adhering to one of its "most important, yet least appreciated, legacies," argues Zelizer, a historian at the State University of New York at Albany.

Though New Deal historians usually deemphasize it, fiscal conservatism—i.e., "an agenda of balanced budgets, private capital investment, minimal government debt, stable currency, low inflation, and high savings"—was "a key component of the New Deal," he says. President Franklin D. Roosevelt knew that investors and businessmen, mainstream economists, and most of the voting public favored it. And he did himself, at least in principle.

But "the pressure [on him] to spend was enormous," notes Zelizer. "He wanted a balanced budget," Secretary of Labor Frances Perkins later reflected, "but he also wanted to do the right thing by his unemployed citizens."

Two top advisers struggled "to keep Roosevelt faithful to fiscal conservatism," says Zelizer. One was Lewis Douglas, director of the Bureau of the Budget. Douglas championed the Economy Act of 1933, which, by giving the president broad powers to cut veterans' payments and federal salaries, reduced federal spending by $500 million.

His influence was short-lived, however, as FDR sought to alleviate mass unemployment and suffering with government relief programs. Deficits widened. Only three percent of Americans paid any income tax, and Washington had only two other principal sources of revenue: excise and payroll taxes. A disillusioned Douglas resigned in August 1934.

But fiscal conservatism did not depart with him, Zelizer says. Secretary of the Treasury Henry Morgenthau, Jr., "promoted a vision of moderate fiscal conservatism that influenced Roosevelt for three critical years," 1934 to 1937. In contrast to the inflexibly antistatist Douglas, Morgenthau "embraced the basic tenets of New Deal liberalism," and worked for "budgetary restraint within the New Deal."

When economic conditions eased, FDR "called for a balanced budget" in the spring of 1937, Zelizer notes. Significant spending cuts were made, but the budget, in the end, was not balanced. That fall, the economy relapsed, and Roosevelt in April 1938 embraced the Keynesian idea of stimulating the economy with almost $3 billion in emergency spending.

The significance of this move has been much exaggerated, Zelizer contends. The deliberate $3 billion deficit was small, given the $100 billion economy. There is "little evidence" that FDR meant to permanently reject the goal of balanced budgets and debt reduction. And just what his "long-term position" might have been never became clear, as his final years in office "were consumed by the exigencies of war."

Foreign Policy & Defense

The Relevance of Realism

"Structural Realism after the Cold War" by Kenneth N. Waltz, in *International Security* (Summer 2000), Belfer Center for Science and International Affairs, Harvard Univ., 79 John F. Kennedy St., Cambridge, Mass. 02138.

To hear some analysts tell it, the venerable "realist" view of international politics has become obsolete. No longer do we live in an anarchic world of self-interested states concerned with power and security. Since the Cold War ended, international politics supposedly has been transformed by the spread of liberal democracies and the rise of economic interdependence and international institutions. Waltz, the noted political theorist who is now an adjunct professor at Columbia University, begs to differ.

The spread of democracy, he says, does not alter the essentially anarchic character of international politics, in which, without "an external authority, a state cannot be sure that today's friend will not be tomorrow's enemy." This would be so even if all states were to become democracies. It is true that democracies seldom have fought other democracies (though it has happened), but that is no guarantee that wars will not break out. When a liberal democracy goes to war, he points out, it is likely to call the enemy's democratic standing into question. That happened when democratic England and France went to war in 1914 against a Germany that had seemed to some American scholars "the very model of a modern democratic state," but now "turned out not to be a democracy of the right kind," at least in British, French, and American eyes. At other times, democracies wage war in the name of democracy, as America did, for instance, in Vietnam. The spread of democracy, Waltz says, may not mean "a net decrease in the amount of war in the world."

Economic interdependence? It promotes war as well as peace, Waltz observes. Increased contacts can produce conflicts as well as mutual understanding. In any event, he says, interdependence is overrated. "Interdependence within modern states is much closer than it is across states," yet, for instance, it did not prevent the disintegration of the Soviet Union.

International institutions also remain relatively unimportant, Waltz says, having little effect independent of the states that found and sustain them. Some analysts point to the North Atlantic Treaty Organization (NATO), which has survived the disappearance of its original Cold War purpose, as evidence of independent life in such institutions. In fact, contends Waltz, "the ability of the United States to extend the life of a moribund institution nicely illustrates how international institutions are created and maintained by stronger states to serve their perceived or misperceived interests." (For domestic political reasons, he says, the Clinton administration pressed for NATO expansion, even though that unwisely "pushes Russia toward China instead of drawing Russia toward Europe and America.")

Despite claims that realism is dead, Waltz concludes, "the world . . . has not been transformed; the structure of international politics has simply been remade by the disappearance of the Soviet Union, and for a time we will live with unipolarity." Realists know that "in international politics, overwhelming power repels and leads others to try to balance against it." That is already happening in Asia, he says. The American effort "to keep the world unipolar is doomed."

Spreading Sunshine

"Will Globalization Make You Happy?" by Robert Wright, in *Foreign Policy* (Sept.–Oct. 2000), Carnegie Endowment for International Peace, 1779 Massachusetts Ave., N.W., Washington, D.C. 20036.

Thanks to globalization, many of the world's have-nots are smiling a lot more these days, argues Wright, a visiting scholar at the University of Pennsylvania and the author of *Nonzero: The Logic of Human Destiny* (2000), and he has the scientific assays of global sunshine to prove it.

"Psychologists have gone to dozens of nations, rich and poor, and asked people how satisfied they are with their lives," he explains. The results indicate "a clear connection between a nation's per capita gross domestic product (GDP) and the average happiness of its citizens"—but only up to the point where GDP per capita reaches about $10,000 a year. That's about where Greece, Portugal, and South Korea are today.

Money evidently *can* buy happiness, when poor people can turn their increased income into a fairly comfortable standard of living, with improved diets, medical care, and shelter, and perhaps even more political freedom—but after that, the happiness payoff rapidly vanishes. Above the $10,000 per capita level, "additional dollars don't seem to cheer up nations," says Wright, "and national differences in happiness hinge on the intangibles of culture" (which, for instance, make the Irish, though less wealthy, significantly happier than the Germans, the Japanese, and the British).

Not only does rising national income fail to make rich nations happier, says Wright, but even as their average level of happiness stays the same, "the small fraction" suffering from chronic depression and other serious mental illnesses expands. Globalization, in short, seems "good for the poor and, if anything, bad for the rich."

Of course, globalization has its discontents, but Wright insists that growing poverty among