The New York Times

November 18, 2012

The Twinkie Manifesto

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The Twinkie, it turns out, was introduced way back in 1930. In our memories, however, the iconic snack will forever be identified with the 1950s, when Hostess popularized the brand by sponsoring "The Howdy Doody Show." And the demise of Hostess has unleashed a wave of baby boomer nostalgia for a seemingly more innocent time.

Needless to say, it wasn't really innocent. But the '50s — the Twinkie Era — do offer lessons that remain relevant in the 21st century. Above all, the success of the postwar American economy demonstrates that, contrary to today's conservative orthodoxy, you can have prosperity without demeaning workers and coddling the rich.

Consider the question of tax rates on the wealthy. The modern American right, and much of the alleged center, is obsessed with the notion that low tax rates at the top are essential to growth. Remember that Erskine Bowles and Alan Simpson, charged with producing a plan to curb deficits, nonetheless somehow ended up listing "lower tax rates" as a "guiding principle."

Yet in the 1950s incomes in the top bracket faced a marginal tax rate of 91, that's right, 91 percent, while taxes on corporate profits were twice as large, relative to national income, as in recent years. The best estimates suggest that circa 1960 the top 0.01 percent of Americans paid an effective federal tax rate of more than 70 percent, twice what they pay today.

Nor were high taxes the only burden wealthy businessmen had to bear. They also faced a labor force with a degree of bargaining power hard to imagine today. In 1955 roughly a third of American workers were union members. In the biggest companies, management and labor bargained as equals, so much so that it was common to talk about corporations serving an array of "stakeholders" as opposed to merely serving stockholders.

Squeezed between high taxes and empowered workers, executives were relatively impoverished by the standards of either earlier or later generations. In 1955 Fortune magazine published an essay, "How top executives live," which emphasized how modest their lifestyles had become compared with days of yore. The vast mansions, armies of servants, and huge yachts of the 1920s were no more; by 1955 the typical executive, Fortune claimed, lived in a smallish suburban house, relied on part-time help and skippered his own relatively small boat.

The data confirm Fortune's impressions. Between the 1920s and the 1950s real incomes for the richest Americans fell sharply, not just compared with the middle class but in absolute terms. According to estimates by the economists Thomas Piketty and Emmanuel Saez, in 1955 the real incomes of the top 0.01 percent of Americans were less than half what they had been in the late 1920s, and their share of total income was down by three-quarters.

Today, of course, the mansions, armies of servants and yachts are back, bigger than ever — and any hint of policies that might crimp plutocrats' style is met with cries of "socialism." Indeed, the whole Romney campaign was based on the premise that President Obama's threat to modestly raise taxes on top incomes, plus his temerity in suggesting that some bankers had behaved badly, were crippling the economy. Surely, then, the far less plutocrat-friendly environment of the 1950s must have been an economic disaster, right?

Actually, some people thought so at the time. Paul Ryan and many other modern conservatives are devotees of Ayn Rand. Well, the collapsing, moocher-infested nation she portrayed in "Atlas Shrugged," published in 1957, was basically Dwight Eisenhower's America.

Strange to say, however, the oppressed executives Fortune portrayed in 1955 didn't go Galt and deprive the nation of their talents. On the contrary, if Fortune is to be believed, they were working harder than ever. And the high-tax, strong-union decades after World War II were in fact marked by spectacular, widely shared economic growth: nothing before or since has matched the doubling of median family income between 1947 and 1973.

Which brings us back to the nostalgia thing.

There are, let's face it, some people in our political life who pine for the days when minorities and women knew their place, gays stayed firmly in the closet and congressmen asked, "Are you now or have you ever been?" The rest of us, however, are very glad those days are gone. We are, morally, a much better nation than we were. Oh, and the food has improved a lot, too.

Along the way, however, we've forgotten something important — namely, that economic justice and economic growth aren't incompatible. America in the 1950s made the rich pay their fair share; it gave workers the power to bargain for decent wages and benefits; yet contrary to right-wing propaganda then and now, it prospered. And we can do that again.