

# IN ESSENCE

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## ECONOMICS, LABOR & BUSINESS

### Recession's Lasting Impression

**THE SOURCE:** "Growing Up in a Recession: Beliefs and the Macroeconomy" by Paola Giuliano and Antonio Spilimbergo, in *The NBER Digest*, Jan. 2010.

PUNDITS AND ECONOMISTS MAY have pronounced the recession over, but the ordeal will shake younger Americans' faith in meritocracy for years to come.

Using data from the General Social Survey for 1972 to 2006, Paola Giuliano of the Anderson School of Management at the University of California, Los Angeles, and Antonio Spilimbergo of the International Monetary Fund found that people who experienced a recession between the ages of 18 and 25 (the "formative years," according to psychologists) are more likely than those who experienced steady economic growth during those years to believe that success in life is the result of luck, not hard work. As a result, they are more inclined to support gov-

ernment's efforts to help those with less. However, they also tend to express less confidence in Congress and the executive branch. Giuliano and Spilimbergo say such shifts in public opinion can shape public policy for decades.

Intriguingly, experiencing a recession during the formative years did not seem to move people in either direction along a liberal-conservative spectrum. It's possible, Giuliano and Spilimbergo write, that a recession's liberal push—encouraging a generation to believe that success is more about luck and that government should intervene—is countered by an equally powerful conservative tug toward being skeptical of public institutions. The authors note that other studies have shown that where people tend to place themselves on an ideological spectrum is highly determined by demographics and their parents' political beliefs. Economic conditions are not likely to supplant those

powerful influences.

Even on particular matters, the window for change is small. Beliefs about meritocracy are set in stone once one passes 25, but a person's trust in government can change in response to a recession up until age 40.

All this is to say that the past is never past. Any future recovery to the contrary, the specters of the great recession of 2008–09 likely have settled in for a good, long haunting of U.S. politics and policies.

## ECONOMICS, LABOR & BUSINESS

### The Mother of Invention

**THE SOURCE:** "The Industrial Revolution in Miniature: The Spinning Jenny in Britain, France, and India" by Robert C. Allen, in *The Journal of Economic History*, Dec. 2009.

THE INDUSTRIAL REVOLUTION, the hinge joining our modern world to our agricultural history, began in late-18th-century England. But why England? Why not France or, for that matter, India?

Scholars have long debated the question. One popular theory is that the Glorious Revolution of 1688 led to a secure property-rights system,