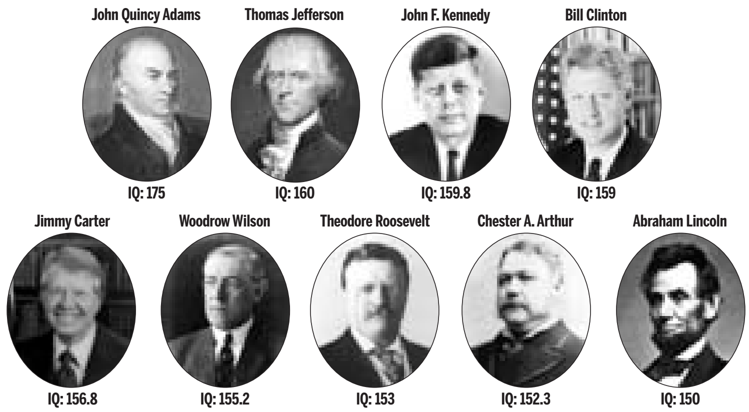
Presidential Smarts



All 42 presidents have had IQs in the top two percent of the population; above, some of the smartest.

John Adams and the nation's sixth president, had an estimated IQ of 175. Other top scorers were Thomas Jefferson, 160; James Madison, 160; John F. Kennedy, 159.8; and Bill Clinton, 159. The lowest, Grant, scored 130 on a measurement of his IQ. Next lowest was President George W. Bush, at 138.5.

Simonton writes that although George W. Bush's estimated IQ is below average when compared to those of other chief executives, he is "certainly smart enough to be president of the United States." Bush's scores were dragged down by his lack of "openness"—to aesthetics, feelings, actions, ideas, and values—and something called "integrative complexity," a gauge of the ability to integrate multiple perspectives on an issue into a coherent point of view.

Simonton acknowledges that intellect is not by any means the only predictor of good presidential leadership, but says that, "the conclusion remains, however tentative at this point in time, that Bush's intellect may be more a liability than an asset. . . . His strengths most likely lie elsewhere."

POLITICS & GOVERNMENT

Waikiki, North

THE SOURCE: "Extreme Makeover" by Alan Ehrenhalt, in ***Governing***, July 2006.

MOST CITIES WOULD KILL TO HAVE Vancouver's problems. Exquisitely set near both mountains and the sea, the Canadian city is dominated by a glamorous downtown full of residential apartments, bustling with pedestrian traffic, and populated by people with money to spend. Municipalities in the United States consider themselves lucky to entice five percent of their residents to move downtown. In Vancouver, the figure is 20 percent and rising, according to Alan Ehrenhalt, executive editor of *Governing*. But condoization is beginning to generate a backlash. The hundreds of green glass towers that have sprung up on less than five square miles have shut out commercial development. Critics are beginning to use the dreaded "R" word, according to Ehrenhalt. Vancouver, they fear, is in danger of becoming a *resort*, a Waikiki or Miami Beach, with mild winters—and an inadequate tax base.

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The transformation began quietly in the summer of 1991 as recession moved across North America and flattened the market for office space in Vancouver. Without fanfare, the city council enacted a zoning change—just to see if the market would respond—that loosened up limits on apartments in commercial areas. "Overnight, we got these huge condo towers," says a city council member. Fifteen years later, nearly one in five residents of Canada's third-largest city lives in one of the slender high-rise towers in the downtown center. And these newcomers include members of that urban endangered species, the family with young children.

The "Living First" program has worked too well, some people in Vancouver are saying. Developers seized the chance, making a return on investment in condominiums that has been five times as high as the return on office space. And though business has not fled central Vancouver, the percentage of metro-area jobs located there keeps shrinking.

The residential boom runs the risk of squeezing hard-pressed cities financially. Commercial properties, which currently account for 40 percent of Vancouver's tax base, are taxed at a higher rate than residential properties, and require less in city services. As the balance tips toward condos, the burden on business grows, potentially driving commercial uses out of the city. Vancouver's planners have imposed what amounts to a moratorium on residential construction while they figure out how to attract more office projects.

No American city is close to Vancouver on the downtown-living front, Ehrenhalt writes, but there is a shift in the residential direction. Census figures show that downtown populations in major U.S. cities increased by about 10 percent in the 1990s after decades of decline. Since 2000, Philadelphia's central-city population has grown even as office space stagnated and the number of office and professional jobs declined. In New York City, where the local government's primary commitment after the September 11 attacks was to restore the lost commercial and office space, no new office buildings have been started on the World Trade Center site, while nearby commercial space is rapidly going condo. Even in St. Louis, the office vacancy rate is very low because so much office space has gone residential. If it can happen in St. Louis, it can probably happen anywhere. So it is likely that the "Vancouver question"—keeping a balance between commercial and residential uses—could well be a sleeper issue American cities never thought they would have to face.

ECONOMICS, LABOR & BUSINESS

Trading in Dreams

THE SOURCE: "Contemplating Delivery: Futures Trading and the Problem of Commodity Exchange in the United States, 1875–1905" by Jonathan Ira Levy, in ***American Historical Review***, April 2006.

Nothing epitomizes global capitalism more than the world's burgeoning futures markets, where trillions of dollars ride on everything from tomorrow's interest rates to next year's price for a bushel of wheat. This trade in the ephemeral seems dubious to many people even today, and at its birth more than a century ago it seemed downright scandalous, requiring the help of a Harvard philosopher and the U.S. Supreme Court to ensure its survival in the United States.

Trade in commodity futures has a long history; it involves nothing more complex than signing a contract today to deliver wheat or some other commodity at a certain price in the future. In the 1870s, however, traders in the United States and abroad began using a technique called "setting off" that allowed contracts to be bought and sold even though no goods actually changed hands, notes Jonathan Ira Levy, a graduate student in history at the University of Chicago. In 1888, for example, American farmers produced 415 million bushels of wheat, but U.S. traders handled futures contracts for perhaps 25,000 *trillion* bushels. By then, the action had expanded from the trading pits of organized markets such as the Chicago Board of Trade to informal "bucket shops," mostly in rural America, where ordinary folk could wager on movements in the big-city commodity markets.

Futures markets served an economic need. As the production and distribution of commodities such as corn and oil grew to national and international scale in the late 19th century, the need for new risk-management tools grew too. Futures allowed farmers and the many other players in the complex new marketplaces to protect themselves against price fluctuations and other risks. One midwestern grain elevator owner explained to a congressional committee in 1892 that he might have 100,000 bushels of wheat to sell on a day when buyers around the country demanded only 75,000. The ability to sell a futures contract for the 25,000 remaining bushels helped keep him afloat financially.

The title of those House hearings, "Fictitious Dealings in Agricultural Products," gives a sense of the public reaction to the new futures trading. It wasn't just that the exchanges encouraged speculation—indeed,