tion, social class, or material wealth." Their coexistence, McClay observes, "never comes without a measure of chronic mutual distrust."

There are, to be sure, technical areas that require expert guidance—nuclear power, infectious disease, and climate change, to name just a few. But McClay recalls Max Weber's warning about the "iron cage" of rationalization. Technocrats, Weber argued, would not solve humanity's problems but would bring about, rather, a world of "specialists without spirit, sensualists without heart." Indeed, McClay believes, too often today difficult issues are "referred to appointed blue-ribbon panels as a way of escaping the heavy lifting of actual politics."

At the same time, it is an illusion to think that "experts" are free of politics, groupthink, and other flaws. The noted economist Robert J. Shiller, who was an adviser to the Federal Reserve Bank of New York until 2004, recently admitted that he kept quiet about his growing misgivings over the housing bubble because he was afraid other economists would ostracize him. If cadres of experts can't tolerate conflicting ideas, McClay says, their consensus "is soon rendered useless."

Ultimately, McClay says, it is not just the fault of experts when they fail to foresee all the complexities of the modern world, but ours also, that we rely too much on their judgment. That's not to suggest that specialists do not have a vital role in a democratic society, but rather that "we need to cultivate a judge's skill in evaluating them—to be as expert as we can in the evaluation of experts."

POLITICS & GOVERNMENT

Three Flags

THE SOURCE: "Decoding the Flag" by Cheryl Dietrich, in ***The Gettysburg Review***, Autumn 2009.

For Lieutenant Colonel Cheryl Dietrich, a retired Air Force officer, the three flags she has owned carry more than just symbolic meaning. Her first flag—a 25-cent version she purchased at age 11 with the pooled resources of her two younger brothers and herself—adorned the "lending library" they had set up in their grandparents' garage. A rambunctious brother fumbled, and Dietrich, watching in horror, saw that the "flag had touched the ground!" The only recourse for a flag so sullied was burning or burial, so the children dug a hole, recited the Pledge of Allegiance, and "solemnly shoveled dirt over the flag."

That flag had the 13 stripes and 50 stars of the version in use since 1960, but Dietrich recalls the childhood shock of seeing the flag that in 1814 inspired Francis Scott Key's "Star-Spangled Banner" at the Smithsonian, with its 15 stars and 15 stripes (which accommodated Vermont and Kentucky's recent entry into the Union). Congress later fixed the number of stripes at 13, with the number of stars left to increase as new states arrived. "It is easy for us baby boomers and later generations to forget that the flag is designed to be a fluid, growing thing," Dietrich writes. "Like the country."

In the Air Force, Dietrich recounts, the flag was everywhere, so she didn't own one of her own. A basewide command required all personnel to come to attention if they were outdoors whenever "The Star-Spangled Banner" sounded over the speakers. One day, sweating over a flat tire, Dietrich, then a first lieutenant, thought she might get by with ignoring the rule. She was interrupted by the "pleasant but firm" voice of a lieutenant colonel: " 'Suppose we stop and pay our respects to the flag. Then I'll help you with that.' . . . When the last note ended, the officer dropped his salute, picked up the wrench, and replaced my tire without a word of rebuke." None was needed.

> "The flag is strong. It doesn't need our protection."

Dietrich's second flag, presented when she retired from the military after 20 years of service, had flown over the U.S. Capitol. By then there was not just flag burning but flag "idolatry," or what she calls "domestic desecration": the Stars and Stripes emblazoned on "T-shirts, jackets, bikinis, and thongs," the flag as fashion, advertising, and personal expression. Dietrich, who opposes all laws against desecration, feels that "the flag is strong. It doesn't need our protection." Still, the sight of such disrespect stirs the flag burner in her—the reverential 11-year-old who believed that every despoiled or abused ensign must be given a dignified end.

Seven years ago, when Dietrich and her husband moved into a house in Asheville, North Carolina, that had a flag holder on the deck, her husband suggested getting a flag. "What would the neighbors think?" Dietrich wondered. In the post–9/11 era, "was it possible anymore to fly a flag and have it mean merely that, no other messages involved?"

If you pass by Dietrich's house today, you'll likely find one there—her third—on sunny days and national holidays, on September 11 and on Flag Day, "if we remember it." Dietrich and her husband "know the rules. We are careful and respectful of our flag. We don't put it out in the rain. We bring it in at night. We never let it touch the ground."

ECONOMICS, LABOR & BUSINESS

Blind-Sided

THE SOURCE: "How Did Economists Get It So Wrong?" by Paul Krugman, in ***The New York Times Magazine***, Sept. 6, 2009.

Why did so many economists fail to anticipate the economic crisis of 2008? Their heads were turned by beautiful, intellectually elegant mathematical models of the economy that told them such a thing couldn't happen, writes Paul Krugman, a *New York Times* columnist and Nobel Prize–winning economist at Princeton.

For decades after the Great Depression, economic thought was dominated by the ideas of John Maynard Keynes, who argued that market economies, and especially financial markets, were apt to malfunction, and therefore needed a significant dose of government oversight. In 1953 the University of Chicago's Milton Friedman struck back, launching what came to be known as the "neoclassical" model. People and markets were essentially rational, he tried to show. He saw a role for government in keeping the economy on track, but it was limited largely to stewardship by the Federal Reserve (whose bumbling he blamed for the Great Depression). Friedman's heirs pushed things further. By about 1970, economists generally accepted the "efficient-market hypothesis" of his Chicago colleague, Eugene Fama, with its assertion, as Krugman puts it, that "financial markets price assets precisely at their intrinsic worth given all publicly available information." In other words, markets and the people who make them are perfectly rational, all the time.

EXCERPT

Double Bubble

A few years ago Karl Case and I asked random home buyers in U.S. cities undergoing bubbles how much they [thought] *the price of their home* [would] *rise each year on average over the next 10 years. The median answer was sometimes 10 percent a year. If one compounds that rate over 10 years, they were expecting an increase of a factor of 2.5, and, if one extrapolates, a 2,000-fold increase over the course of a lifetime. Home prices cannot have shown such increases over long time periods, for then no one could afford a home.*

The sobering truth is that the current world economic crisis was substantially caused by the collapse of speculative bubbles in real estate (and stock) markets—bubbles that were made possible by widespread misunderstandings of the factors influencing prices. These misunderstandings have not been corrected, which means that the same kinds of speculative dislocations could recur.

—ROBERT J. SHILLER, a Yale economist and cocreator of the widely used Case-Shiller Home Price Indices, in ***The Economists' Voice*** (Issue 7, 2009)