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Book Reviews

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BOOK REVIEWS

The Truth About Supply-Side Economics

by

Michael K. Evans

Basic Books, Inc. - 1983

Supply-side economics has generated considerable controversy in recent years. It has been promoted by some as a new cure for the nation's economic troubles -- a way of fighting inflation and unemployment at the same time. Others have criticized its goals for being unrealistic and its methods for being unfair. In *The Truth About Supply-Side Economics*, Michael K. Evans, a well-known economic consultant and a developer of several important models of the U.S. economy, analyzes the success and failures of the supply-side policies which have been implemented by the Reagan administration.

The U.S. economy experienced significant deterioration in the 1970s with the simultaneous advent of high inflation, high unemployment, high interest rates and low productivity. Supply-side economists attribute the weak performance of the economy to various factors, including high tax rates and excessive government regulation. They support policies which are aimed at reversing these factors. President Reagan has adopted many of these policies in his economic program by lowering personal, corporate and capital gains taxes and decreasing government regulation.

After outlining the Reagan program, Evans discusses some of the claims which were made about how it would work. Most of the misconceptions he describes, such as the expectation that corporate tax cuts would generate a rapid increase in investment and that interest rates would fall, are related to the timing of the results. Evans explains in detail why these events did not occur when expected.

In addition, the belief that the budget would be balanced by 1984 is analyzed. Evans asserts that a major flaw in the Reagan plan was to substantially overestimate both the amount of non-defense spending

which could realistically be reduced and the increase in tax revenues which could be expected as the economy responded to the tax cuts. Increases in defense spending only exacerbated the problem. The resulting record budget deficits kept interest rates high and caused many observers to doubt the value of supply-side policies. True supply-side economics, however, requires decreases in government spending as well as in taxes.

With these "myths" examined, Evans then presents what he believes to be the "truths" of supply-side economics. Investment and saving will increase as tax rates are lowered. Higher capital spending will raise the productive capacity of the economy, while higher saving levels provide the needed funds for borrowers and help keep interest rates low.

In addition, a lower capital gains tax facilitates economic growth by encouraging the entrepreneur and venture capitalist to take the risks to start new businesses. The increase in profits and decline in interest rates from the tax cuts will serve to increase economic activity overall. In theory, this expansion in economic activity will increase tax revenues and lower the budget deficits.

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In the opinion of the author, lower tax rates not only raise productivity but also reduce tax sheltering and tax avoidance activity. Evans believes a lowering of tax

rates for the wealthy will actually increase tax revenues, whereas overall tax reductions will tend to lower them. He suggests that a successful program will primarily gear its tax reductions to the rich rather than to all taxpayers across the board.

In the closing chapters, Evans describes what he believes is the optimal balanced supply-side plan. Government spending, as well as taxes, should be reduced to avoid the problem of budget deficits and high interest rates. Production will be stimulated and inflationary pressures will be lessened. Also, a flat-rate income tax should be adopted, since it could potentially raise more revenue than the present system while improving incentives to work, save and invest.

One shortcoming of the book is that Evans presents only those facts which support supply-side economics, while excluding many others. For instance, when he examines the causes of the economic problems of the 1970s, he fails to include the effects of higher energy prices resulting from the OPEC cartel. Similarly, scant attention is given to the significance of monetary policy, even though the Federal Reserve's control of the money supply is an important tool in fighting inflation. Also, it is not clear that lowering the upper income tax brackets would appreciably reduce the present budget deficits, since most tax revenue comes from the middle income group.

Another problem is that although Evans describes the expected benefits of supply-side economics in depth, he fails to give serious consideration to the costs. He advocates deeper cuts in government spending and tax rates than the Reagan administration has been able to convince Congress to make. If Evans' proposals are implemented, they are sure to have an impact on many groups in the economy and on the distribution of income. This should be carefully considered in addition to the projected macro-economic effects.

On the whole, Evans presents a clear overview of the objectives and policy tools of supply-side economics. This informative and readable book explains many relevant concepts in economics, and provides some useful historical background on the U.S. economy.

The debate about supply-side economics is far from settled and readers should approach this book with an open mind.

Margaret Barber
Instructor of Economics

Religion In The Secular City

by
Harvey Cox

New York:
Simon and Schuster, 1984

Two decades ago most prognosticators of things religious were proclaiming the imminent death of God and of religion as an important human expression in an increasingly secular world. Religion, they said, would be relegated to family and private interpersonal relationships and would no longer shape political, economic and the larger social institutions. One of those seers was Professor Harvey Cox, Harvard theologian, who, in his *The Secular City* (New York: MacMillan, 1965) articulated the assessments and expectations of many modern liberal theologians. Since 1965, however, many events have occurred that belie those predictions.

The chaotic uprisings of the late 60s and early 70s seemed proof of religion's failures, but most observers failed to note the religious fervor that undergirded them. The anti-Viet Nam and civil rights protests were certainly religiously oriented. The decade from 1965-1975 saw a number of holy wars in the Middle East and a resurgence of religious conservatism culminating in the return of the Ayatollah Khomeini to rule in Iran. Since then we have witnessed the religious battles with Lebanon, the continuing strife in Northern Ireland, the religious tenacity of the Catholics of Poland who defy even Russian might, the near fanatical acclamation of Pope John Paul II wherever in the world he visits, the rise of Jerry Falwell's Moral Majority and other fundamentalist religious sects and cults in America (and their perhaps decisive influence on the 1984 presidential election), and the burgeoning influence of "Liberation Theology" in Central and South America.

Professor Cox, in his most recent work, *Religion in the Secular City: Toward a Postmodern Theology* now proclaims the demise of modern liberal theology and, focusing on fundamentalism and liberation

The Moon Is In The Eastern Sky

*The moon is in the eastern sky.
There are no storms tonight,
no threat of snow;
the thin-lipped bay has eaten
all the clouds had left.*

*The space between the stars is deeper,
all their violence flawless.
There is no wind;
each tree is perfect separateness
Each stone has grown a shadow.*

*I am further from the next house.
My house has grown the shadow
of a woman in a window.
The thin body of the mercury
measures this cold peace.*

Faye George Hennebury

Faye George Hennebury currently works at Bridgewater State College as a secretary in the Humanities Department. Her poetry has appeared in Yankee and Poet Lore. She has published also in the Anthology of Magazine Verse and Yearbook of American Poetry (1980), featuring the "choicest poetry of the year" selected from magazines across the United States and Canada. Her varied background includes radio copy/continuity writing, and public relations work in human services and municipal government. She has two children and one grandchild.

theology predicts a rising "postmodern" theology. Drawing on his personal contacts and with both movements Cox concludes that each has sprung from the ashes of failed liberal religious thinking and practices. In American fundamentalism he finds some things worthy of praise: its offering of hope to the poor and lowly, its challenge to the excesses of the secular and technological aspects of modern society, and, he notes, its respect for and use of reason. He also evinces admiration for its "feisty vitality. Beaten back into its corner on many occasions it has always emerged again, picking up stones to sling at the Goliath of modernism."

Cox believes, however, that fundamentalism bears the seeds of its own demise. It ties itself too closely to things traditional and outdated and consequently ignores modern intellectual and technological advances. Its emphasis on the imminent end of the present age and its fascination with the coming "Rapture" leave it unable and unwilling to deal with a "this-worldly" future. For Cox, the hope of a vital postmodern theology lies instead with the liberation movement so prominent now in Central and South America.

Liberation theologians, like Gustavo Gutiérrez and Juan Luis Segundo, speak from and to the anguish of all those enslaved by poverty and political ineffectiveness. The movement has spawned a very large number (Cox estimates at least two-hundred thousand) of "base communities" -- which the author describes in fascinating fashion in Chapter 8 -- reminiscent of old-time Protestant Bible study gatherings. In the base community the laity are dominant. Clergy serve primarily as catalysts and advisors to their religious ruminations which may lack theological profundity, but contain marvelous insight into biblical truths and their application to the plight of the masses, each member of which sees himself/herself as one from whom Jesus personally lived and died. There is in all of this a stark challenge to the rigid hierarchy and absolute authoritarianism of the Roman Catholic Church, as one may well note from the sharp papal warnings issued from time to time to the Central/South American bishops.

Harvey Cox writes with uncommon skill. He is at his best when describing human events, but he is no less adept at analyzing their causes and meanings, though his judgments will not be accepted by all students of the modern and postmodern worlds, and he leaves some questions unanswered. I think he discounts too heavily the future of fundamentalism. He does not seem to note that while they talk incessantly of the coming end

of the world, and while their eschatological viewpoints certainly color their theology, fundamentalists live as much as anyone for each day and plan for tomorrow as would any modernist. I question, too, his almost complete faith in the base community for shaping postmodern theology and the future church. Change is surely imminent. Neither absolute papal authority nor sacred tradition will stem its tide. There will be revolutionary political, economic, and social consequences -- perhaps even a new Reformation. If, however, as Cox believes, the base community will provide the means for the poor and powerless to become affluent and mighty, who will minister to them?

Professor Cox's book is an important one, a worthy successor to *The Secular City*. Perhaps another two decades or so must pass before we will know if his insights and predictions are closer to the mark this time. They are certainly informative and stimulating. *Religion in the Secular City* should be read by everyone interested in developing theology and the future of the Christian church -- as well as religion generally.

Milton Boyle
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The Matter of Albany

Legs

by William Kennedy

(Coward, McCann & Geoghegan, 1975)

Billy Phelan's Greatest Game

by William Kennedy

(Viking, 1978)

Ironweed

by William Kennedy

(Viking, 1983)

Ironweed, the third of William Kennedy's Albany novels, opens with a visit to Saint Agnes Cemetery by Francis Phelan, aged 58 and a bum on the lam for twenty years. It is the morning of Halloween, October 31, 1938, and the visit does not go unnoticed:

Francis's mother twitched nervously in her grave as the truck carried him nearer to her; and Francis's father lit his pipe, smiled at his wife's discomfort, and looked out from his own bit of sod to catch a glimpse of how much his son had changed since the train accident. Francis's father smoked roots of grass that died in the periodic droughts afflicting the cemetery. He stored the root essence in his pockets until it was brittle to the touch, then pulverized it between his fingers and packed his pipe. Francis's mother wove crosses from the dead dandelions and other deep-rooted weeds; careful to preserve their fullest length, she wove them while they were still in the green stage of death, then ate them with an insatiable revulsion.

These are strange, fascinating novels, combining gritty realism in the Irish American tradition of James T. Farrell, blasé flights into supernaturalism as in the "magic realism" of Gabriel García Márquez, and occasional passages of compassionate lyricism, reminiscent of the fictions of William Goyen. In fact, a good epigraph for the series, for *Ironweed* especially, is the reverie of "Arcadio," in Goyen's last novel of that name: "I lay awake and thought about it, about turned-away things, things not taken, things thrown back or let go, or the light in them put out by fear."

The support of Saul Bellow and a MacArthur Foundation "genius grant" (five years of economic freedom to keep writing) have made William Kennedy famous (in a literary way) and provided an audience for his novels, all of which were rejected many times by many publishers over the past ten years. Now available in a single-format paperback package from Penguin, Kennedy's three Albany novels emerge as a connected trilogy which shares a setting, New York's down-at-the-heels capital city, a time frame, roughly 1925 to 1938, and a vivid, various cast of characters both dead and alive, bums and bootlickers and honest workingmen, newspapermen, politicians, gamblers, and gangsters.

These three novels constitute a trilogy because of the effect of focusing in and down that reading them in sequence provides. The first is a fictionalizing of the life of a real and famous person: the notorious underworld figure, Jack "Legs" Diamond, "not merely the dude of all gangsters, the most active brain the the New York underworld, but . . . one of the truly new American Irishmen of his day; Horatio Alger out of Finn McCool and Jesse James, shaping the dream that you could grow up in America and shoot your way to glory and riches." The story of *Legs* takes in the six years, from 1925 to 1931, of his friendship with Albany lawyer Marcus Gorman, who narrates the events. The accent is on the last three years, during which Gorman works for Legs and ending with Diamond's shooting death in Albany, but

there are flashbacks all the way to Legs's late-nineteenth-century childhood in the Philadelphia Irish ghetto. The second novel, *Billy Phelan's Greatest Game*, describes one week in late October, 1938, in the lives of small-time hustler Billy Phelan and journalist Martin Daugherty (the narrator here) who find themselves mixed up in the kidnapping of the son of Albany's most powerful political boss. And the third novel, *Ironweed*, details two days, October 31 and November 1, 1938, in the life of Billy's father Francis, an alcoholic derelict and seemingly the least consequential of men. Here the narrative is omniscient and much more lyrical, and it includes the final acts and thoughts of three other homeless hoboese, whose deaths punctuate the book with resonant emotional impact.

Kennedy's uniquely moving prose needs to be quoted. Here is one piece where he describes Francis Phelan finding sleep out in the open in sub-freezing weather, late on the first of the two nights of *Ironweed*:

The new and frigid air of November lay on Francis like a blanket of glass. Its weight rendered him motionless and brought peace to his body, and the stillness brought a cessation of anguish to his brain. In a dream he was only just beginning to enter, horns and mountains rose up out of the earth, the horns -- ethereal, trumpets -- sounding with a virtuosity equal to the perilousness of the crags and cornices of the mountainous pathways. Francis recognized the song the trumpets played and he floated with its melody. Then, yielding not without trepidation to its coded urgency, he ascended bodily into the exalted reaches of the world where the song had been composed so long ago. And he slept.

What the main characters in these three novels have in common is integrity, of sorts. And a resolute refusal of illusion or self-delusion. By far the worst is Legs Diamond, an underworld potentate and cold-blooded murderer. And yet, in the eyes of Marcus Gorman, he emerges as a true and admirable paradox: "He was a liar, of course, a perjurer, all of that, but he was also a venal man of integrity, for he never ceased to renew his vulnerability to punishment, death, and damnation. It is one thing to be corrupt. It is another to behave in a psychologically responsible way toward your own evil." A self-consciously mythic figure, Jack Diamond (born John T. Nolan) is a lot closer to Jay Gatsby (born Jimmy Gatz), who also emerged from his own Platonic conception of himself, than to "lesser later-day figures such as Richard Nixon, who left significant history in his wake, but no legend; whose corruption, overwhelmingly venal and invariably hypocritical, lacked the admirably

white core fantasy that can give evil a mythical dimension." As Marcus Gorman points out, "Only boobs and shitheads rooted for Nixon in his troubled time, but heroes and poets followed Jack's tribulations with curiosity, ambivalent benevolence, and a sense of mystery at the meaning of their own response." This may sound like a romanticizing of hardness and violence, but it isn't. Kennedy's notable achievement here is the creation of a true "sense of mystery," one rooted in another paradox -- the mixture of realism and self-generated fantastic legend that Legs Diamond's life represents.

Driven by a visionary imagination and an austere sense of values, William Kennedy has created a world that commands attention and forces thought.

As for Billy Phelan, he seems to his observing narrator, Martin Daugherty, "more specific than most men," in fact, "fully defined at thirty-one." He refuses to join either side in the deadly kidnap game that turns the Albany underworld inside out, although the cost is ostracism from his joy and livelihood -- immersion in the city's hustling night scene. (Martin calls him "a generalist, a man in need of the sweetness of miscellany.") Martin also considers Billy "a strong man, indifferent to luck, a gamester who accepted the rules and played by them, but who also played above them, . . . a healthy man without need for artifice or mysticism," and (another paradox) "a serious fellow who put play in its proper place: an adjunct to breathing and eating." And when an inadvertent tip from Billy brings the kidnapping to a happy ending, Martin credits him with unconscious, intuitive knowledge "touched with magic," and calls him "not only the true hero of this whole sordid business, but . . . an ontological hero as well." To be sure, this is a heavy load of meaning for the life of a small-time bowling, cards, and

pool hustler to carry, but again, as with the story of Legs Diamond, Kennedy is convincing.

Finally, there is a progression to the least, and greatest, of the protagonists of the Albany trilogy. Francis Phelan is an alcoholic vagrant, the accidental killer of two men with a share of responsibility in several other deaths, and a twenty-year deserter of his wife and two children. And yet Kennedy creates him as a plausibly heroic figure, in words that come not from an identified narrator, but, seemingly, from the inarticulate soul of Francis himself:

He believed he was a creature of unknown and unknowable qualities, a man in whom there would never be an equanimity of both impulsive and premeditated action. Yet after every admission that he was a lost and distorted soul, Francis asserted his own private wisdom and purpose: he had fled the folks because he was too profane a being to live among them; he had humbled himself willfully through the years to counter a fearful pride in his own ability to manufacture the glory from which grace would flow. What he was was, yes, a warrior, protecting a belief that no man could ever articulate, especially himself; but somehow it involved protecting saints from sinners, protecting the living from the dead. And a warrior, he was certain, was not a victim. Never a victim.

The two days and nights of this novel, *All Souls'* and *All Saints' Days* of the year 1938, are eventful for Francis Phelan. He gets sober and gets drunk, he eases the last hours of two dying hobo-companions, he finds the body of Helen, his on-the-bum girlfriend of a decade, he kills a man, he comes home to his wife and family for dinner for the first time since 1916. In addition, through the course of these forty-eight hours, Francis meets and converses with all of the important ghosts of his past -- from his parents, to companions of his youth, to those in whose violent deaths he has been implicated. Is this delirium tremens or is it "really" happening? The quality of the writing makes the question irrelevant. It is simply one more of Kennedy's successfully wrought paradoxes that this least deluded of men has plausible encounters with the dead.

None of this catches the texture of these extraordinary novels. They must be read to be appreciated. In all three, a place, a time and a group of people are imagined with intensity and fullness. Driven by a visionary imagination and an austere sense of values ("IRONWEED: The name refers to the toughness of the stem"), William Kennedy has created a world that commands attention and forces thought.

Charles Fanning
Professor of English