

in recent decades, economic gains in China have offset the effect.

“The burst of world income inequality [since 1820] now seems to be over,” the authors conclude. “There is comparatively lit-

tle difference between the world distribution today and in 1950.” What should worry us now, they say, is that poverty is becoming increasingly concentrated in Africa and a few other parts of the world.

Feel the Pain

“Pricing and the Psychology of Consumption” by John Gourville and Dilip Soman, in *Harvard Business Review* (Sept. 2002), 60 Harvard Way, Boston, Mass. 02163.

What’s the last thing the Amalgamated Sprocket Company wants its customers to think about? The price of its sprockets, of course. But Amalgamated and many other companies may be making a big mistake.

The reason is elementary, say Gourville and Soman: “A customer who doesn’t use a product is unlikely to buy that product again.” And the more a consumer remains aware of what he paid for a product, the more likely he is to use it.

When the two professors—Gourville at Harvard Business School, Soman at the School of Business and Management at the Hong Kong University of Science and Technology—studied ticket sales at a Shakespeare theater festival, they found that people who bought tickets to individual plays had a no-show rate of less than one percent. Those who paid in advance to attend all four plays had a

no-show rate of 21.5 percent.

The pattern shows up again and again. Health club members who pay annual fees pump a lot of iron in the months immediately after they write a check, but before long they’re back in their easy chairs. Monthly dues payers go to the gym on a more regular basis.

Gourville and Soman think their no pain—no gain principle can be applied in many fields. To get their customers to come in for regular checkups and immunizations, for example, health maintenance organizations can itemize costs within the regular flat fee. That would make customers more aware of what they’re paying for. The principle can also be used to minimize consumption. Country club managers who want to reduce the summertime throngs on the links would be shrewd to make club members pay up long before, in the cold, dark days of winter.

Defending the IMF

“The IMF Strikes Back” by Kenneth Rogoff, in *Foreign Policy* (Jan.–Feb. 2003), 1779 Massachusetts Ave., N.W., Washington, D.C. 20036.

The International Monetary Fund (IMF), which provides short-term loans to distressed member-nations, has become a favorite target of anti-globalization protesters and other critics. Rogoff, economic counselor and director of the research department at the IMF, rises to its defense.

One common criticism is that the fund imposes harsh economic policies on governments, crushing the hopes and aspirations of their people. But from Peru in 1954 to South Korea in 1997 to Argentina today, governments in developing countries have sought IMF aid because they were already in

deep financial trouble. The IMF steps in where private creditors fear to go and offers loans at low interest rates. The fund doesn’t create the austerity, says Rogoff, it *lightens* it: “The economic policy conditions that the fund attaches to its loans are in lieu of the stricter discipline that market forces would impose in the IMF’s absence.” Even so, he adds, politicians—including those whose economic mismanagement often helped to bring on the crisis—find in the IMF “a convenient whipping boy” when they must finally impose austerity.

To be sure, the IMF insists on being

repaid, Rogoff says, but the repayments “normally spike only after the crisis has passed.” If IMF loans were never repaid, there would eventually be *no* funds to provide to developing countries—unless the industrialized countries were willing to replenish the IMF’s coffers continually.

Critics also accuse the IMF of pushing countries to raise domestic interest rates and tighten their budgets during recessions, the

precise opposite of Keynesian policies to stimulate the economy. The IMF does encourage the Keynesian approach “where feasible,” Rogoff counters, but it isn’t feasible with “most emerging markets,” which find it very difficult to borrow during a downturn. The IMF “can only do so much for countries that don’t [build] up surpluses during boom times—such as Argentina in the 1990s—to leave room for deficits during downturns.”

SOCIETY

Loves of an Anarchist

“Emma Goldman and the Tragedy of Modern Love” by Rochelle Gurstein, in *Salmagundi* (Summer–Fall 2002), Skidmore College, Saratoga Springs, N.Y. 12866.

Anarchist Emma Goldman didn’t leave many of the great issues of her day untouched. She was an impassioned crusader for labor and revolution and an unabashed advocate of “free love” who wrote openly of her erotic yearnings and numerous love affairs. That openness was too much for the feminists of

her day, but it was catnip to their successors in the 1960s and 1970s. To them, Goldman seemed a feminist foremother.

As feminist scholars began to delve into Goldman’s life (1869–1940), however, doubts soon set in, and the reasons are revealing, says Gurstein, the author of *The Repeal of Reticence* (1996). The change of heart began with a 1984 biography by leading Goldman authority Candace Falk, *Love, Anarchy, and Emma Goldman*. Drawing on a newly discovered trove of Goldman’s passionate letters to her longtime lover, Ben Reitman, Falk found a tumultuous “secret” life that was hard to square with the standards of late-20th-century feminism. The letters revealed a woman who was full of jealous rage at her lover’s rampant promiscuity and also seemed willing at times to abandon all of her political commitments for the sexual ecstasy she found in Reitman’s arms.

To latter-day feminists, this discovery was a terrible disappointment, revealing a woman who was willing to endure great humiliation and who expressed her love for Reitman in words that were dismayingly “romantic, almost melodramatic,” as Falk put it. But



Emma Goldman, shown here in a 1906 photograph, was both true to her principles and passionate about her lover, Ben Reitman.