

Populism's Gain Evinces Growing Distrust of Elites

By Paul Gottfried

How significant is it that former California governor Jerry Brown seems to be the front-runner in the race for mayor of Oakland, a majority black city? A national trend may be in evidence there (see "Oakland's Mayor Moonbeam?", Feb. 2). Brown, a champion of affirmative action and environmental issues, has combined this record with a populist image, holding forth on the danger of greenhouse-gas effects from a low-income neighborhood into which he moved, as head of an organization called We the People.

Despite the big-government substance of Brown's politics, he nonetheless has adopted a clearly antiestablishment style. Brown's admirers include Bill Kauffman, author of *America First*, a defense of American isolationism, as well as an intermittent supporter of Pat Buchanan. Kaufman believes that leftists Brown and Ralph Nader are useful for pushing the political conversation away from international entanglements and toward communal issues. The attacks of Brown and Nader on meddlesome multinationals also play well on the populist right. Right-populist intellectual Sam Francis effervesces at the mention of Nader, the would-be NAFTA-killer, whose courage in this matter he compares to that of Buchanan. Meanwhile, two self-proclaimed populists of the left, Thomas H. Naylor and William H. Willimon, illustrate further the apparent convergence of opposites. In a book-length manifesto, *Downsizing the U.S.A.*, the two authors defend new-left communitarianism, environmentalist politics, decentralized government and the constitutionality of Southern secession in 1861.

While not all self-described populists hold exactly the same views,

populism does represent a point of opposition to administrative democracy within a transformed political spectrum. As the late intellectual historian Christopher Lasch argued, liberal-conservative distinctions are becoming irrelevant for analyzing our political culture. The conventional distinctions, in which the media have a particularly large investment, involve almost meaningless litmus tests: for example, whether one is for the present federal efforts at eliminating discrimination plus affirmative action or for these efforts minus outright quotas, or whether one favors a bigger Medicare budget.

Such policy differences are at bottom expedient and, except for the failed presidential campaigns of Buchanan, political actors avoid taking aggressive social stands from the right, lest they be declared insensitive and unfit for office. Moreover, the conservative-liberal polarity, as represented on the right by Newt Gingrich and Bill Kristol and

on the left by Ted Kennedy and Eleanor Clift, are made up of establishment figures: those who associate democratic government with public administration and with the imposition of policies from above. Conservatives and liberals may differ on the contours of the tax curve or on the amounts of revenue to be given to various federal programs, but they do not differ significantly on the way government is practiced.

On this point the populists do make a difference. For them, democracy does not mean scientific administration or having things done to largely passive citizens. Populists in Europe and in the United States insist that democracy is about meaningful self-government, and where they have made waves, as with a movement for regional independence in Northern Italy, they have played havoc with central bureaucracies and established

parties. Populists call for the frequent use of referenda, oppose judicial overreach, demand the return of governing power to regions and localities and insist that immigration questions should be settled by majority will and not by any judicial or journalistic appeal to human rights.

In recent years all populist movements, including the Canadian Reformed Party, Buchanan Republicans, the (Italian) Northern League, the Austrian Freedom Party and, more stridently, the (French) National Front, have crossed swords with political elites over Third World immigration and sharing the welfare net with undesired or illegal immigrants. Not all issues over which populists have battled have been equally well-picked. As John O'Sullivan, a former editor of *National Review*, has observed, the populist war against the North American Free Trade Agreement largely was a wasted effort. The alleged free-trade agreement with Mexico did not produce the economic disaster that its critics predicted. And, if its populist opponents had succeeded in blocking it, they actually would have increased federal control over both trade and revenues.

Nonetheless, modern populism reaches back to a critical distinction obscured by the rise of the managerial state — between democracy as an exercise in self-government by mutually recognized citizens and democracy as public administration teaching democratic values while providing social programs. The latter form of democracy came to prevail throughout the West since mid-century; this occurred, at least in part, because the United States, as a prosperous world power, preached its own most recent democratic model. Contrary to what I learned as a college student, European welfare states and European programs for socializing citizens generally did not start before our own. They developed simultaneously, as in Germany, or more slowly, as in France, Italy and Spain.

But in this country, argues Barry

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Alan Shain in *The Myth of American Individualism*, the turning toward centralized administration took place in the teeth of opposition. Localism and communalism had been the essence of American democratic life since the colonial period and had more to do with American self-government than acquisitive individualism or national welfare states. It was the civil-rights movement of the 1960s, according to

Shain, that sounded the knell for the popular but often intolerant communitist ethical tradition and its institutional manifestations. Only at that point was the sovereignty of local communities fully overthrown. Although the Progressive era set the stage for the power sweep that Shain describes, he is correct that state-centralists, stressing the individual or victimized identities of American citizens, took over the Unit-

ed States in this century. And, it is their descendants who now trade in empty political labels to make it appear that only their debates are worth hearing. Whether they can make their difference seem credible remains to be seen.

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The Devil Is in the Details of Tax-Reform Plans

By Bruce Bartlett

Although polls continue to show that fundamental tax reform is among the most popular issues with voters, there is little likelihood 1998 will see any progress in this direction. Bill Clinton has said he will oppose any movement toward a flat tax or consumption tax, while congressional Republicans appear incapable of agreeing on what tax-reform plan to support. Indeed, almost weekly it seems as if some congressman or senator comes forth with yet another tax-overhaul plan that splits reformers into even more competing camps.

The best-known tax-reform plan is the flat tax, sponsored by House Majority Leader Dick Armey of Texas and Republican Sen. Richard Shelby of Alabama. However, the flat tax has lost support in Congress because it would not completely do away with the IRS. Bolstered by recent hearings on IRS abuses, supporters of abolishing the IRS have turned instead to the national retail-sales tax sponsored by

GOP Reps. Dan Schaefer of Colorado and Billy Tauzin of Louisiana.

The flat tax also has suffered at the hands of its own supporters, some of whom have given up hope of enacting it as a replacement for the current tax system. They now favor the flat tax only as an addition to the already bloated U.S. tax code, as an alternative tax system. Also, some former flat-tax supporters have decided its emphasis on tax neutrality is wrong. They want the tax system to tilt actively in favor of families, even if it means worsening the tax treatment of businesses and capital. Fred Barnes in the *Weekly Standard* reports Family Research Council President Gary Bauer will put forward such a plan in the near future.

Given the seeming impossibility of developing a consensus on ultimate tax reform at this point, perhaps it is time for tax reformers to lower their sights and concentrate on less comprehensive objectives. It may be possible that those favoring competing tax plans can agree on some interim

steps that move in the same direction. This would allow the ball to be moved forward while the debate on ultimate objectives continues.

In a recent paper, longtime Washington tax expert Ernest Christian lays out a plan for incrementally reforming the tax code. By building upon some specific tax changes for which there already is broad support, it is possible to come very close to achieving most of what flat-tax and consumption-tax supporters want simply by amending the current tax code. This, Christian believes, may make it easier politically to achieve substantive reform.

Christian points out that we essentially can convert the current income tax into a consumption tax simply by removing savings from the tax base. This can be done by allowing all individuals an unlimited deduction for contributions to individual retirement accounts, eliminating capital-gains taxes on all reinvested gains and giving businesses an immediate, full deduction for capital investments.

Another key amendment to the tax code would involve elimination of the double taxation of corporate profits. This could be done either by allowing corporations a deduction for dividends paid or allowing individuals to receive dividends tax-free. This would go a long way toward achieving neutrality between capital and labor income. Although these core amendments to the tax code would not by themselves achieve everything that tax reformers desire, they would come close. It then would be much easier to enact ancillary changes that would bring the code into conformity with all of the goals of tax reform. The alternative to such incremental change may be continued deadlock for years to come.

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