

THE PERIODICAL OBSERVER

A review of articles from periodicals and specialized journals here and abroad

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Social Security and Beyond

A Survey of Recent Articles

In his State of the Union speech in February, President George W. Bush (1) warned that if nothing is done, Social Security will be “bankrupt” by 2042, and (2) urged that some Social Security funds be diverted into voluntary personal retirement accounts. Bush’s sketchy proposal has been severely criticized, but it has also touched off a wide-ranging debate about everything from income inequality to the nature of retirement itself in the 21st century.

Although Bush’s two ideas became virtually inseparable in much of the subsequent public discussion, many critics were quick to point out that personal retirement accounts would not prevent insolvency. In fact, they would make the crisis (if there really is one) worse, at least in the short term.

“Currently, Social Security is running a hefty surplus; the payroll tax brings in more dollars than what goes out in benefits,” notes Roger Lowenstein, a contributing writer to *The New York Times Magazine* (Jan. 16, 2005). “By law, Social Security invests that surplus in Treasury securities, which it deposits into a reserve known as a trust fund, which now holds more than one and a half trillion dollars. But by 2018, as baby boomers retire en masse, the system will go into deficit. At that point, in order to pay benefits, it will begin to draw on the assets in the trust fund.” The Social Security Administration has since slightly revised its estimates: The deficit will arrive in 2017, and the

trust fund will be exhausted by 2041. “At that point, as payroll taxes continue to roll in, [the system] would be able to pay just over 70 percent of scheduled benefits.”

That isn’t necessarily “bankruptcy,” but it is a shortfall—which could be avoided by some combination of payroll-tax increases and cuts in benefits. The payroll tax is currently 12.4 percent, levied on the first \$90,000 of annual wages. Half is paid directly by the employee, half by the employer. As do many others, Bush opposes the 1.5 percentage point increase in the payroll-tax rate that would eliminate the specter of 2041, but he hasn’t ruled out a different way of meeting the challenge: raising the \$90,000 annual cap.

Trimming benefits would also avert insolvency. Currently, Social Security benefits are adjusted every year to keep pace with inflation. But the *initial* benefit levels of new retirees are set according to a formula that takes into account their past earnings and an index of wage growth. If initial benefits were indexed instead to changes in the cost of living—as they were before 1977—that alone would assure the system’s solvency, notes Irwin M. Stelzer, director of economic policy studies at the Hudson Institute, in an article in *The Weekly Standard* (Jan. 17, 2005). Reasonable arguments can be made for either of those “escalators,” Stelzer adds. “Escalate with wages, and you retain the standard of living of

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retirees *relative* to those of active workers. Escalate with inflation, and you retain the *absolute* standard of living of retirees.” But a switch to the inflation index would amount to a reduction of promised benefits, since wage growth outpaces inflation over time.

In *The Wall Street Journal* (March 15, 2005), financial executive Robert C. Pozen, a Democratic member of a federal panel on Social Security reform during Bush’s first term, proposes a hybrid solution that would buttress the system’s redistributive character: Index the benefits of the poor to wages and those of the affluent to inflation, with the benefits of those in the middle (i.e., with incomes of \$25,000 to \$113,000) linked to a mix of the two indexes. By allowing workers to establish modest private accounts under the Social Security umbrella, Pozen’s plan would probably avert any loss of benefits. The federal government would still need to borrow to cover the transition costs, but much less than under other plans.

Another way of cutting benefits would be to raise the retirement age. In 1983, Congress hiked it from 65 to 67, a change that is very slowly being phased in. A further increase would be justified, argues William Saletan, chief political correspondent for *Slate* (Feb. 22, 2005). In 1935, the committee that designed Social Security noted that “men who reach 65 still have on the average 11 or 12 years of life before them; women, 15 years.” Today, life expectancy at 65 is about five years longer than that, so providing benefits for the same span of retirement would mean raising the retirement age to between 70 and 75.

In proposing private accounts financed by funds diverted from payroll taxes, the president has encountered resistance, in part because Washington would need to borrow vast sums to replace the diverted funds. And some economists say the assumptions about returns from stocks and bonds are too optimistic. Yet there is widespread support for encouraging Americans to save more for retirement. The puzzle is how to achieve that goal. C. Eugene Steuerle, a senior fellow at the Urban Institute, and two colleagues report in *Tax Notes* (Dec. 20, 2004) that the government now forgoes more revenue for the

sake of retirement tax breaks (\$112 billion in 2004) than Americans save for all purposes (an estimated \$101 billion).

Half of all American households whose heads are nearing retirement age have only \$10,000 or less in a 401(k) plan or individual retirement account, according to a study by William G. Gale, J. Mark Iwry, and Peter R. Orszag, all affiliated with the Brookings Institution (www.brookings.edu/views/papers/20050228_401k.htm). Only about 75 percent of eligible workers participate in a 401(k) plan, and only five percent of plan participants contribute the maximum allowable amount.

Paul O’Neill, Bush’s first Treasury secretary, has advanced a novel longer-term proposal: Have the federal government deposit \$2,000 annually in accounts for Americans aged one to 18. With no additional contributions, and assuming a relatively conservative six percent average annual rate of return, “those savings would grow to \$1,013,326 at age 65,” he writes in *The Los Angeles Times* (Feb. 15, 2005). Problem solved.

What’s seldom mentioned in the current debate, however, is that there may not be a problem at all. The Social Security Administration makes three different 75-year projections of the system’s health based on different economic and demographic scenarios, and today’s debate revolves around the “intermediate” forecast. “If its more optimistic projection turns out to be correct,” observes Lowenstein in his *New York Times Magazine* article, “then there will be no need for any benefit cuts or payroll-tax increases over the full 75 years.” Over a recent 10-year span, the “optimistic” estimates actually proved very accurate. Stelzer, in his *Weekly Standard* piece, says “a case can be made” for doing nothing. “But we should never discourage politicians bent on prudence.” His suggestion: Scrap the Social Security payroll tax, which is regressive and also discourages employers from hiring new workers, and replace it with another source of revenue.

David M. Walker, the U.S. Comptroller General, argues in a useful overview of the issues (<http://www.gao.gov/new.items/d05397t.pdf>) that Social Security must be considered in a larger context: “Compared to addressing our long-term health care financing problem, reforming Social Security ought to be easy lifting.”

Bush v. Gore and More

“The Constitutionalization of Democratic Politics” by Richard H. Pildes, in *Harvard Law Review* (Nov. 2004), Gannett House, 1511 Massachusetts Ave., Cambridge, Mass. 02138.

Marching at the head of a trend seen in judiciaries throughout the democratic world, the U.S. Supreme Court has increasingly intervened in the design and operation of elections, political parties, and other basic democratic institutions. *Bush v. Gore* is only the most famous example of a trend that Pildes, a professor of constitutional law at New York University, sees as terribly misguided.

One reason is that constitutional law isn't up to the complex job of designing a political system, Pildes says. It tends to put issues into intellectual cubbyholes: This is a free-speech case, that's an equal-protection case. As a result, the Court has done too much in some areas and not enough in others.

It's done too much “by inappropriately extending rights doctrines into the design of democratic institutions.” Liberals aren't the only ones who seek such extensions. Conservatives have, among other things, pushed the Court to strike down campaign finance laws on First Amendment grounds.

Reshaping the political system according to abstract doctrines can have perverse effects. In *California Democratic Party v. Jones* (2000), for example, the Supreme Court, citing political parties' autonomy, ruled unconstitutional California's “blanket primary,” which allowed voters to participate in different party primaries for different offices. Proponents of the blanket primary, adopted by Californians in an initia-

tive four years earlier, had argued that it would produce more centrist candidates. To the Court, this smacked of “impermissible viewpoint discrimination,” says Pildes. But making such choices is exactly what democratic politics is about. Any kind of primary will promote certain kinds of outcomes. In the end, the *Jones* ruling may prompt California and other states to adopt purely nonpartisan primaries, further weakening political parties, which is contrary to the Court's intent.

Pildes thinks that the Court is falling down on the job in the one area where it ought to be doing more: promoting political competition by aggressively scrutinizing laws that let officeholders and political parties entrench themselves in power. In *Timmons v. Twin Cities Area New Party* (1997), for example, it refused to overturn laws banning fusion candidacies (in which candidates appear on both major- and minor-party lines on the ballot). As a result, the New Party, founded in 1992 to exert leftward pressure on the Democratic Party by offering a second ballot line to candidates it supported, disbanded its national organization.

“Constitutional law must play a role in constraining partisan or incumbent self-entrenchment that inappropriately manipulates the ground rules of democracy,” Pildes argues. Otherwise, the Court should stand aside and let competition determine the shape of the American political system.

The People's Conservative

“The Inventor of Modern Conservatism” by David Gelernter, in *The Weekly Standard* (Feb. 7, 2005), 1150 17th St., N.W., Ste. 505, Washington, D.C. 20036.

Historians usually name Edmund Burke, the 18th-century British philosopher and statesman, the founding father of modern conservatism. Gelernter, a professor of computer science at Yale University, casts his vote for Benjamin Disraeli (1804–81), the British prime minister who reinvented con-

servatism as “a mass movement.”

“Dark, handsome, exotic-looking,” a quick-witted ladies' man (but a devoted husband) and prolific novelist, born a Jew but baptized a Christian at 13, Disraeli entered politics in 1832 as an independent with radical tendencies. After four defeats, he finally won a seat in Par-

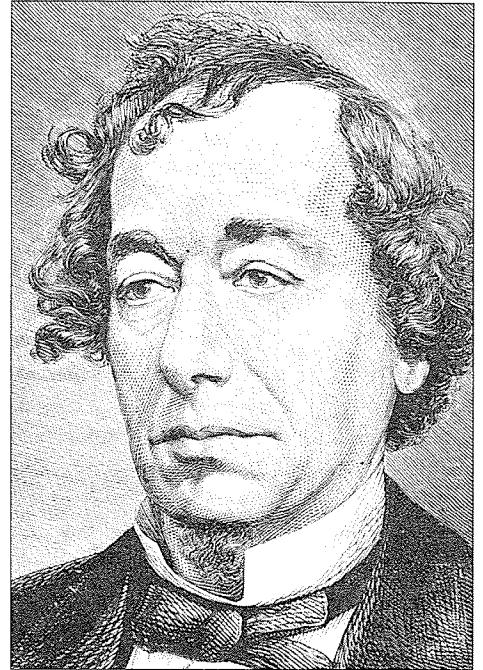
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liament as a Conservative in 1837. At the time, Sir Robert Peel was struggling to reconstitute the Conservative Party from the wreckage created by the Whigs' Reform Act of 1832, which extended the franchise to most middle-class men and thus undercut the power of the landowning elite, represented by the Tories. Peel's solution, according to Gelernter, was "a pale pastel Toryism, a watered-down Whiggism that attracted some Whigs but inspired no one."

Disraeli was a man of many contradictions, and one of them was an ability to harbor deep convictions while simultaneously playing the master political operator. When Peel decided in 1846 to bid for Whig votes by repealing the Corn Laws, the tariffs on imported grain that benefited landowners at the expense of city dwellers, Disraeli led the opposition, split the party, and brought Peel's government down. The very next year, he came out *against* such protectionist laws.

While the Conservatives would later form new governments, it would be 28 years before they again commanded a clear majority in the House of Commons. "That gave [Disraeli] the time he needed to refashion the wreckage into a new kind of party." Rather than continue with Peel's "watered-down Whiggism," he wanted to expand the party's base to include workers and others. He was an important force behind the Reform Act of 1867, which gave the vote to many city workers and small farmers.

In reshaping his party and conservatism, says Gelernter, Disraeli acted out of a belief "that the Conservative Party was the *national* party," that it must "care for the *whole nation*, for all classes," at a time when the Left was appealing to the working class to unite internationally. As Disraeli saw it, conservatives were no less progressive than liberals. But conservatives carried out change, in his words, "in deference to the manners, the customs, the laws and the traditions of a people," while liberals fol-



Benjamin Disraeli was the "master political operator" of Victorian England.

lowed "abstract principles, and arbitrary and general doctrines."

Disraeli served briefly as prime minister in 1868. Returned to office in 1874, when he was 70 years old, he pursued a strong foreign policy, bringing India and the Suez Canal under the direct authority of the Crown and restoring British prestige while helping to redraw the map of Europe at the Congress of Berlin in 1878. At home, new legislation dealing with health, housing, the environment, trade unions, and working conditions constituted, according to one biographer, "the biggest installment of social reform passed by any one government in the 19th century." In summarizing Disraeli's life, Lord Randolph Churchill wrote: "Failure, failure, failure, partial success, renewed failure, ultimate and complete triumph."

Liberalism's Last Prayer

"Faith Full" by E. J. Dionne, Jr., "Fact Finders" by Jonathan Chait, "Not Much Left" by Martin Peretz, and "Structural Flaw" by John B. Judis, in *The New Republic* (Feb. 28, 2005), 1331 H St., N.W., Ste. 700, Washington, D.C. 20005.

Liberalism today is bereft of ideas and "dying." So asserts Martin Peretz, editor in chief of *The New Republic*, the magazine

that may well have introduced the term *liberal* in its modern sense into the American political lexicon nearly 90 years ago, and

that has been a leading light of liberalism ever since. "Ask yourself: Who is a truly influential liberal mind in our culture?" writes Peretz. "Whose ideas challenge and whose ideals inspire? Whose books and articles are read and passed around? There's no one, really."

Once there were such giants as Protestant theologian Reinhold Niebuhr (1892–1971), "the most penetrating thinker of the old liberalism." But Niebuhr, with his pessimistic view of human nature, is largely forgotten in liberal circles these days. "However gripping his illuminations, however much they may have been validated by history," says Peretz, "liberals have no patience for such pessimism." Religion in general has been in bad odor with many liberals in recent years, notes Dionne, a columnist for *The Washington Post*. "How strange it is that American liberalism, nourished by faith and inspired by the scriptures from the days of abolitionism, is now defined—by its enemies but occasionally by its friends—as implacably hostile to religion."

Liberals no longer have "a vision of the good society," laments Peretz. For years now, "the liberal agenda has looked and sounded like little more than a bookkeeping exercise. We want to spend more, they [conservatives] less. In the end, the numbers do not clarify; they confuse. Almost no one can explain any principle behind the cost differences."

Chait, a senior editor at the magazine, sees the absence of "a deeper set of philosophical principles" underlying liberalism as a strength. Unlike conservatives, he says, liberals do not make the size of government a matter of dogma. "Liberals only support larger government if they have some reason to believe that it will lead to material improve-

ment in people's lives." Its aversion to dogma makes liberalism "superior as a practical governing philosophy."

"But there are grand matters that need to be addressed," insists Peretz, "and the grandest one is what we owe each other as Americans." Instead of taking on that difficult task, he says, liberals continue reflexively to defend every last liberal governmental program of the past and to seek comfort in leftover themes from the 1960s—the struggle for civil rights and the dangers posed by the exercise of U.S. power. They refuse to recognize the immense gains that blacks have made over the past three decades. And though they no longer regard revolutionaries as axiomatically virtuous, many still won't face up to the full evil of communism—or to the present need to combat Islamic fanaticism and Arab terrorism. "Liberalism now needs to be liberated from many of its own illusions and delusions," Peretz contends.

Yet even without its other difficulties, "liberalism still would have been undermined" by dramatic changes in the international economy since the 1960s, says Judis, a visiting scholar at the Carnegie Endowment for International Peace. Facing stiffer competition from abroad, U.S. manufacturers fought harder against unionization and federal regulation. And as businesses moved manufacturing jobs overseas and hired immigrants for service jobs at home, labor unions—a crucial force for liberal reform—lost much of their clout. "To revive liberalism fully—to enjoy a period not only of liberal agitation, but of substantial reform—would probably require a national upheaval similar to what happened in the 1930s and 1960s," Judis writes. That "doesn't appear imminent."

FOREIGN POLICY & DEFENSE

What War on Terror?

"The 'War on Terror': Good Cause, Wrong Concept" by Gilles Andréani, in *Survival* (Winter 2004–05), International Institute for Strategic Studies, Arundel House, 13–15 Arundel St., Temple Pl., London WC2R 3DX, England.

The global war on terror has become such an accepted part of America's foreign-policy thinking that the Pentagon has created an

acronym for it (GWOT), and two service medals to honor those engaged in the struggle. What began as a metaphor has evolved

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without careful thought into a strategic reality that has led America down the wrong path, asserts Andréani, head of policy planning in the French foreign ministry and adjunct professor at Paris II University.

It *did* make sense to define the campaign to root out Al Qaeda in Afghanistan after 9/11 as a war on terror. As in other efforts of this kind in Northern Ireland and Algeria, the terrorists operated inside clear territorial areas, making it possible to conduct full-blown counterinsurgency operations in a defined space. But in combating today's loosely knit global networks, with no geographic center, speaking of a "war" only exaggerates the importance of military operations in dealing with the threat.

Merging that war with the effort to contain rogue states is another source of trouble. The Bush administration worries that a rogue state will provide terrorists with weapons of mass destruction. But such states acquire such weapons, at great cost, in order to intimidate their neighbors or gain leverage against the United States, Andréani says, and they see the terrorists more clearly than Washington does: They're "not about to give their most cherished toys to madmen they do not control."

Attempting to confront these different threats with the single doctrine of "preventive war" makes no sense. And carrying the war to Iraq has "worried the United States' partners and undermined the antiterrorist coalition," while whipping up anti-Western sentiment in the Middle East.

One of the most negative consequences

of America's war against terror, according to Andréani, has been U.S. treatment of prisoners. By failing to treat its enemies as mere criminals, the United States has awarded them undue status, and by categorizing prisoners as "unlawful combatants" and depriving them of the protections of the Geneva Conventions and U.S. criminal law, America has besmirched itself. "In this 'war' without limit in time or space," the door is open to limitless abuses: "Where is the theater of operations? How will we know when the war has ended?"

Andréani hopes that as the United States devises new strategies, it "does not mistake terrorism for a new form of warfare to be met with a rigid set of military answers." Such thinking can produce blinders, as it did decades ago when Western military leaders intensively studied the challenging new tactics of guerrillas in Southeast Asia and, disastrously, missed the crucial larger point that these revolutionary movements were rooted more deeply in nationalism than in communist ideology.

Andréani acknowledges that the United States has tried to tackle the underlying causes of terrorism, especially in its campaign to spread democracy. But the war on terrorism "has detracted from the consideration of some urgent political problems that fuel Middle East terrorism, including the Israeli-Palestinian conflict." Most Arabs continue to view Islamic terrorists as criminals rather than liberators, and the United States should do everything that it can to reinforce that conviction.

Push It to the Max

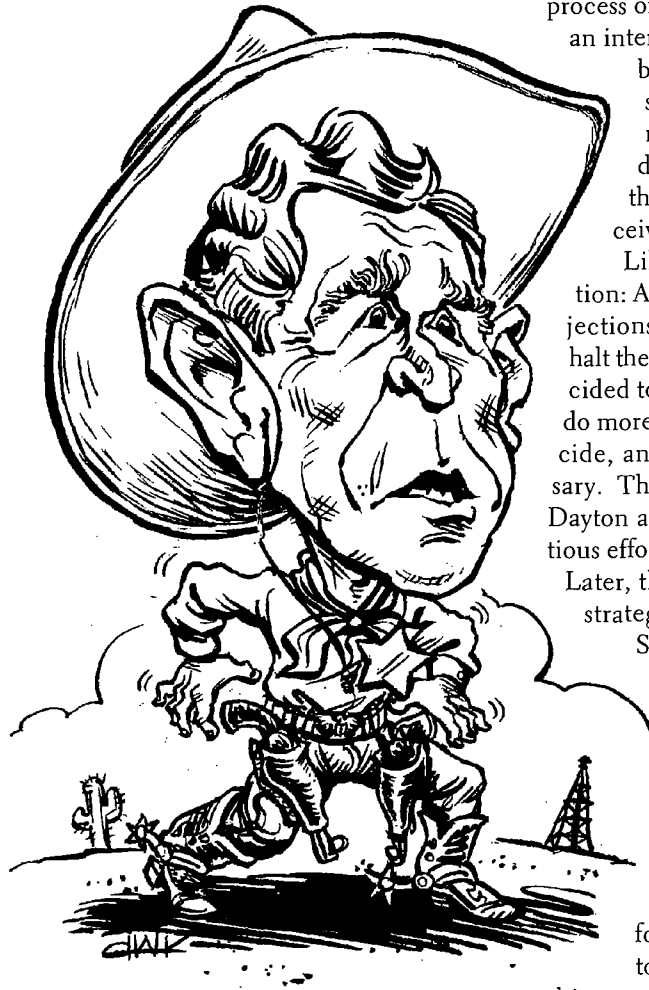
"American Maximalism" by Stephen Sestanovich, in *The National Interest* (Spring 2005), 1615 L St., N.W., Ste. 1230, Washington, D.C. 20036.

You've seen the cartoons: President George W. Bush has a six-shooter and a 10-gallon hat, and he's off on yet another bone-headed adventure. Instead of building consensus and playing by the rules, the critics wail, Washington ignores its traditional allies, defines its struggles with its adversaries in all-or-nothing terms, and stubbornly pursues its own far-reaching goals. Yes, that's

the Bush administration's approach—but it's no dramatic departure from recent U.S. practice, says Sestanovich, a professor of international diplomacy at Columbia University and U.S. ambassador-at-large for the states of the former Soviet Union during the Clinton administration's second term. And the approach of the last few decades has consistently worked.

Sestanovich writes: "Ronald Reagan, George H. W. Bush, and Bill Clinton all repeatedly ignored the dissents (and domestic political difficulties) of allies, rejected compromise with adversaries, negotiated insincerely, changed the rules, rocked the boat, moved the goal posts and even planned inadequately to deal with the consequences if their policies went wrong."

In the 1980s, the Reagan administration's insistence on deploying intermediate-range missiles in Europe unless the So-



viets abandoned their own missiles disturbed many allied leaders and provoked mass demonstrations in Europe. When U.S. negotiator Paul Nitze explored a compromise with the Soviets, President Ronald Reagan refused to hear of it, and his administration didn't even bother to inform the allies of the possibility. The outcome:

a U.S.-Soviet treaty in 1987 based on the "non-negotiable" zero option. After Soviet leader Mikhail Gorbachev lost power, he said that the confrontation with Reagan had been instrumental in turning Soviet foreign policy around.

Under President George H. W. Bush, the United States "placed itself in direct opposition to almost all its own allies, as well as the Soviet Union," on the question of German reunification. "As in the early 1980s, the United States alone had real confidence that it could control the process of change—that it could stimulate an international upheaval and come out better off. . . . The United States steered the process to a positive result by exploiting its partners' disarray, by setting a pace that kept them off balance, and even by deceiving them."

Likewise the Clinton administration: After first bowing to European objections to strong action by NATO to halt the mass killings in the Balkans, it decided to stop listening to allied views, to do more than merely "contain" the genocide, and to use military force if necessary. The result was the breakthrough Dayton agreement in 1995 and the ambitious effort to create a single Bosnian state.

Later, the administration used the same strategy in confronting Yugoslavia's Slobodan Milosevic over Kosovo.

Despite allied calls for a bombing pause and a German threat to block any full-scale ground invasion, the administration won a peace accord, then went on to insist on "regime change."

Finding a lot of precedents for President George W. Bush's tough-mindedness is not the same thing as saying his policies are sound, Sestanovich observes. But the continuity makes more urgent the question of why Bush's "maximalist" foreign policies have stirred up so much more opposition than his predecessors' did. "It will not be much of a legacy to be the president who, after decades of success, gave maximalism a bad name."

Privatizing War

"Outsourcing War" by P. W. Singer, in *Foreign Affairs* (Mar.–Apr. 2005), 58 E. 68th St., New York, N.Y. 10021.

It's become routine to read in the news about private military contractors in Iraq and Afghanistan. They provide everything from tactical combat operations to logistical support and technical assistance. These modern corporate mercenaries play a vital role in Iraq, but their extensive use there and in other hot spots around the globe is raising a host of problems. They've been accused, for example, of profiteering and taking part in the abuse of Iraqi prisoners.

There are more than 60 private firms, employing more than 20,000 people, carrying out military functions in Iraq. Private contractors have suffered more casualties—an estimated 175 killed and 900 wounded—than any single U.S. Army division, and more than all the United States' coalition partners combined.

Contractors handled logistics and sup-

port during the Iraq War's buildup; they maintained and loaded B-2 stealth bombers and other sophisticated weapons systems during the 2003 invasion; and they've been even more widely used in the occupation and counterinsurgency effort. Halliburton's Kellogg, Brown & Root division, the largest military firm in Iraq, provides troop supplies and equipment maintenance under a Pentagon contract estimated at \$13 billion. Other firms are being used to help train Iraqi forces, protect important installations and individuals, and escort convoys.

But unlike military forces, private firms can abandon operations that become too dangerous or otherwise too costly, and their employees are free to walk off the job. More than once, the U.S. military has been left in the lurch.

Being "not quite soldiers" and "not quite

EXCERPT

The New Wounded

Combat deaths are seen as a measure of the magnitude and dangerousness of war, just as murder rates are seen as a measure of the magnitude and dangerousness of violence in our communities. Both, however, are weak proxies. Little recognized is how fundamentally important the medical system is—and not just the enemy's weaponry—in determining whether or not someone dies. U.S. homicide rates, for example, have dropped in recent years to levels unseen since the mid-1960s. Yet aggravated assaults, particularly with firearms, have more than tripled during that period. The difference appears to be our trauma care system: Mortality from gun assaults has fallen from 16 percent in 1964 to five percent today.

We have seen a similar evolution in war. Though firepower has increased, lethality has decreased. In World War II, 30 percent of the Americans injured in combat died. In Vietnam, the proportion dropped to 24 percent. In the war in Iraq and Afghanistan, about 10 percent of those injured have died. At least as many U.S. soldiers have been injured in combat in this war as in the Revolutionary War, the War of 1812, or the first five years of the Vietnam conflict, from 1961 through 1965. This can no longer be described as a small or contained conflict. But a far larger proportion of soldiers are surviving their injuries.

—Atul Gawande, a surgeon at Brigham and Women's Hospital and professor at Harvard Medical School, in *The New England Journal of Medicine* (Dec. 9, 2004)

civilians,” the private firms’ employees “tend to fall through the cracks of current legal codes.” The consequences for them can be dire, as three American employees of California Microwave Systems found when their plane crashed in rebel-held territory in Colombia in 2003. Unprotected by the Geneva Conventions, they’ve been held prisoner for the past two years, and both their corporate bosses and the U.S. government “seem to have washed their hands of the matter.”

Their murky legal status has also allowed private military contractors to escape prosecution for crimes in Iraq. The U.S. Army found that contractors were involved in more than a third of the incidents in the Abu Ghraib prisoner abuse case, but not one of the six employees identified as participants has been indicted.

The private military firms are, in effect, competing with the government, observes

Singer, a senior fellow at the Brookings Institution and the author of *Corporate Warriors* (2003). “Not only do they draw their employees from the military, they do so to play military roles, thus shrinking the military’s purview. [The firms] use public funds to offer soldiers higher pay, and then charge the government at an even higher rate.” And some were not even competent.

Yet military contractors of this type are here to stay. They’ve proliferated since the end of the Cold War, and many governments make use of their services. Singer argues that outsourcing can be beneficial where it will save money or improve quality, but the process needs to be made more open and accountable. More of the contracts should be awarded on a competitive basis (only 60 percent of the Pentagon’s currently are). And military functions critical to the success or failure of an operation should be kept within the military itself.

ECONOMICS, LABOR & BUSINESS

The Father of Free Trade

“David Ricardo: Theory of Free International Trade” by Robert L. Formaini, in *Economic Insights* (Vol. 9, No. 2), Public Affairs Dept., Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, Texas 75265-6906.

Competition from foreign goods and the “outsourcing” of jobs overseas have cost many Americans their jobs—or roused fear that they might. Yet most economists, rising in defense of free trade, say that the disruption is all for the best. Where in the world did they get that notion? From a brilliant 19th-century economic theorist named David Ricardo.

Born in London in 1772, Ricardo became a prosperous stockbroker before turning to political economy. He set down “what was to become a key idea in neoclassical economics: the so-called law of diminishing returns as it applied to labor and capital,” writes Formaini, a senior economist at the Dallas Federal Reserve Bank. Farming, for example, faced diminishing returns because the quantity of land is limited: More intensive cultivation would eventually lead to lower profits. As the price of home-grown corn rose, Ricardo argued in *On the Princi-*

ples of Political Economy and Taxation (1817), Britain would benefit by importing



David Ricardo (1772–1823), whose economic theories broke the hold of protectionist thinking, did not live to see his ideas triumph.

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corn from countries able to produce it at lower cost. He was a leading opponent of England's Corn Laws of 1815, which barred food imports.

Ricardo also formulated the theory of comparative advantage, showing how two nations—each able, because of its particular natural advantages, to produce a different product at lower cost than the other—could increase their total output and lower their costs through specialization and trade. “It is this principle,” Ricardo wrote, “which determines that wine shall be made in France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England.”

That was hardly the end of his contributions to economic thought. For exam-

ple, his doctrine of fiscal equivalence, now called Ricardian equivalence, held that the economic effects are the same whether government finances its activities through debt or taxes.

Ricardo didn't live to see his theories prevail. He died of an ear infection in 1823, leaving a fortune worth \$126 million in today's dollars. Twenty-three years after his death, the Corn Laws were repealed and his free-trade agenda was enshrined in British policy. “Britain became the ‘workshop of the world,’ importing most of its food and ‘outsourcing’ most of its agricultural employment.” As the 20th-century economist John Maynard Keynes put it, “Ricardo conquered England as completely as the Holy Inquisition conquered Spain.”

Tax Tales

“How Fair? Changes in Federal Income Taxation and the Distribution of Income, 1978 to 1998” by James Alm, Fitzroy Lee, and Sally Wallace, in *Journal of Policy Analysis and Management* (Winter 2005), Assn. for Public Policy Analysis and Management, P.O. Box 18766, Washington, D.C. 20036-8766.

The federal income tax has gone under the knife many times in recent decades, in some cases to promote economic growth, in others to make it fairer or more socially beneficial. The income tax that emerged from all the surgical nips and tucks between 1978 and 1998 was still progressive, but less so than it had been, report Alm, an economist at Georgia State University, and his colleagues. And that was before President George W. Bush's tax cuts in this decade.

The Suits Index measures how regressive or progressive a tax is on a scale from -1 (regressive) to +1 (progressive), with 0 repre-

senting a neutral tax. The more progressive a tax, the more redistributive its effect on income. Despite slight increases in 1995 and 1998, the index declined 16 percent over the whole 20-year period, falling from 0.273 to 0.229. It still remained in progressive territory.

Changes in the tax base have tended to make the system more progressive. These include subjecting some Social Security benefits to taxation (1983) and repealing the state and local sales tax deduction (1986). Changes in tax rates have had the opposite effect, producing a kinder and gentler tax system for those who have more.

EXCERPT

Google-opoly

In a few years you'll be driving your Google to the Google to buy some Google for your Google.

—EnsilZah, a poster on the online technology forum Slashdot.org (Jan. 31, 2005), quoted in *The New York Times*.

SOCIETY

Hothouse Parents, Shrinking Violets

"A Nation of Wimps" by Hara Estroff Marano, in *Psychology Today* (Nov.–Dec. 2004),
115 E. 23rd St., 9th fl., New York, N.Y. 10010.

"Get off my back!" was once just lip from a defiant kid. Now those huffy words have the backing of psychologists. "Hothouse parenting" is harming a generation of children, asserts *Psychology Today* editor Marano.

Today's controlling baby-boomer parents aren't willing to let their children deal with the mess of life without constant intervention. "With few challenges all their own, kids are unable to forge their creative adaptations to the normal vicissitudes of life," Marano writes. "That not only makes them risk-averse, it makes them psychologically fragile, riddled with anxiety. In the process they're robbed of identity, meaning and a sense of accomplishment, to say nothing of a shot at real happiness. Forget, too, about perseverance. . . . Whether we want to or not, we're on our way to creating a nation of wimps."

The result is evident in new levels of psychological distress among the young. Depression was once a malady chiefly of middle age, but during the 1990s children's rates of depression surpassed those of people over 40. And in 1996, anxiety overtook traditional—and more developmentally appropriate—relationship issues as the most common problem among college students. Binge drinking, substance abuse, self-mutilation, anorexia, and bulimia afflict college campuses with new intensity. Marano sees the cell phone as a particular culprit: This "virtual umbilical cord" connects kids directly with Mom and Dad well into their college years, infantilizing them and keeping them in a permanent state of dependency.

The "fragility factor" is incubated at young ages. Harvard University psychologist Jerome Kagan found that about 20 percent of babies are born with a high-strung temperament, detectable even in the womb by a fast pulse. But some overexcitable kids can grow up with normal levels of anxiety—if their parents back off while they're very young. For the vast majority of kids, who fall somewhere between invulnerable to anxiety and very fearful, overprotective parenting can be the decisive factor.

Yet a third of parents pack their young ones off to school with sanitizing gels. They pursue learning-disorder diagnoses so their kids can take tests—including the SAT—with no time limits. Play is so scripted that kids lack the know-how to conduct a neighborhood pick-up game, sans shouted instructions and coordinated uniforms. Recess has been scotched altogether at more than 40,000 U.S. schools.

Marano blames hothouse parenting on adults' perception that the playground is as cutthroat as the boardroom. Perfectionism rules the roost, and parents can't refrain from mother-hen behavior long enough to let kids puzzle through math homework or tie a shoe by themselves.

Without breathing room, kids are simply taking longer to grow up, tacking on their "playtime" in their twenties and waiting to achieve classic benchmarks of adulthood such as a steady job, marriage, and parenting. In other words, playtime needs to happen on the playground, even if it means the indulgence of an occasional skinned knee.

America the Ordinary

"American Exceptionalism Revisited" by Daniel T. Rodgers, in *Raritan* (Autumn 2004),
31 Mine St., New Brunswick, N.J. 08903.

As the United States embarks on a campaign to promote freedom and democracy around the world, the idea of "American exceptionalism" has come back into parlance.

To many academic historians, however, it's an idea whose time has passed.

"Anticipations of escape from ordinary history run deep in the American past," as far

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back as the 17th-century declaration by John Winthrop, the governor of Massachusetts Bay Colony, that the colonists would create a morally exemplary “city upon a hill.” But the notion that America isn’t merely different from other nations but a fortunate exception to the historical forces that rule all the others didn’t fully develop until the 1950s, notes Rodgers, a historian at Princeton University. To many Cold War intellectuals and scholars, the United States suddenly seemed “an island of stable consensus in a world of heightened class divisions, ideological polarization, and revolutionary instability.” Because America had no feudal past, these thinkers argued, Americans were more individualistic, socially egalitarian, and religious than Europeans. The fact that socialism, so strong in Europe, had made few inroads in America seemed to underscore the nation’s exceptional standing.

But these exceptionalist arguments long ago went out of vogue in the academy. There, all “grand narratives” are viewed with distrust, especially since the decline of Marxism, the grandest narrative of all, after the Cold War. And without any scheme of history unfolding over time in accordance with some general historical law, “there can be no exceptions—no exceptional nations and no exceptional histories.”

Impressed by globalization’s power, historians have embarked on “transnational” studies highlighting the continuous flow of people, goods, and ideas between nations in the past. New “diaspora” studies of African slaves, Asian workers, and others depict them as “simultaneously ‘here’ and ‘elsewhere.’” They are not fundamentally reborn in the United States, nor are they evidence of the nation’s extraordinary redemptive powers and possibilities.” And the traditional notion of the frontier as a place where a uniquely American character was forged has been challenged by new “borderlands” studies that treat places such as the Great Lakes region as “zones of cultural contact” where “peoples and spaces meet and their influences spill over into each other.”

Even America’s exceptional resistance to socialism no longer looks so special to these scholars, who note that socialism is now on the run even in Europe.

Beneath the recent revival of exceptionalist rhetoric, Rodgers detects “a deep anxiety” caused by the “historically unprecedented sense of vulnerability” among Americans, their fear that the United States “is simply a nation in a dangerous world like every other.” In his view, it would be better for them to squarely face this truth.

Game Theory

“Digital Gambling: The Coincidence of Desire and Design” by Natasha Dow Schull, in *The Annals* (Jan. 2005), The American Academy of Political and Social Science, 3814 Walnut St., Philadelphia, Pa. 19104–6197.

They’re in every casino: the glassy-eyed video poker players glued to their machines, hands tapping a steady rhythm. Every intrusion—a check-in from a cocktail waitress, even winning too big or too often—distracts players from the “zone.”

Video poker isn’t the only game in town, but it is the biggest: Poker terminals and other coin-operated machines now occupy more than three-quarters of the floor space in Nevada casinos. And the gaming industry aims to exploit that real estate for all it’s worth, using new technologies to create machines that seduce gamblers into playing faster and longer.

With microchip brains and dazzling elec-

tronic displays, coin-operated gambling machines are now, more than ever, gamblers’ private islands. Drinks, game chips, and machine mechanics are summoned at the touch of a button, the seats are ergonomic, and the cards appear on the screen so quickly that experienced gamblers play up to 900 hands an hour. Machine manufacturers know that the game—not the winning—is the important thing for most players, notes Schull, an anthropologist and postdoctoral research scholar at Columbia University. One industry executive told her that his company had to scale back the electronic bells and whistles: Players didn’t like pausing to celebrate a win.

All these careful calibrations translate into

bigger profits. And in casinos' pursuit of "productivity enhancement," Schull sees a manifestation of capitalism's tendency to seize control of time and degrade workers to the level of machines, just as Michel Foucault and Karl Marx warned.

The productivity revolution has come to casinos, and the random number generator, or RNG, is its revolutionary agent. Embedded in the digital microprocessor that runs video poker machines, the RNG speeds through number combinations until the play button is pressed, compares the selected number with a table of payout rates, and instructs the hopper to deliver a win or not.

What happens in Vegas may stay in Vegas, but it also stays in the circuits of video poker machines, which track a player's game preferences, wins and losses, number of

coins played per game, number of games played every minute, length of play, number of drinks ordered, etc. Machines also foster the illusion that players are calling the shots. "The ability to modulate play—adjust volume [and] speed of play, choose cards and bet amounts—is understood by game developers to increase psychological and financial investment," writes Schull.

But once players are far enough into the zone, even the illusion of control and skill ceases to matter. In Australia, an "AutoPlay" option allows some players to insert money, press a button, then watch as the game plays itself. AutoPlay hasn't made it to North America, but some gamblers reportedly jam the "play" button down with a toothpick to achieve the same effect. Schull doesn't say how Marx and Foucault would parse that.

The Self-Esteem Scam

"Exploding the Self-Esteem Myth" by Roy F. Baumeister, Jennifer D. Campbell, Joachim I. Krueger, and Kathleen D. Vohs, in *Scientific American* (Jan. 2005), 415 Madison Ave., New York, N.Y. 10017-1111.

Self-esteem has become the great American elixir, the cure for everything from bad grades to social ineptitude. A California state task force declared in 1989 that "many, if not most, of the major problems plaguing society have roots in the low self-esteem of many of the people who make up society." But having reviewed some 200 studies, Baumeister and his colleagues, all university-based psychologists, suggest that self-esteem belongs on the same shelf as miracle diet pills.

Take the seemingly plausible idea that higher self-esteem helps students do better in school. Researchers at the University of Iowa tested more than 23,000 10th graders in 1986, then again two years later. "They found that self-esteem in 10th grade is only weakly predictive of academic achievement in 12th grade." Other studies have produced similar results, and "some findings even suggest that artificially boosting self-esteem may lower subsequent performance."

Does low self-regard predispose teenagers to engage in more or earlier sexual activity? "If anything, those with high self-esteem are less inhibited, more willing to disregard risks and more prone to engage in sex."

Does low self-esteem encourage drink-



ing or drug use? Studies "do not consistently show" that there's even any connection. A large-scale 2000 study by New Zealand researchers found no correlation between children's self-esteem measured

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between ages nine and 13 and their drinking or drug use at age 15.

Psychologists long believed that low self-esteem was an important cause of violence. But a number of studies point to a different conclusion: "Perpetrators of aggression generally hold favorable and perhaps even inflated views of themselves."

It's important to note that Baumeister and his colleagues eliminated from consideration thousands of studies that relied on the subjects' own assessments of their self-

esteem, a notoriously unreliable gauge.

Lest champions of self-esteem lose all of it themselves, the authors report that some studies show "that people with high self-esteem are significantly happier than others." But it's not clear whether high self-esteem *causes* happiness. Both may be the product of success at work, in school, or in one's personal life. The champions can take heart from one last finding: High self-esteem does seem to promote persistence in the face of failure.

PRESS & MEDIA

Tuning Out the World

"The News Media and the 'Clash of Civilizations'" by Philip Seib, in *Parameters* (Winter 2004-05), U.S. Army War College, 122 Forbes Ave., Carlisle, Pa. 17013-5238.

For Americans groping to understand the world in the wake of the 9/11 attacks, a "clash of civilizations" between Islam and the non-Islamic West offers a familiar paradigm. But the news media need to think twice before stealing a ride on this ideological horse, says Seib, a journalism professor at Marquette University.

Journalists like us-vs.-them stories. With the end of the Cold War, they searched for new ways to frame international coverage, and found one in the "clash of civilizations" theory political scientist Samuel Huntington first aired in 1993. It holds that a world order is emerging based on civilizations rather than national boundaries, and that the West is increasingly in conflict with other civilizations, especially the Islamic world and China.

Caveats and alternative theories to Huntington's idea get short shrift in the news. Other thinkers point to divisions within Islam itself, the power of globalization to blur cultural divisions, and the fact that the radical Islamic groups in conflict with the United States do not represent all of Islam. These views rarely get much of a hearing in the mainstream media. "Aside from their occasional spurts of solid performance, American news organizations do a lousy job of breaking down the public's intellectual isolation," writes Seib.

One reason is that there's little space or time to provide more nuance. According to one media analyst, the big three U.S. television networks, ABC, CBS, and NBC, offer mere dribbles of international news. For all of 2003, the Israeli-Palestinian conflict received a total of 284 minutes of coverage in the three networks' weeknight newscasts, an average of less than two minutes per week per network. Afghanistan received 80 minutes, the global AIDS epidemic 39 minutes, and global warming 15 minutes. Iraq earned 4,047, but only because of the U.S. invasion. Meanwhile, the number of foreign bureaus is shrinking. As of mid-2003, ABC, CBS, and NBC each maintained only six overseas bureaus with full-time correspondents, having scaled back even in major cities such as Moscow, Beijing, and Paris. But picking up a newspaper won't necessarily fill you in: Nearly two-thirds of print foreign news editors polled in a 2002 study rate the news media's foreign coverage as fair or poor, and more than half were critical of their own newspaper's reporting.

More and better international news coverage is needed, Seib insists. Journalists shouldn't embrace any theory about the world but should familiarize themselves with "the diverse array of ideas about how the world is changing."

The Mysterious Mr. Strauss

"Leo Strauss: The European" and "The Closing of the Straussian Mind" by Mark Lilla, in *The New York Review of Books* (Oct. 21 & Nov. 4, 2004), 1755 Broadway, 5th fl., New York, N.Y. 10019-3780.

Thirty years after his death, Leo Strauss (1899–1973), a German-born émigré scholar, began popping up in various political journals as the satanic thinker behind the allegedly duplicitous neocon march to war in Iraq. The charge was baseless, argues Lilla, a professor at the University of Chicago's Committee on Social Thought. For Strauss, if not for many of his American followers, ideological partisanship was a temptation philosophers should avoid.

Politics offered no solution to what Strauss regarded as the philosopher's basic dilemma: how to live a life of perpetual questioning when most people and societies need the settled answers provided by political and religious authority. Strauss found a solution to the dilemma in the "esotericism" practiced by Alfarabi, the founder of medieval Islamic philosophy, and Maimonides, his medieval Jewish counterpart. "The conventional view," writes Lilla, "is that both tried to reconcile classical philosophy with revealed law and thereby reform their societies. When Strauss discovered Alfarabi, he became convinced that this was just his exoteric, publicly accessible doctrine, and that, if his works are read more attentively, a subtler, esoteric teaching emerges." In short, Alfarabi's writings gave casual readers the impression that philosophy and revelation are compatible, while attentive readers perceived that they are not.

Moving further back in time, says Lilla, Strauss developed "an idealized picture of an

'ancient' or 'classical' philosophical tradition that was also esoteric." He then tried to show that modern Enlightenment philosophy had domesticated "the truly radical nature of Socratic questioning," and that "the genuine freedom of philosophy as a way of life" had been lost.

Strauss was a teacher as well as a thinker, and, as a professor in the United States in the second half of his life, he acquired a considerable following in American universities. In some places, Straussians' "habit of forming dogmatic cliques with students and hiring one another" won them an unenviable reputation. Since Strauss's death, younger Straussians "have turned their attention increasingly to Washington" and slowly adapted Straussian doctrine "to comport with neoconservative Republicanism." Many of them, such as Deputy Secretary of Defense Paul D. Wolfowitz, have served in high government positions, while others, such as William Kristol, editor of *The Weekly Standard*, "play central roles in the neoconservative intellectual-political-media-foundation complex."

Most of the charges made about a malign Straussian influence in the government "are patently absurd," Lilla says. But some political Straussians are guilty of narrowing Strauss's thought into hardened dogmas. "It is a shame that Strauss's rich intellectual legacy is being squandered through the shortsightedness, provincialism, and ambition of some of his self-proclaimed disciples."

Fallen Evangelicals

"The Scandal of the Evangelical Conscience" by Ronald J. Sider, in *Books & Culture* (Jan.–Feb. 2005), 465 Gundersen Dr., Carol Stream, Ill. 60188.

It's taken for granted in secular America that evangelical Christians are different in every way. The dismaying evidence from national polls is that they aren't. "Whether the issue is divorce, materialism, sexual promiscuity, racism, physical abuse in marriage, or neglect of a biblical worldview, the polling

data point to widespread, blatant disobedience of clear biblical moral demands on the part of people who allegedly are evangelical, born-again Christians," writes Sider, a professor of theology, holistic ministry, and public policy at Eastern Baptist Theological Seminary, near Philadelphia.

A 2001 Barna Group survey found that the divorce rate among born-again Christians was 33 percent, about the same as the rate for the population as a whole. Twenty-five percent of the born-again Christians surveyed had lived with a member of the opposite sex outside marriage, not much different from the national average of 33 percent. And a recent study of 12,000 evangelical teenagers who took the "True Love Waits" pledge to postpone intercourse until marriage found that only 12 percent kept the promise. Indeed, a quarter of the most committed, "traditional" evangelicals and nearly half of "nontraditional" evangelicals tell pollsters they find premarital sex morally acceptable.

The biblical injunction to help the poor likewise gets short shrift from many evangelicals. They gave six percent of their income to charity in 1968 and, after decades of

growing affluence, only four percent in 2001. That's better than the three percent given by mainline Protestants, but still much less than the biblical tithe of 10 percent.

Yet there's evidence that religious commitment does lead to better behavior—though Sider laments that so many Christians still fall short. For example, the relatively few born-again Christians who strongly adhere to a biblical worldview are indeed "different": Half of them did more than an hour of volunteer work for an organization serving the poor in the week before one recent poll, compared with only 22 percent of other Christians. "When we can distinguish nominal Christians from deeply committed, theologically orthodox Christians," says Sider, "it is clear that genuine Christianity does lead to better behavior, at least in some areas."

The Vatican's Lost Monopoly

"The Economics of the Counter-Reformation: Incumbent-Firm Reaction to Market Entry" by Robert B. Ekelund, Jr., Robert F. Hebert, and Robert D. Tollison, in *Economic Inquiry* (Oct. 2004), Texas A&M Univ., Dept. of Economics, College Station, Texas 77843-4228.

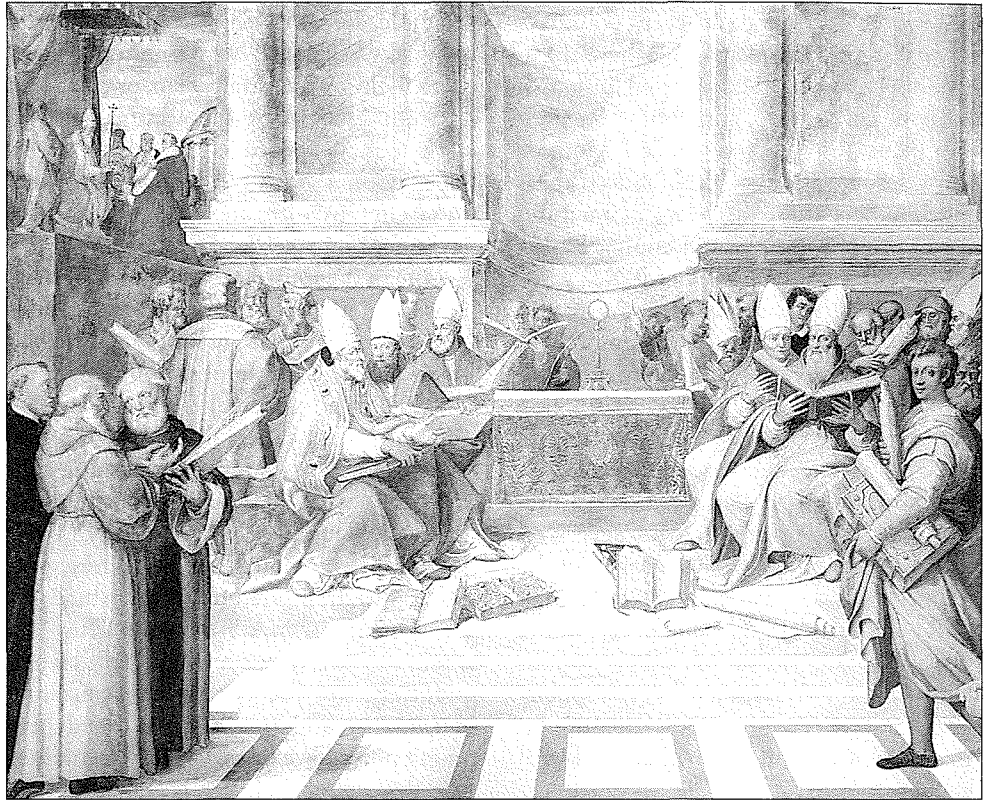
When the Protestant Reformation began in the 16th century, it was as if a new business firm were seeking to gain a share of the religious market from an established monopoly. And in the Counter-Reformation, the Catholic Church responded just as monopolistic firms typically do—with a corporate reorganization plan. But the plan failed.

It's enlightening to subject the whole episode to a business analysis, say economists Ekelund and Hebert, both of Auburn University, and Tollison, of Clemson University. The medieval Catholic Church had evolved from a vertically integrated firm into a powerful monopoly that sought returns from its properties and "sold assurances of eternal salvation and other religious services." The church created and manipulated doctrine to increase revenues (virtually inventing purgatory, for instance, along with a system of indulgences whereby payments and other sacrifices could cut the time one posthumously had to serve in it). By the 16th century, the church had "sheared too much wool from the sheep." Its doctrinal manipulations, complex reward and

punishment schemes, and monopoly price discrimination combined to push certain consumers to the limits of their demands for the Church's product." Hence the market opening for Protestantism, which made "all-or-none" offers, using an uncomplicated pricing scheme."

At the Council of Trent (1545–63), the church responded to the Reformation with public efforts "to lower the price (or increase the quality) of its services." Among the proclaimed reforms: It limited the number of benefices (revenue-producing assets) each bishop could hold; established minimum competency requirements for the clergy; set penalties for concubinage and other abuses; prohibited bishops from selling rights and offices; eliminated charges for providing certain services; and "tried to institute quality control over the doctrine of Purgatory and the veneration of sacred relics, and to abolish 'all evil traffic' in indulgences."

Such measures "permitted at least the advertised cleaning up of abuses at the retail level of Church organization," actions that ap-



Pope Paul III convened the Council of Trent in 1545. It lasted until 1563, eliminating some of the more egregious abuses of the Catholic Church but failing to bring about the fundamental reorganization of the church's structure needed to meet the challenge of the Protestant Reformation.

parently slowed down defections.

Despite the outward appearance of reform, say the authors, the Council of Trent's measures "failed as a reorganization plan." "The [Vatican] bureaucracy, entrenched in its power for at least a century before the

Council of Trent, defied actual reform at the wholesale level of church organization." Nepotism, the sale of sacred offices, and other abuses continued behind the scenes. As a result, the powerful firm's monopoly was permanently lost.

SCIENCE, TECHNOLOGY & ENVIRONMENT

No Compromise

"Why Nature & Nurture Won't Go Away" by Steven Pinker, in *Daedalus* (Fall 2004), Norton's Woods, 136 Irving St., Cambridge, Mass. 02138.

The question of what shapes human behavior has become such a highly charged political issue that many people are eager to wish it away. Everyone now knows that heredity and environment play an intertwined role, they argue, so let's just agree that the answer to the nature-nurture question is "some of each."

Bad idea, says Pinker, a psychologist at Harvard University. It's not even true that

everyone acknowledges the role of heredity in human behavior. Some scientists cling to the theory of the mind as a blank slate, and postmodern thinkers in the humanities insist that virtually all human emotions and behavioral categories are "socially constructed." More important, it's not true that "some of each" is always the proper answer. Environmental influences provide 100 percent of the explana-

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tion for why people in different countries speak different languages, but these influences have been totally ruled out as a cause of certain psychopathologies, such as autism and schizophrenia. “Mothers don’t deserve some of the blame if their children have these disorders, as a nature-nurture compromise would imply,” Pinker notes. “They deserve none of it.”

It’s true that the expression of some genes is shaped by the environment, but that doesn’t mean, as some contend, that heredity is inconsequential. People taking this view often point to phenylketonuria (PKU), an inherited disease that causes mental retardation: Patients given a diet low in phenylalanine can avoid severe retardation. However, these advocates of the nurture perspective seldom note that “PKU children still have mean IQs in the 80s and 90s” and suffer other impairments, Pinker says. In fact, “genes specify what kinds of environmental manipulations have what kinds of effects and with what costs.”

Acknowledging and studying inborn proclivities can help us domesticate them. For

example, humans seem to have a natural sympathy for others, but it’s normally limited to their “own”: family, clan, or village. In the right environment, however, that sympathy can be expanded to “clans, tribes, races, or even species.” Understanding what those circumstances are can reveal “possible levers for humane social change.”

One of the most startling findings in behavioral genetics is the revelation through research on identical twins that family environment has “little or no effect” on individual intelligence and personality. Yet twins do nevertheless differ in important ways. So now researchers are asking new questions: What is the role of *peer* culture in the development of personality? What is the role of chance events? “These profound questions are not about nature versus nurture,” Pinker writes. “They are about nurture versus nurture: about what, precisely, are the nongenetic causes of personality and intelligence.” And they might never have been asked if researchers had thrown up their hands and ended the nature-nurture debate by agreeing to split the difference.

To Be a Bee

“The *Edge* Annual Question—2005: What Do You Believe Is True Even Though You Cannot Prove It?” in *Edge* (Jan. 4, 2005), www.edge.org.

When it comes to many-legged critters, we humans are apt to squash first and ask existential questions later—if at all. But that’s a mistake, claims Alun Anderson, editor in chief of *New Scientist*, arguing that insects possess consciousness. That isn’t to say that the common cockroach is wondering how to make the next car payment or pondering the validity of string theory, but it is to say that it is capable of suffering and even dying simply from stress.

Anderson, a former biologist who conducted extensive studies of insects, proposes this theory in answer to a question the Edge Foundation put to 120 notables in the science world: “What do you believe is true even though you cannot prove it?”

In one experiment, Anderson examined how honeybees navigated his laboratory to

find hidden sugar. Bees learned the features in the room and showed confusion if objects were moved while they were absent. They were also easily distracted—by floral scents, sudden movements, and certain patterns, particularly flowerlike ones—except when gorging on sugar.

Anderson writes: “To make sense of this ever changing behavior, with its shifting focus of attention, I always found it simplest to figure out what was happening by imagining the sensory world of the bee, with its eye extraordinarily sensitive to flicker and colors we can’t see, as a ‘visual screen’ in the same way I can sit back and ‘see’ my own visual screen of everything happening around me, with sights and sounds coming in and out of prominence. The objects in the bee’s world have significances or ‘meaning’ quite differ-

ent from our own, which is why its attention is drawn to things we would barely perceive.

“That’s what I mean by consciousness—the feeling of ‘seeing’ the world and its associations. For the bee, it is the feeling of being a bee. I don’t mean that a bee is self-conscious or spends time thinking about itself. But of course the problem of why the bee has its own ‘feeling’ is the same incomprehensible

‘hard problem’ as why the activity of our nervous system gives rise to our own ‘feelings.’”

Many scientists remain skeptical that a bee with a brain of only a million neurons is much more than a simple collection of instinctive mechanisms. But 10 years spent studying the world from a bug’s-eye view convinced Anderson that “the world is full of many overlapping alien consciousnesses.”

Who Owns Nature’s Secrets?

“Hyperownership in a Time of Biotechnological Promise: The International Conflict to Control the Building Blocks of Life” by Sabrina Safrin, in *The American Journal of International Law* (Oct. 2004), The American Society of International Law, 2223 Massachusetts Ave., N.W., Washington, D.C. 20008.

Can a company patent a fish gene? Not if it’s still in the fish. But if a biotech firm manages to extract and isolate a particular gene—say, the gene that enables a flounder to resist cold—many governments will now allow that company to patent its “invention.” What about as yet unimagined developments related to the original gene, or the extraction technique itself? International law has struggled to deal with such issues, but increasingly has moved toward a system that effectively blocks access to new genetic discoveries.

In the 1980s, according to Safrin, a professor at Rutgers University Law School, most biotech explorers operated largely without fetters. While that system encouraged scientific discoveries, it was, she acknowledges, “far from perfect,” and as companies started to realize—or at least predict—profits from their bio-prospecting, various restrictions began to emerge. The United States, the “world’s largest producer of bioengineered goods,” now “allows the patenting of genetic material to a greater degree than any other country.” In Safrin’s view, these patents have had a chilling ef-

fect, since the patents encumber any inventions relying on the protected material. The patents also alerted certain biotically rich nations, such as those with territory in the Amazon rain forest, that they were perched atop a potential bonanza. Under the developing doctrine of “sovereign enclosure” in



In Colombia, the farmer owns the oxen, but the government owns their DNA.

international law, some governments moved to lock up those raw genetic resources, adopting restrictions that require bio-prospectors to agree to share future profits, even before they know what kinds of discoveries they might make. One curious effect of this, says Safrin, is that “while a person in Colombia might own a plant or cow, the national government owns the genetic makeup of that plant or cow.”

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Local authorities have also gotten into the act, making bio-prospecting even more daunting. In the Philippines, for example, a researcher must first navigate “multiple layers of national government review and consent,” get “informed consent from indigenous communities” and “any affected private landowner,” and undertake an extensive program of public education, to ensure that everyone who might possibly have an interest in the potential discovery learns about it in advance. During the year Safrin studied the situation there, only two of 37 proposed projects cleared all the hurdles.

We’re all familiar with the “tragedy of the commons”: Fisheries and other resources are overused when too many people have access rights to them. A tragedy of

the *anticommons* has been developing in the genetic realm: Too many people have rights to *exclusion*. Safrin calls this “hyper-ownership.”

She acknowledges that it’s not practical to return to a completely open system. But the United States could restrict patents somewhat—excluding, for example, genes that are discovered but not improved. At the same time, the doctrine of “sovereign enclosure” should be modified so that individuals or indigenous groups control access to some genetic material themselves. And there are more creative ways for nations to reap monetary benefits from their genetic resources. Such a framework would allow scientists to unlock many more secrets of nature that will benefit all of humanity.

Putting Power Downtown

“Critical Thinking about Energy: The Case for Decentralized Generation of Electricity” by Thomas R. Casten and Brennan Downes, in *Skeptical Inquirer* (Jan.–Feb. 2005), 944 Deer Dr., N.E., Albuquerque, N.M. 87122.

It wasn’t long after the world’s first commercial power plant fired up in 1879 that city dwellers made a basic discovery: Smoke-spewing power plants make bad neighbors. Before long, the young industry began shifting its operations far from America’s downtowns. It’s time to come back, argue Casten, head of a company that develops and runs decentralized energy projects, and Downes, a project engineer with the firm.

The shift to big generating plants in remote locations created economies of scale, but the need to transmit electricity over great distances and, more important, the inability to recycle waste heat for use in nearby buildings also introduced big inefficiencies. In fact, U.S. average net electric efficiency reached its peak around 1910, before the exodus began, at about 65 percent of the input energy. By 1960, efficiency had declined to 33 percent, and there it remains today.

With today’s technologies, it’s possible to convert more than 50 percent of the energy created by burning fuel (including coal) into electricity, while also emitting few pollutants. If smaller “direct generation” (or “cogeneration”) plants could be located near users in urban areas, the industry could eas-

ily see a return to the “good old days” of high efficiency. That’s not just a theoretical possibility. By recycling waste heat and minimizing losses to transmission, actual plants of that sort have achieved 65 to 97 percent net efficiency.

All told today, there are 931 such plants, and they generate eight percent of the nation’s electricity. Why aren’t there more? Shielded from competition and required by government regulations to pass along any savings from efficiency gains to their customers, utility companies have had little incentive to innovate.

Global demand for electricity will double over the next three decades, the International Energy Agency predicts. The authors claim that building smaller, decentralized plants would save \$5 trillion in capital investment, consume the equivalent of 122 billion fewer barrels of oil, and halve carbon dioxide emissions, producing less global warming. But they see little likelihood of a radical overhaul of utility regulation. They propose instead adoption of a national fossil fuel efficiency standard, backed up with penalties and rewards. Do that, they say, and the other pieces will begin to fall into place.

What MoMA's Missing

"Red-Hot MoMA" by Charles Rosen and Henri Zerner, in *The New York Review of Books* (Jan. 13, 2005), 1755 Broadway, 5th fl., New York, N.Y. 10019-3780.

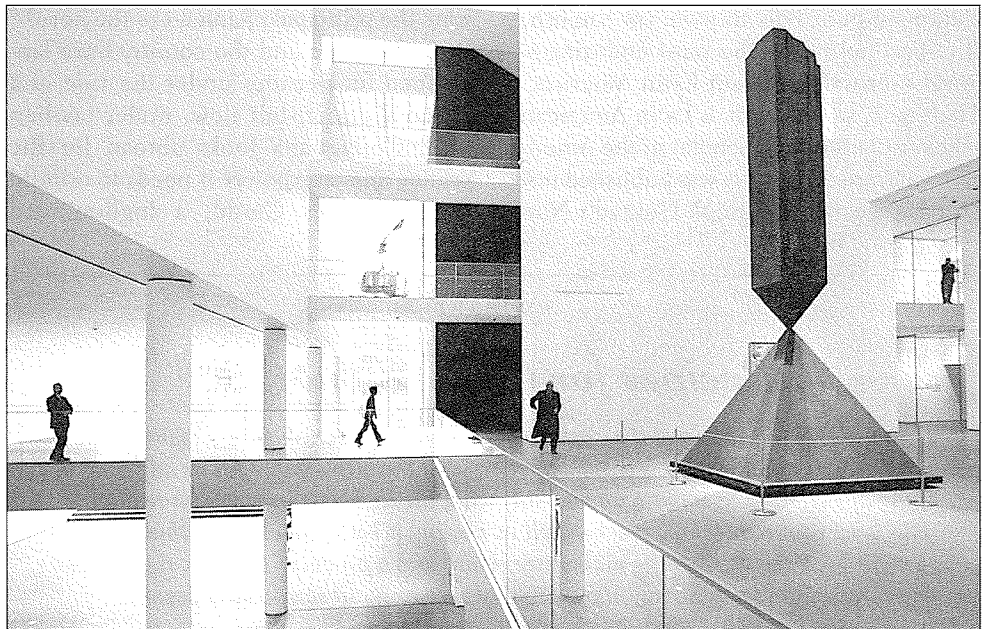
The "grand and elegant" new home that architect Yoshio Taniguchi has created for the Museum of Modern Art in Manhattan is an "extraordinary accomplishment." But there's a major shortcoming in the design: not enough space.

That didn't happen by accident. It's the unfortunate result of the curators' efforts to grapple with the many difficult questions and tradeoffs faced by all museums of modern art, write pianist Rosen and art historian Zerner, coauthors of *Romanticism and Realism* (1984). Should works of art be grouped chronologically, by national school, by artistic movement, or according to some other scheme? Should pictures be displayed in profusion, virtually frame to frame, as they were in the past, or should each reside in splendid isolation for "the ecstatic pleasure of the lone admirer"? MoMA director Glenn Lowry gave an answer to the last question in 2002 when he declared that the objective was to

have "twice the space and half the amount of art."

From its founding in 1929, MoMA has had two related aims: "to represent the history of modern art and to stay in touch with the most recent contemporary work." The two missions soon began to compete for the museum's limited space. At first, older works were sold in order to bring in money to buy new ones, but this raised some of the same practical and aesthetic questions that plague today's curators: Doesn't a museum have an obligation to keep older works that museumgoers know and love? In 1953, MoMA decided to have it both ways. It would house a comprehensive collection of modern art while continuing to respond to the new trends in art.

Even as MoMA was embracing the new, those trends were complicating its existence. Works of art had literally shrunk in the past, after the impressionists of the late 19th century reacted against the grand scale of estab-



Yoshio Taniguchi's revamped Museum of Modern Art features vast open spaces that dramatically emphasize larger works but leave no room for some of the museum's more familiar objets d'art.

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ishment painting by creating smaller canvases for private settings. By the 1950s, artists were beginning to reject what they viewed as “the domestication of avant-garde art.” They began working on a much larger scale—a scale that created new demands for museum real estate. (It also led to the development of New York’s Soho art district, where galleries could acquire big, relatively inexpensive buildings.) Taniguchi’s MoMA is partly a delayed response to that pressure for more space.

Thanks largely to founder Alfred Barr’s vision of modern art, the museum’s basic permanent collection has an unusual aesthetic coherence, revealing the complex interrelationships of, among others, cubists, futurists, German expressionists, surrealists, and abstract expressionists. This coherence gives MoMA “a personality of its own that only a few other great museums

can claim,” the authors write. Yet MoMA’s expansion “allows little, if any, more space” than before to display the collection. Important paintings have disappeared from its walls, and groupings of works that gave a full vision of an artist’s achievement have been broken up.

What is to be done? “Perhaps the museum could install somewhere a study collection, in which the finest works that are invisible in the main part of the museum are simply stacked on the walls in rows for anyone interested to come and gaze at them.” Or, more radically, the authors suggest, “perhaps MoMA should consider leaving the business of promoting new art to commercial galleries, and renounce the virtuous satisfaction of aiding the as yet unrecognized genius or the more guilty pleasure of showing it has the power to influence the future of art.”

Conrad as Prophet

“Conrad’s Latin America” by Mark Falcoff, in *The New Criterion* (Jan. 2005), 900 Broadway, Ste. 602, New York, N.Y. 10003.

Although Latin American literature is full of novels dealing with the region’s chronic political disorder, it was left to a Ukrainian-born Pole to write (in English) “the best political—the most enduring—novel ever written about Latin America.” That book, says Falcoff, a Latin American specialist and former scholar at the American Enterprise Institute, was published just over 100 years ago: Joseph Conrad’s *Nos-*

tromo: A Tale of the Seaboard (1904).

The San Tomé silver mine in the fictional country of Costaguana is “in some ways the principal character of the novel.” Both the mine and the country have languished for decades under the rule of a brutal dictator, but now, under civilian rule, Costaguana looks abroad for the money and manpower it needs to rebuild itself. Charles Gould, a high-minded

EXCERPT

Recipes for the Imagination

And surely this is part of the appeal of cookbooks—the exercise of imagination involved. For part of what it is to read a recipe, and the bits of prose before and sometimes afterward, is to conjure up mentally what the cookbook instructs for reality. This is why primary school teachers tell us reading is better for children than, say, watching television. Reading makes every child into a producer. If this is right, cookbooks transform imagination into a high-stakes game: our satisfaction depends on our success.

—Stephanie Frank, a University of Chicago graduate student, in *Topic* (6: Food)

Costaguana-born Englishman, corrals money, partners, and technology from abroad to revitalize the mine and, he hopes, the country. "The entire society can 'work' only because its key figures are not Costaguanan at all, but rather Europeans (assisted, to be sure, by a handful of locals with intimate European connections)," writes Falcoff. As San Tomé once more becomes productive, prosperity and peace return to the region.

Enter General Montero, a "backwoods fighter" who rose to minister of war after backing the winning side at just the right moment in a civil war, and his brother Pedrito. They cynically exploit the rhetoric of race, class, and anti-imperialism to incite a rebellion, with the real goal of gaining control of San Tomé's wealth. Their scheme fails only after a long series of ad-

ventures, and the book ends with the mining town's secession, ratified by the presence of a U.S. warship.

General Montero "foreshadows a whole host of counterfeit social revolutionaries in uniform," writes Falcoff, including Venezuela's current leader, Hugo Chávez. Other characters, such as Father Corbelán, the left-wing cleric with connections on both sides of the law, and Nostromo, the skilled foreign worker and compromised figure from whom the novel takes its name, also have contemporaries in modern Latin America. "With stunning prescience," Conrad saw that "whatever the sins of colonialism, what was bound to follow could conceivably be worse. *Nostromo* is a supreme work of art which is also a prophecy, one which more often than not has been amply fulfilled."

OTHER NATIONS

Africa's Accidental Borders

"The Political Saliency of Cultural Difference: Why Chewas and Tumbukas Are Allies in Zambia and Adversaries in Malawi" by Daniel N. Posner, in *American Political Science Review* (Nov. 2004), George Washington Univ., Dept. of Political Science, 2201 G St., N.W., Washington, D.C. 20052.

In 1891, officials of the British South Africa Company drew a line on a map in order to carve out two new districts in the lands under their control, heedlessly slicing through the traditional boundaries of the Chewa and Tumbuka tribes. It's the kind of story that's been repeated many times in Africa and elsewhere, with arbitrary boundaries tragically setting the stage for future tribal and ethnic conflict. But in this case, there is a difference. On one side of the border, in what is now Malawi, Chewa and Tumbuka today are at war culturally and politically, just as one would predict. In neighboring Zambia, however, the two tribes are allies and "brethren."

Why is this so? It's not that cultural differences are more pronounced in Malawi, according to Posner, a political scientist at the University of California, Los Angeles. In surveys, he found that members of the two tribes on each side of the border point to the same basic divisions: Tumbuka parents, for example, demand a large price of perhaps

seven cows when their daughters marry, while Chewa parents are happy with a single chicken. But in Malawi, people are more likely to attach negatives to their descriptions: Tumbukas call the Chewas "lazy," and Chewas return the favor by calling the Tumbukas conceited.

The explanation for the cross-border difference, Posner argues, is that in Zambia both tribes make up too small a part of the national population (less than seven percent each) to form a distinctive group or, more important, a bloc big enough for political leaders to exploit. In Malawi, however, the Chewas are 28 percent of the total, the Tumbuka 12 percent.

The coming of democracy crystallized the national differences. In 1994, when Malawians finally got a chance to vote, in the country's first election, longtime dictator Hastings Kamuzu Banda played the tribal card with a vengeance, warning his fellow Chewas of Tumbuka threats to their interests and exacerbating ethnic tensions in the

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process. In Zambia, which held its first multiparty elections in 1991, President Kenneth Kaunda appealed to Chewas and Tumbukas not as separate groups but as “Easterners” who needed to unite in order to defeat their rivals elsewhere in the country. They gave him more than three-quarters of their votes.

Posner suggests that this “natural experi-

ment” in Africa could shed light on supposedly culture-based conflicts in other parts of the world. And while it’s too late to redraw national boundaries, some of his research suggests that shrewdly drawn regional boundaries *within* nations might produce some of the results British colonialists accidentally achieved in Zambia.

Tolerance on Trial

“Holland Daze” by Christopher Caldwell, in *The Weekly Standard* (Dec. 27, 2004), 1150 17th St., N.W., Ste. 505, Washington, D.C. 20036, and “Final Cut” by Ian Buruma, in *The New Yorker* (Jan. 3, 2005), 4 Times Sq., New York, N.Y. 10036.

The death of one man—a controversial Dutch filmmaker murdered on an Amsterdam street by a second-generation Moroccan immigrant—has sent the same sort of shock through the Netherlands as the 9/11 attack did in the United States. Theo van Gogh was shot and knifed to death on November 2 by a young Muslim extremist. A letter stuck to the dead man’s stomach with a knife promised the same fate to the Somali-born member of parliament who wrote the script for *Submission*, Van Gogh’s last film, about the abuse of women in the name of Allah.

In this country of 16 million, which has long prided itself on its multiculturalism, some saw the violent act as a repudiation of Holland’s policies of tolerance and acceptance toward its roughly 1.5 million first-

generation immigrants, many of whom are Muslims. Now the stock of politicians who preach that “Holland is full” is rising—even as they are forced into hiding for fear of suffering Van Gogh’s fate. “When old lefties cry out for law and order you know something has shifted in the political climate; it is now a common perception that the integration of Muslims in Holland has failed,” writes Buruma, a writer and scholar born in the Netherlands.

The tensions in Holland emanate in part from an influx of immigrants and their interaction with a heretofore generous welfare state, writes Caldwell, a senior editor at *The Weekly Standard*: “As many as 60 percent of Moroccans and Turks above the age of 40—obviously first-generation immigrants—are unemployed.” But more

EXCERPT

Don’t Look Back

I went to dinner with a young [German] businessman, born 20 years after the end of [World War II], who told me that the forestry company for which he worked, and which had interests in Britain, had decided that it needed a mission statement. A meeting ensued, and someone suggested Holz mit Stolz (“wood with pride”), whereupon a two-hour discussion erupted among the employees of the company as to whether pride in anything was permitted to the Germans, or whether it was the beginning of the slippery slope that led to, well, everyone knew where. The businessman found this all perfectly normal, part of being a contemporary German.

Collective pride is denied the Germans because, if pride is taken in the achievements of one’s national ancestors, it follows that shame for what they have done must also be accepted.

—Theodore Dalrymple, a British writer and physician, in *City Journal* (Winter 2005)

intense friction is produced by clashing values. In other European countries with large immigrant populations, Islamic radicalism is the concern; in the Netherlands, it's becoming more common to see Islam itself as the problem.

"Pillarization" is often said to be the controlling principle of Dutch society. For many years its Protestant majority and Catholic minority coexisted peaceably within separate pillars of religiously based schools, newspapers, trade unions, etc. In the 1960s, the cultural revolutions that swept other countries targeted class or the state, but Dutch radicals took aim at church authority. The pillars remain, though largely drained of their religiosity. The Dutch thought "they could build up an 'immigrant' or a 'Muslim' pillar and then let it collapse into postmodern individualism, following the same historic route that Protestantism and Catholicism had taken," observes Caldwell. But history is not repeating itself.

A few have argued for years that pillariza-

tion and the burgeoning Muslim population are incompatible. Conservative statesman Frits Bolkestein was reviled as a racist when he wrote in 1991 that integration wouldn't work if fundamental Dutch values clashed with those of immigrants on issues like separation of church and state and gender equality. Now he's a hero. And before his assassination by an animal-rights activist in 2002, populist Pim Fortuyn won overnight popularity by arguing that the country was in immigrant overload.

But if pillarization is failing, alternatives are elusive. Populist leader Geert Wilders proposes that only non-Western foreigners should be stopped from coming to the Netherlands, but that is "morally hard to condone," says Buruma. Some Muslims, their mosques targeted for arson, point out that the type of insanity that killed Van Gogh doesn't have a religious affiliation.

Buruma concludes, "The Dutch prided themselves on having built an oasis of tolerance. Now the turbulent world has come to Holland at last, crashing into an idyll that



In Rotterdam, an ethnic Turk protects a mosque against the threat of arson. The murder last fall of filmmaker Theo van Gogh by a Muslim extremist is testing the limits of Holland's famous tolerance.

astonished the citizens of less favored nations. It's a shame that this had to happen, but naiveté is the wrong state of mind for

defending one of the oldest and most liberal democracies against those who wish to destroy it."

Brazil's Resurgent Indians

"Tribal Preservation" by John Hemming, in *Prospect* (Jan. 2005), 2 Bloomsbury Pl., London WC1A 2QA, England.

A half-century ago, Brazil's Indians appeared headed for extinction. Reduced in number to 100,000, they were fast losing their land, their culture, and their will to survive. But they have made a remarkable comeback, reports anthropologist Hemming, former director of Britain's Royal Geographical Society and author of a trilogy on the history of Brazilian Indians.

Improvements in health are part of the story. The deadly toll of measles, influenza, and other alien diseases slowed as indigenous peoples developed immunity and received vaccines. "Traditional practices that kept village numbers low—late marriage, infanticide of babies with any defect, and years of breast-feeding that inhibit new pregnancies—are now discouraged. In many villages there is now a relative baby boom." The Indian population has climbed to more than 350,000.

"The catalyst for these improvements [has been] territorial security," according to Hemming. For decades, many of the 218 tribes retreated before loggers, mining prospectors, ranchers, farmers, and other settlers, particularly along the Atlantic seaboard, in the cattle country of the south and northeast, and along the navigable parts of the Amazon River and its tributaries. It took a crusade for indigenous land rights—often led by white activists in the early days—to turn the tide.

For example, Orlando and Cláudio Villas Boas, the sons of a failed São Paulo coffee planter, worked for 30 years among the Xinguanos, the inhabitants of an area drained by a southern Amazon tributary, to persuade the various tribes to abandon ancient feuds and unite in common cause. Victory came in 1961, with the creation of the 10,000-square-mile Xingu Indigenous Park, the prototype for a score of huge protected areas in South America.

For some of these pre-Stone Age tribes, contact with modern society has brought devastation, followed by adaptation. In 1972, Hemming was among the first outsiders to make contact with the Suruí of central Brazil, a warrior tribe whose fighters went about naked, and he saw half of the tribe die of measles and other diseases in the space of a few horrifying months. But 13 years later, some young Suruí had acquired clothing, picked up Portuguese, grasped the concepts of ownership and law—and were lobbying in Brasília for legal protection of their lands.

After 21 years of military rule in Brazil (1964–85), the Indians and their allies succeeded in 1988 in getting indigenous rights written into the new democratic constitution. Legally, Indians are classified as minors. "This seems demeaning," says Hemming, "but it exempts them from legal liability for actions carried out under tribal custom, frees them from military service or taxation, and allows tribes to hold their land communally and inalienably."

Brazil's Indians—including 30 or 40 groups that remain completely isolated—continue for the most part to live as hunter-gatherers, though education, radios, and technological conveniences such as outboard motors are bringing change in some places. Most Brazilians seem to agree on the need to protect the Indians' way of life and their land. While indigenous peoples make up less than one percent of Brazil's population of 170 million, 11 percent of the country's land has been set aside for indigenous reserves, an area equal in size to France, Germany, and the Benelux countries combined. In a recent public-opinion survey, more than two-thirds of Brazilians said that was "about right" or "too little." Will the Indians, living in the midst of a vibrant modern nation, be able to maintain their traditions? Hemming is "guardedly optimistic."