and Jude Wanniski (then of The Wall Street Journal editorial staff) had been framing an entirely different view of this problem, looking at people as potential producers rather than as potential consumers. The key fact here was the "marginal" tax rate—the tax you pay on the last dollar you make. Because the income tax is "graduated," you move on through higher tax rates as you make more money. Influenced heavily by supply-siders, Kemp was now arguing that inflation had pushed people into such high tax brackets that they had no more incentive to work or save or produce. Cut taxes, Kemp and these others were saying, and we would unleash a torrent of work effort and investment that would get the country moving again—not because people would have more money to spend, but because they'd have **more reason to produce.**

**The rehabilitated rich**

It was the next step in the reasoning that turned this economic sunshine into pure surf city. Laffer argued with his famous "Laffer Curve" that such tax cuts could generate so much economic activity that the resulting revenues could make up for those originally lost. The tax cut would pay for itself! The rich would actually pay more taxes than they did before. And furthermore, since there would be extra supply calling forth demand, rather than vice versa, stimulating the economy in this supply-side way would not provoke inflation. The Federal Reserve Board could safely allow more dollars into the economy to finance this supply-side growth. In fact, the supply-siders assumed that the Fed must be willing to do so, which is why they are the most tenacious Volcker-baiters in town.

Are you starting to see the implications? An antithesis—cutting taxes—becomes a thesis—promoting growth. The people get their tax cuts and their spending programs too. Republicans would inherit the mantle of John F. Kennedy (guess what Kemp's middle initial is) and still be...
Supply-siders like Kemp provide a healthy corrective, but they lack one essential: a commitment to community and service.

free-market conservatives. And now, at last, Republicans would have something besides condolences for minorities and the poor. If a little antithesis could produce a thesis, then wouldn't a bigger antithesis produce even more of one? Kemp adopted the idea of “enterprise zones” for the inner cities, in which even larger tax cuts would be bestowed upon specific depressed areas to attract new businesses there. The Democrats want to give you more welfare; we want to give you less need for welfare.

Pretty heady stuff. “Republicans were ripe for this because they were out of power for so long,” said Wanniski, who tried first to urge this approach upon the Democrats. Perhaps best of all, here was a tax cut rationale that enabled the rich to stand tall. Under the old Keynesian notion they had no special claim to relief (even less, in fact, since they might save the buck where the poor person would spend it). But under the supply-side notion their claim came first, since they have the greatest proclivity of anyone to invest and hence create supply.

Phantom tollbooths

There is something about taxes that touches a messianic—or at least obsessive—nerve in the American psyche, and people who study these matters overmuch tend to lapse into a two-factor universe in which there are taxes on the one hand, human behavior on the other, and very little else in-between. If you have ever met a follower of Henry George, the 19th-century proponent of the “single tax” on land, then you have some idea what it is like to talk to Kemp on the subject of taxes or anything remotely connected.

Many Democrats would like to believe that Kemp is dumb, but he is anything but. His mental energy seems apiece with his physical, and he has both a genuine passion for ideas and a striking grasp of the intricacies of the tax and monetary theories on which his mind dwells. In private conversation he is more flexible than he is in his speeches and writing; he tends to qualify his views (“I don’t mean to sound Pavlovian”) and show more self-awareness than I had expected. “I don’t know who’s more tired of my speech,” he said, “my audience or me.” He enjoys repartee and is quick with a quip, and our conversation turned into a friendly debate. I enjoyed it.

Still, the House Democrat who says of Kemp, a bit dismissively, that “he has learned how the economic model works and he processes everything through the model” isn’t all wrong. Kemp came to reading and ideas relatively late, after he left college, and he’s just a little like your sophomore roommate who started reading Freud and thought he had found the key to everything. In his book, The American Renaissance, and in his speeches and other writings, Kemp tends to ascribe afflictions far and wide, from industrial decline, inflation, and third world poverty to the erosion of families and communities and even the decline of Broadway, to high marginal tax rates. A sample: “The problem with the auto industry is not that Americans are buying too many Japanese cars. The problem is that Americans cannot buy enough cars of any kind...The answer is to cut tax rates so people can afford to produce, save money, and buy more of everything.” Well, sure. But aren’t a few other things involved?

No one ever lost votes by asserting that America’s problems were due to government’s taking too much of our money, and in the late seventies events were making this message even more compelling. The scary inflation was pushing wage earners up into tax brackets that had been designed originally for the rich. This “bracket creep” was especially severe in the middle-income range, where the tax brackets are bunched together like the toll booths on the Connecticut Turnpike. But the Democrats had done very little to assuage this pain. In the beginning of the 1970s, a poll taken by the Advisory Commission on Intergovernmental Relations found the public thought the federal income tax the most fair tax. By the end of the decade people thought it the most unfair tax. In California, Howard Jarvis had tapped a well of kindred anger at the way inflation had driven up home prices and hence property tax bills, and now the ground was fertile at the federal level as well.

“We forced the Democrats to become an antithesis party, a party of naysayers,” Kemp said, speaking of the way the Democrats lined up against the Kemp-Roth—and later Reagan—cuts.
During the last campaign, the Republicans swat-tered Democratic criticisms like so many flies. "Walter Mondale wants to balance the budget by unbalancing yours" was one of Kemp's favorite lines.

**Waiting for the tide**

Supply-side economics has been good for the economics industry if none other, and you've heard the evidence from the opposition camp: investment still below the levels of the Carter years; personal savings that were supposed to soar under the 1981 tax act, down; real interest rates—and the difference between interest rates and inflation—several times the level at the end of the seventies. Indeed, to the extent Kemp-Roth helped stir a "recovery," it did so mainly through the much-maligned demand side: people had a little more money in their pockets, and they went out and spent it.

But such argumentation isn't exactly inciting the populace into frenzy, as you may have noticed last fall. It helped the Republicans, of course, to have the economic winds blowing at their backs, regardless of the reason. But the supply-side rationale is an attitudinal template as much as it is economics, and to treat it as though it were just the latter is a little like treating a candidate's television advertisements as though they were merely imparting information to a rational voter.

Part of the appeal, as mentioned, is the hearkening to aspiration and hope. The Democrats have become a party of programs, have turned one function of government—social work—into the reason for the whole show. They seem to think that people want most of all to wake up in the morning grateful that Congress has made provision for life's misfortunes, while Kemp and the others have been tapping, on the metaphorical level, the much deeper desire to wake up with a sense of opportunity to improve one's lot. The other politician on the national scene who seems to connect with people in this way is Jesse Jackson, whom Kemp in fact quoted in a speech to the Urban League: "Democracy guarantees opportunity, not success."

Optimism is another side of Kemp. A year after Carter's malaise speech Kemp declared at the Republican convention, "Austerity is not the answer; austerity is the problem. The American people are not the problem. They are the answer." *The American Renaissance* is an assault on the idea of limits; if it had a sound track, it would be the Beach Boys. Kemp is untroubled by questions such as what abundance is for, and whether, even if energy scarcity is a myth, as he asserts, we are necessarily a better country for consuming more of it ourselves.

But perhaps the most powerful aspect of Kemp's appeal is his inclusiveness. Where the Democrats dispense opportunity and justice in little morsels—a program here, a benefit there—Kemp has embraced the encompassing metaphor of the tide that lifts all boats. "While Kemp is talking about growth," said political analyst Alan Baron, "the Democrats are talking about comparable worth—how to pay sales clerks more and sheet metal workers less." Kemp is serious about trying to bring blue-collar workers and blacks into the party, and he has broken from his conservative colleagues by supporting voting rights for the District of Columbia and making Martin Luther King's birthday a national holiday, both emotionally charged issues. While he generally supports the New Right's social agenda, he greatly prefers the high ground of growth to these divisive social issues.

But is the high ground real? And real or not, is it high enough?

Kemp is known on Capitol Hill as essentially a publicist who is not a major player in the daily grind of legislation. On the Appropriations Committee, he does play a significant role in foreign policy, pushing foreign aid bills and opposing the International Monetary Fund's efforts to impose austerity on the third world. But on the issues he cares most about, taxes and monetary policy, Kemp plays mainly from the outside, sitting on neither Ways and Means, which writes the tax laws, nor on Banking, which oversees the Federal Reserve. So situated, he can expostulate all he wants on these subjects without having to make messy choices between, say, realtors yelping in one ear and insurance companies yelping in the other.

Congress needs good issue-raisers, and Kemp is one of the best. But Kemp's outsider role does seem to connect to a larger inclination to use the supply-side growth gospel as a deus ex machina to avoid hard decisions.

In 1982, for example, Kemp opposed the Republican tax bill that raised important revenue, even though the bill focused on corporate loopholes and did little to diminish the supply-side "incentives" in the 1981 bill. "He gets into a leadership position [Kemp is chairman of the House Republican Conference] and then refuses to take responsibility," said a staff member of the Senate Republican leadership, which took the heat on the bill. This year, he continues to
content that we can grow our way out of the deficit, and he avoids discussion of budget cuts. These are the postures of a minority gadfly, not of a congressman who is ready to carry the load.

Kemp is not the sort of politician who tells every interest group what it wants to hear. He opposes protection for the auto and steel industries, even though his free-trade position does not increase his popularity in his district (it helps to have a safe one—he hasn’t won less than 70 percent of the vote since his first election). Similarly, he tells business audiences that we shouldn’t have corporate subsidies like the Export-Import Bank and the Synfuels Corporation. But running through the core of supply-side thinking is a tendency to pretend that the need for choices does not exist. “The greatest obstacle to opportunity and advancement,” Kemp writes in The American Renaissance, “is the idea that life is a ‘zero sum’ game.” He elaborated in an interview with People and Taxes: “I rejected intuitively the Lester Thurow conceptual framework that this was a battle between savings and consumption, between the suburbs and the city...” It is good to strive for a prosperity in which all can share. But some desires must take second place to the common good; it is not possible for everybody to have it all.

The standard liberal critique against Kemp-Roth is that it favored the rich, which it did. After factoring in the Social Security tax increase, you didn’t come out ahead under Kemp-Roth unless you made more than $30,000 a year. This might have been tolerable, however, if it truly had been the price for the rising tide that would lift all boats. But that tide never came. The bill did not make choices—it didn’t close the loopholes and tax shelters that drain investment away from productive channels. Corporations took their depreciation benefits and engaged in takeover wars or buy-a-tax-break maneuvers. Individual savers simply transferred savings out of passbook accounts into Individual Retirement Accounts. And so on. Kemp assured us that the new lower rates would lure money out of tax shelters. But the tax shelters boomed from $5.5 billion in 1982 to $8.4 billion in 1983. We might just as well have given the money to low- and middle-income people, as Democrats traditionally do. At least the money would have flowed into the productive economy, albeit on the demand side.

Again to Kemp’s credit, he has introduced the Kemp-Kasten bill, which would simplify the tax code, and he acknowledges that perhaps such streamlining should have been a part of Kemp-Roth. But even this new bill makes no distinction between, say, stock issues of new enterprises (why tax the gain at all?) and speculation in antiques (why provide any special treatment?).

But there is a more fundamental shortcoming in the supply-side outlook. In the imagination of Kemp and the supply-siders generally, we are all relentless little integers of self-seeking who go forth with pocket calculators and spread sheets reckoning the after-tax consequences of every life decision and acting accordingly. Sometimes, despite his protests, Kemp really does sound Pavlovian: “This is a massive behavioral modification program designed to alter the performance of the economy by changing the behavior of people by altering the rewards.”

There is an infectious simplicity to this view, reducing as it does all economic problems to a matter of carrots and sticks. Of course after-tax return counts for something. But lay the blame for the problems of our auto industry on this doorstep? Michael Maccoby, a psychiatrist who has written two books on corporate leadership, pointed out in People and Taxes that the chief executive of Volvo, Pehr Gyllenhammer, “makes maybe a fifth of what the G.M. chief executive makes, yet he’s working night and day, and he’s much more creative.” Taxes in Sweden are higher than in the United States. Maccoby also pointed to Edwin Land, who created the Polaroid Corporation and who did not retire a poor man. “He was motivated by the idea of making something work, not by making money.” This is not a question of the profit motive not being nice, but of the actual richness and diversity of the aspirations by which we live. Is Kemp really telling us that he held back on the football field because marginal tax rates were higher when he played than in Sid Luckman’s day or that he sloughed off as a congressman before the Kemp-Roth tax cuts restored his incentive to do his job the way his constituents expected?

What is true individually is also true collectively. One of the interesting things about the seventies is the number of firms that excelled despite the supposedly debilitating effect of high taxes. “Look at the washing machine industry,” says Thomas J. Peters, author of In Search of Excellence. “General Electric had 10,000 people out on the street in Louisville during this past recession. At the same time, Maytag reported record profits and record sales both years. The key is they’ve got a washing machine that just doesn’t break down.” Both Maytag and G.E., of course, were operating under the same tax code.
“Management is the issue in this country,” Peters says, “not [tax] policy.” This is not to say, of course, that taxes should be high. It is to say that we cannot solve our economic problems simply by making taxes lower.

What’s missing in the supply-side mindset is a curiosity about institutions and the way they actually work. Kemp and the others seem to dwell in a universe of economic abstraction in which supply begets demand (or vice versa) and tax incentives beget work effort, without reference to the institutions and life circumstances in which these activities occur. When Kemp was first getting interested in politics he was absorbed in theory—interested “in the philosophic side,” as his mentor, Herb Klein put it. “I had him retain that, but I also wanted him to have a feel for pragmatic politics.” Kemp could use a little more feel for pragmatic economics as well. “Why don’t they go out and find out what the world’s really like before trying to meddle with our whole system?” Maccoby said of the supply-siders generally. The point is not that incentives don’t count. It’s that other things count too.

But the shortcoming of supply-side thinking is not just economic. Or rather, people like Kemp allow their thinking to become too exclusively economic in the narrow economist’s sense of the word. To a degree, the supply-side vision is a healthy corrective, but alone it is not an adequate expectation workers and managers needed to encourage this—for the good of the economy. The congressman launched into a discussion of how steelworkers in New York state pay over 40 percent tax. Fair enough; taxes do count for something at the bargaining table. But President Kennedy felt impelled to ask the steelworkers for moderation when taxes were lower than Kemp-Roth makes them today. There isn’t always a painless mechanical solution. Sometimes people just have to reach down and give something up. What are leaders for?

**Half-way populists**

Kemp and his cohorts in the House call themselves “New Populists,” and this is one of the plus sides to their message. They speak from the standpoint of individuals rather than institutions, entrepreneurs rather than corporations; they want power to reside in the grass roots rather than at the center. More than anyone in Congress, Kemp has challenged the tight money policies of the Federal Reserve Board, and tight money was an overriding Populist concern.

But there is a crucial element of Populism that the New Populists tend to overlook. Partly it’s the concern for justice. The Populists of history were incensed, for example, that their tax dollars were used to subsidize tax-exempt railroads (the ones that were gouging them) and would not have looked with favor at the 1981 tax bill, which granted a good many of the largest corporations in this country a similar privileged status. But more, the Populism of history was a social movement as well as an economic movement; not social in the Mondalean sense, in which “we are a generous people” seems to mean, primarily, that we are happy to pay taxes so civil servants can do good works for us. Rather, social in life practice. “In things essential, unity; and in all things, charity” was the motto of a Farmers’ Alliance lodge in Texas; and the Populist movement itself was rich in projects to organize lending libraries, chautauquas, relief for the elderly and indigent, and the like. Even in the economic realm, these were not isolated integers of self-advancement assaulting the world like so many Horatio Algers. They organized cooperatives to purchase seeds and supplies and to market their grain so they could stand strong together. “We are emerging from a period of intense individualism, supreme selfishness, and ungodly greed to a period of cooperative effort,” said a Kansas Allianceman a statement that would give one reason for cheer if it appeared in a newspaper today.

Kemp makes an occasional reference to community in his book and speeches. But it is somehow not quite in the focal center of his vision. He makes an important contribution when he speaks for enterprise, initiative, aspiration, and hope. These are all things to which the Democrats must speak. But individual striving is only half the equation. There is also a concern for the team. “That word ‘selflessness’ as opposed to ‘selfishness,’ as Vince Lombardi once put it, ‘is what I try to teach.’