

# HOOVER DIGEST

RESEARCH + OPINION  
ON PUBLIC POLICY

WINTER 2020 NO. 1

C.N.T.

¡HONRA A LOS HÉROES!

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# **HOOVER DIGEST**

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## ON THE COVER

This poster captioned “Loor a los Héroes!” (Praise to the Heroes) lionized the air forces of Republican Spain as civil war intensified in the late 1930s. It was issued by an anarcho-syndicalist group amid a shocking campaign of attacks by fascist aircraft supporting the Republicans’ enemies, Franco’s Nationalists. Perhaps in a sign of the infighting that also helped weaken the Republic, the human-airplanes do not display the insignia of the actual Republican air forces. Instead, the flying heroes are a uniform red. See story, page 200.



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# The Purpose of a Corporation

**Milton Friedman is still right: the role of a corporation is to make a profit—not to get entangled in the demands of endless “stakeholders” or social engineering.**

**By Richard A. Epstein**

In a memorial service honoring Milton Friedman at the Hoover Institution shortly after his death in 2006, senior fellow Edward Lazear said, only half in jest, “It is amazing how many people can best Milton in an argument when he is not in the room.”

His remark has added relevance in light of the efforts by the Business Roundtable (BR), a nonprofit composed of CEOs of major US organizations, to do battle with an empty chair in its “Statement on the Purpose of a Corporation.” This statement

## Key points

- » “Stakeholder” has a built-in, and potentially fatal, vagueness. “Shareholder” does not.
- » Fiduciary duty is the means by which corporations protect their investors.
- » Corporations can already engage in socially beneficial acts that improve shareholder value.
- » Laws and regulations already guard against harmful behavior by businesses.

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[Taylor Jones—for the Hoover Digest]



rejected the received wisdom—boldly pronounced in Friedman’s famous 1970 *New York Times* magazine article, “The Social Responsibility of Business Is to Increase Its Profits”—that corporate directors and officers should maximize shareholder value rather than some nebulous concept of social responsibility.

In tune with our populist times, the BR’s declaration was interpreted in the press as a conscious rebuke of Friedman for his propagation of what the late Lynn Stout termed “The Shareholder Value Myth.” Friedman treated his statement as a means to an end. The corporation that seeks to maximize its profit

within the rules of the game will maximize social welfare as well. But under

the new thinking, Friedman’s model invites dangerous and

selfish actions. That’s why the *New York Times* used

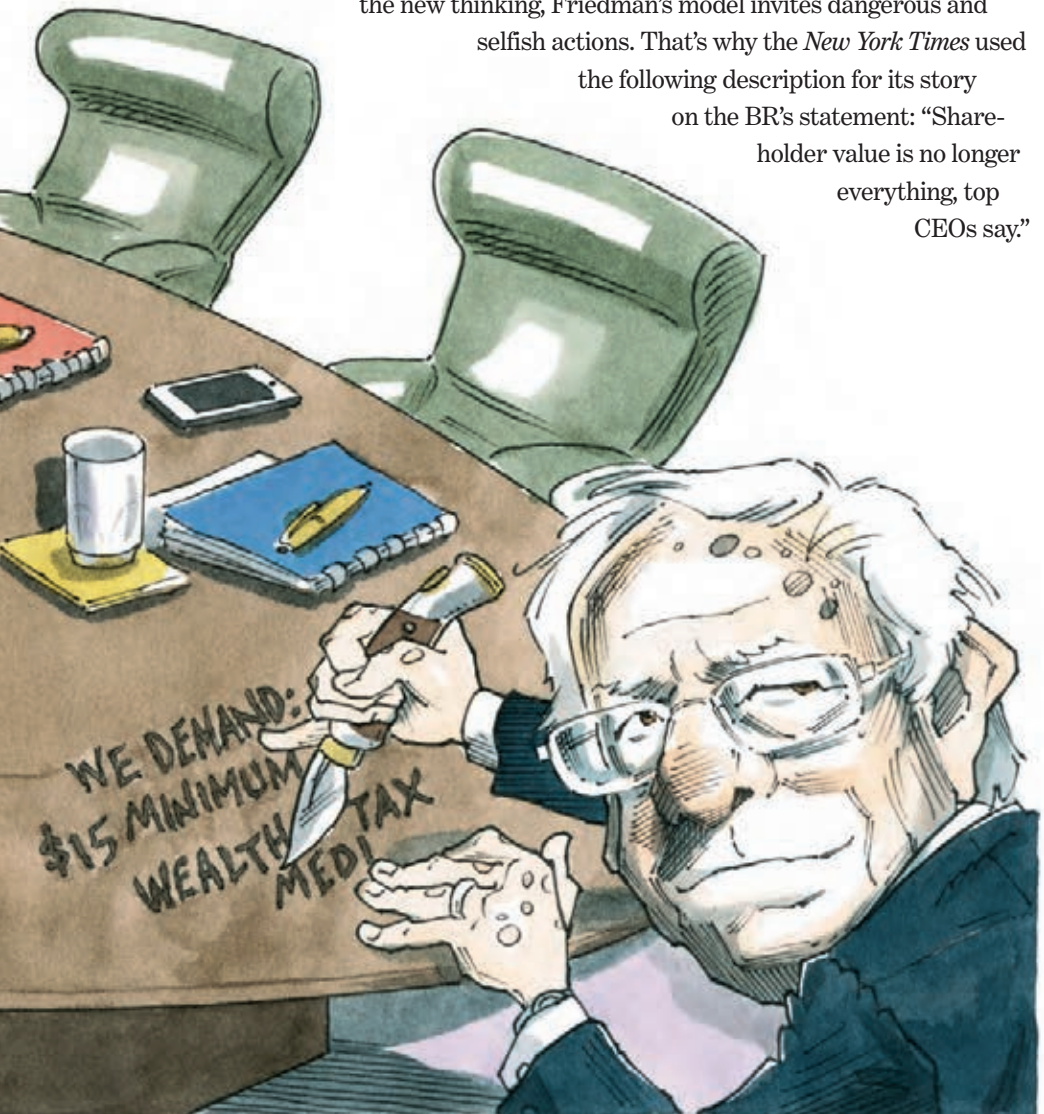
the following description for its story

on the BR’s statement: “Share-

holder value is no longer

everything, top

CEOs say.”



But what exactly is the alternative? On this matter, the BR's statement is a self-conscious effort to play both ends against the middle. Its first paragraph takes the sensible position that "the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment, and economic opportunity for all." Its next sentence should have taken a page out of Friedman's playbook to denounce the many

forms of regulation that hamper activities in a free-market economy. Chief on the list would be those regulations

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***"Stakeholder" is dangerously vague. Is failing to meet a particular "commitment" backed by any legal obligation?***

that upset competition in labor markets, which include minimum-wage and overtime regulations, unionization, family leave, health care mandates, and much more. By limiting the options for both parties to a labor contract, these kinds of regulations constrain the opportunities of employees and employers alike.

Yet the BR's statement veers off in exactly the wrong direction. "While each of our individual companies serves its own corporate purpose," the statement reads, "we share a fundamental commitment to *all* of our stakeholders." Tremble at their emphasis on *all*. The list of stakeholders to whom companies commit themselves, according to the statement, includes customers, employees, suppliers, communities, and, bringing up the rear, shareholders. The problem with that pesky "all" lies in the nature of these commitments. "Stakeholder" has a built-in ambiguity because it provokes a question of whether failure to meet some particular "commitment" is backed by a legal obligation to mend ways or pay damages in the event of any corporate malfeasance.

James Copland of the Manhattan Institute takes comfort in the simple yet powerful fact that the statement does not undermine the specific fiduciary duties that corporate boards and officers have only to their shareholders. In contrast, the *Wall Street Journal* was much more troubled that "stakeholder CEOs" would find it all too easy to subordinate the interests of shareholders, who sit last on the list of protected parties. And more progressive groups find this same Delphic pronouncement to be "a monumental step toward setting broader standards for corporate leadership"—though they wonder if this "shocking reversal" in priorities is achievable by the current group of American CEOs.

It is easy to see how a broader rendition of this statement can unload heavy artillery on the free market. The next iteration could read, as Bernie



Sanders would have it, as a universal commitment by all corporate CEOs to embrace higher minimum-wage laws, the narrowing or eliminating of income inequality, and, of course, a full campaign against global warming, even if all these undertakings would dramatically diminish corporate bottom lines.

## **DO YOUR DUTY**

Yet so much of this modern rhetoric relies on the premise that thinkers like Milton Friedman made serious errors in reasoning that today's CEOs have corrected. To better assess that claim, it is necessary to go back to first principles. First, Friedman never denied that any serious business had to have good relationships with its customers, employees, and suppliers. But it hardly follows that businesses owe special or fiduciary duties to these stakeholders, which is how the BR statement is commonly being read. Within corporate law, fiduciary duties arose, especially within public corporations, to offset the fundamental structural imbalance when ownership was separated from control, as is common whenever a large group of diffuse shareholders become passive investors in a venture controlled by corporate boards and officers. The fiduciary duty is one key tool for making corporate officers and directors protect the investors who have entrusted them with their wealth.

There are two levels of corporate duties to shareholders. First, corporate boards and officers deal at arm's length with outsiders, and here their responsibility is governed by the so-called business judgment rule, which protects them against suits by shareholders so long as they follow appropriate procedures in reaching a decision and act in good faith to maximize shareholder value. This rule both constrains corporate insiders and protects them from liability

if their good-faith efforts turn out less well financially than expected. Indeed, if officers had to make

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***The corporation that seeks to maximize its profit within the rules of the game will maximize social welfare as well.***

good on every loss that occurred when deals went sour; no one would take on such roles. And second, whenever corporate officials enter into any kind of self-dealing transaction, the standard of care is much higher, given the conflict of interest. For such transactions, insiders must analyze whether corporate shareholders received "fair value" from the transaction.

One way to cash out the verbal switch from shareholder to stakeholder is to insist that similar fiduciary duties now apply to both groups. But this proposal is a bad idea for two reasons.

First, the stakeholders are not passive investors. They can negotiate on their own behalf to protect their own interests, both in the short and in the long term. Every corporation knows that these counterparties will look after their own interests. These parties, like the corporations they deal with, require long-term contractual protections, which they get under the Friedman view.

Second, the broader stakeholder model makes it impossible to discharge fiduciary duties to multiple parties simultaneously. One reason why large corporations tend to have only a single class of shares is to minimize unnecessary conflicts among shareholders. However, the expanded stakeholder model suffers from one of two fatal objections. Either the directors and officers of the corporation must be persuaded to look after the interests of other parties who are not present or these boards must expand membership to accommodate these interests, at which point they lose compactness and coherence. In the extreme form, stakeholder corporations might have to accede to Senator Elizabeth Warren's wacky Accountable Capitalism Act, in which government officials get to appoint 40 percent of each board of a corporation worth \$1 billion or more—effectively a partial nationalization of trillions of dollars of corporate assets.

## **ALREADY STRONG**

The counterargument to the Friedman approach is that corporations that continue to work under the existing rules will remain flawed. First, they will be greedy. And second, they will engage in antisocial activities, such as generating pollution.

But there are four responses to these charges. First, Friedman's position does not prevent the formation of corporations that have express charitable functions, such as churches, hospitals, and universities. Second, corporations can, should, and do make contributions to socially beneficial organizations to the extent that such contributions improve shareholder value. Such gifts could advance goodwill by supporting local charities or by attracting employees who might prefer to take a lower wage in exchange for working for an enterprise that supports social causes. Third, individual shareholders can donate either their dividends or appreciated shares to charitable causes, thereby avoiding the potential conflicts of interest that arise when firms make controversial contributions to certain organizations or causes that other shareholders oppose, like Planned Parenthood or groups that oppose same-sex marriage.

Finally, all corporations must comply with laws and regulations that, for example, limit the amount of pollution a corporation can generate or

set terms and conditions for labor contracts. It is well understood that all fiduciary duties exist within this legal framework. Indeed, it has long been understood that a trustee is never under an obligation to perform some illegal action even if the action would be profitable to the trustee's beneficiaries and the trustee could get away with it.

It is all too fashionable today to argue that recent events have exposed a fatal weakness in the traditional model of corporate responsibility—a model that has generated so much wealth and economic success over the years. This overwrought charge should be rejected. The key problems run in the opposite direction: government regulations and taxes imposed on corporations attempting to advance certain social improvements. Socialism, heal thyself! ■

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# Prophet Sharing

Hoover fellow **Milton Friedman** explains in this famous article the “one and only one social responsibility of business.”

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When I hear businessmen speak eloquently about the “social responsibilities of business in a free-enterprise system,” I am reminded of the wonderful line about the Frenchman who discovered at the age of seventy that he had been speaking prose all his life. The businessmen believe that they are defending free enterprise when they declaim that business is not concerned “merely” with profit but also with promoting desirable “social” ends; that business has a “social conscience” and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution, and whatever else may be the catchwords of the contemporary crop of reformers.

In fact they are—or would be if they or anyone else took them seriously—preaching pure and unadulterated socialism. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades.

The discussions of the “social responsibilities of business” are notable for their analytical looseness and lack of rigor. What does it mean to say that “business” has responsibilities? Only people have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but “business” as a whole cannot be said to have responsibilities, even in this vague sense. The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom.

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*Milton Friedman (1912–2006) was a senior research fellow at the Hoover Institution and the recipient of the Nobel Prize in Economic Sciences in 1976.*

Presumably, the individuals who are to be responsible are businessmen, which means individual proprietors or corporate executives. Most of the discussion of social responsibility is directed at corporations, so in what follows I shall mostly neglect the individual proprietors and speak of corporate executives.

## **CEO AS EMPLOYEE**

In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom. Of course, in some cases his employers may have a different objective. A group of persons might establish a corporation for an eleemosynary purpose—for example, a hospital or a school. The manager of such a corporation will not have money profit as his objectives but the rendering of certain services.

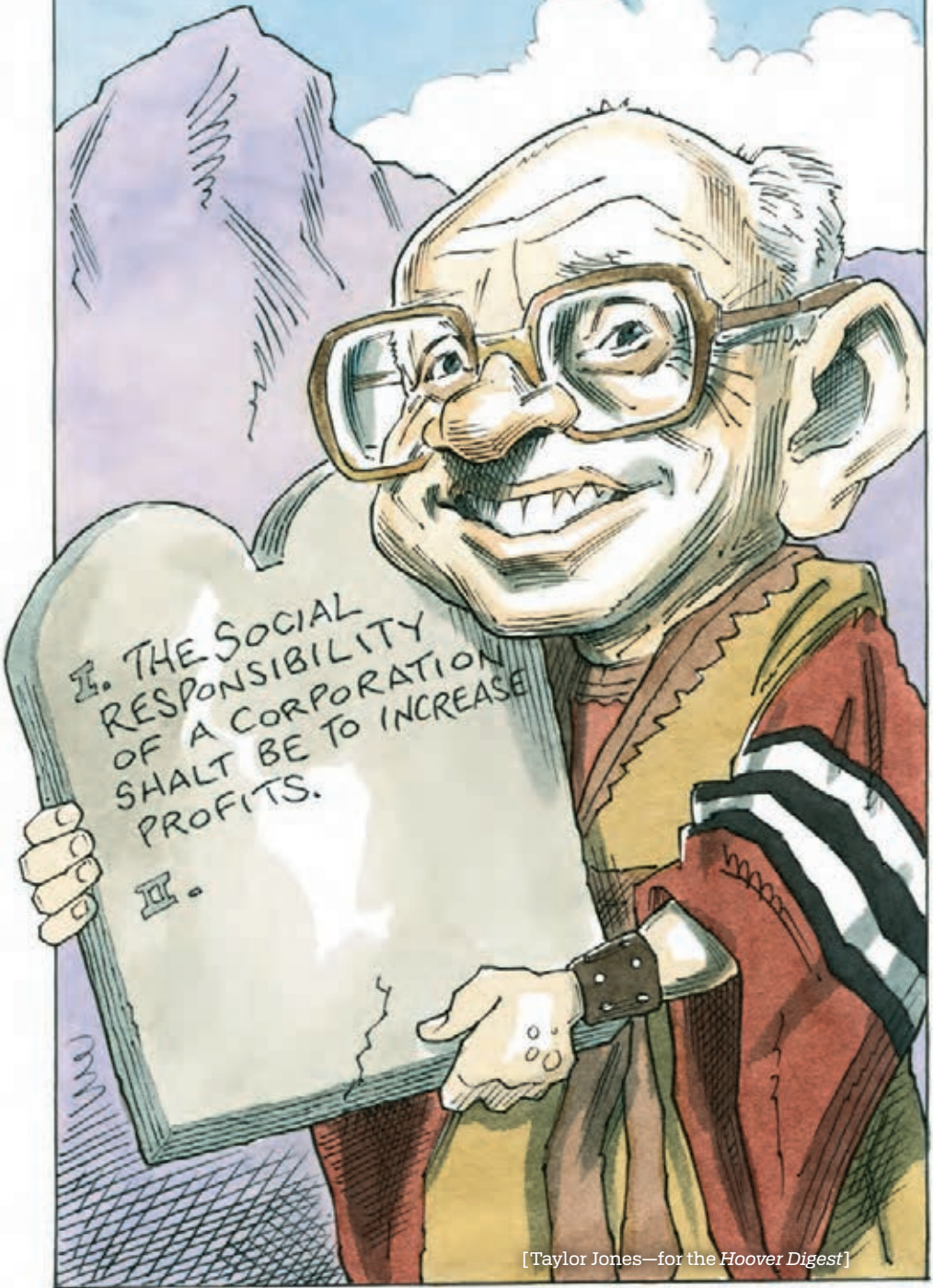
In either case, the key point is that in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation or establish the eleemosynary institution, and his primary responsibility is to them.

Needless to say, this does not mean that it is easy to judge how well he is performing his task. But at least the criterion of performance is straightforward, and the persons among whom a voluntary contractual arrangement exists are clearly defined.

Of course, the corporate executive is also a person in his own right. As a person, he may have many other responsibilities that he recognizes or

**Insofar as his actions in accord with his ‘social responsibility’ reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers’ money. Insofar as his actions lower the wages of some employees, he is spending their money.**

T. Jones



[Taylor Jones—for the Hoover Digest]



assumes voluntarily—to his family, his conscience, his feelings of charity, his church, his clubs, his city, his country. He may feel impelled by these responsibilities to devote part of his income to causes he regards as worthy, to refuse to work for particular corporations, even to leave his job, for example, to join his country's armed forces. If we wish, we may refer to some of these responsibilities as “social responsibilities.” But in these respects he is acting as a principal, not an agent; he is spending his own money or time or energy, not the money of his employers or the time or energy he has contracted to devote to their purposes. If these are “social responsibilities,” they are the social responsibilities of individuals, not business.

What does it mean to say that the corporate executive has a “social responsibility” in his capacity as businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. For example, that he is to refrain from increasing the price of the product in order to

contribute to the social objective of preventing inflation, even though a price increase would be in the best interests

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***What does it mean to say that “business” has responsibilities? Only people have responsibilities.***

of the corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire “hard core” unemployed instead of better qualified available workmen to contribute to the social objective of reducing poverty.

In each of these cases, the corporate executive would be spending someone else's money for a general social interest.

Insofar as his actions in accord with his “social responsibility” reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers' money. Insofar as his actions lower the wages of some employees, he is spending their money.

The stockholders or the customers or the employees could separately spend their own money on the particular action if they wished to do so. The executive is exercising a distinct “social responsibility,” rather than serving as an agent of the stockholders or the customers or the employees, only if he spends the money in a different way than they would have spent it.

But if he does this, he is in effect imposing taxes, on the one hand, and deciding how the tax proceeds shall be spent, on the other.

## NOT A GOVERNMENT AGENCY

This process raises political questions on two levels: principle and consequences. On the level of political principle, the imposition of taxes and the expenditure of tax proceeds are governmental functions. We have established elaborate constitutional, parliamentary, and judicial provisions to control these functions, to assure that taxes are imposed so far as possible

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***A corporate executive is an employee of the owners of the business. He has direct responsibility to his employers.***

in accordance with the preferences and desires of the public—after all, “taxation without representation” was one of the battle cries of the American Revolution. We have a

system of checks and balances to separate the legislative function of imposing taxes and enacting expenditures from the executive function of collecting taxes and administering expenditure programs and from the judicial function of mediating disputes and interpreting the law.

Here the businessman—self-selected or appointed directly or indirectly by stockholders—is to be simultaneously legislator, executive and jurist. He is to decide whom to tax by how much and for what purpose, and he is to spend the proceeds—all this guided only by general exhortations from on high to restrain inflation, improve the environment, fight poverty, and so on and on.

The whole justification for permitting the corporate executive to be selected by the stockholders is that the executive is an agent serving the interests of his principal. This justification disappears when the corporate executive imposes taxes and spends the proceeds for “social” purposes. He becomes in effect a public employee, a civil servant, even though he remains in name an employee of a private enterprise. On grounds of political principle, it is intolerable that such civil servants—insofar as their actions in the name of social responsibility are real and not just window-dressing—should be selected as they are now. If they are to be civil servants, then they must be elected through a political process. If they are to impose taxes and make expenditures to foster “social” objectives, then political machinery must be set up to make the assessment of taxes and to determine through a political process the objectives to be served.

This is the basic reason why the doctrine of “social responsibility” involves the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses. On the grounds of consequences, can the

corporate executive in fact discharge his alleged “social responsibilities”? On the one hand, suppose he could get away with spending the stockholders’ or customers’ or employees’ money. How is he to know how to spend it? He is told that he must contribute to fighting inflation. How is he to know what action of his will contribute to that end? He is presumably an expert in running his company—in producing a product or selling it or financing it. But nothing about his selection makes him an expert on inflation. Will his holding down the price of his product reduce inflationary pressure? Or, by leaving more spending power in the hands of his customers, simply divert it elsewhere? Or, by forcing him to produce less because of the lower price, will it simply contribute to shortages?

Even if he could answer these questions, how much cost is he justified in imposing on his stockholders, customers, and employees for this social purpose? What is his appropriate share and what is the appropriate share of others?

And, whether he wants to or not, can he get away with spending his stockholders’, customers’, or employees’ money? Will not the stockholders fire him? (Either the present ones or those who take over when his actions in the name of social responsibility have reduced the corporation’s profits and the price of its stock.) His customers and his employees can desert him for other producers and employers less scrupulous in exercising their social responsibilities.

This facet of “social responsibility” doctrine is brought into sharp relief when the doctrine is used to justify wage restraint by trade

unions. The conflict of interest is naked and clear when union officials are asked to subordinate the interest of their members to some more general purpose. If the union officials try to enforce wage restraint, the consequence is likely to be wildcat strikes, rank-and-file revolts, and the emergence of strong competitors for their jobs. We thus have the ironic phenomenon that union leaders—at least in the US—have objected to government interference with the market far more consistently and courageously than have business leaders.

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***If these are “social responsibilities,”  
they are the social responsibilities of  
individuals, not business.***

## **A CHECK ON CORRUPTION**

The difficulty of exercising “social responsibility” illustrates, of course, the great virtue of private competitive enterprise—it forces people to be

responsible for their own actions and makes it difficult for them to “exploit” other people for either selfish or unselfish purposes. They can do good—but only at their own expense.

Many a reader who has followed the argument this far may be tempted to remonstrate that it is all well and good to speak of government’s having the responsibility to impose taxes and determine expenditures for such “social” purposes as controlling pollution or training the hard-core unemployed, but

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***The conflict of interest is naked and clear when union officials are asked to subordinate the interest of their members to some more general purpose.***

that the problems are too urgent to wait on the slow course of political processes, that the exercise of social responsibility by businessmen is a quicker and surer way to solve pressing current problems.

Aside from the question of fact—I share Adam Smith’s skepticism about the benefits that can be expected from “those who affected to trade for the public good”—this argument must be rejected on the grounds of principle. What it amounts to is an assertion that those who favor the taxes and expenditures in question have failed to persuade a majority of their fellow citizens to be of like mind and that they are seeking to attain by undemocratic procedures what they cannot attain by democratic procedures. In a free society, it is hard for “evil” people to do “evil,” especially since one man’s good is another’s evil.

I have, for simplicity, concentrated on the special case of the corporate executive, except only for the brief digression on trade unions. But precisely the same argument applies to the newer phenomenon of calling upon stockholders to require corporations to exercise social responsibility (the recent GM crusade, for example). In most of these cases, what is in effect involved is some stockholders trying to get other stockholders (or customers or employees) to contribute against their will to “social” causes favored by activists. Insofar as they succeed, they are again imposing taxes and spending the proceeds.

The situation of the individual proprietor is somewhat different. If he acts to reduce the returns of his enterprise in order to exercise his “social responsibility,” he is spending his own money, not someone else’s. If he wishes to spend his money on such purposes, that is his right and I cannot see that there is any objection to his doing so. In the process, he, too, may impose costs on employees and customers. However, because he is far less likely

than a large corporation or union to have monopolistic power, any such side effects will tend to be minor.

Of course, in practice the doctrine of social responsibility is frequently a cloak for actions that are justified on other grounds rather than a reason for those actions.

To illustrate, it may well be in the long-run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That may make it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects. Or it may be that given the laws about the deductibility of corporate charitable contributions, the stockholders can contribute more to charities they favor by having the corporation make the gift than by doing it themselves, since they can in that way contribute an amount that would otherwise have been paid as corporate taxes.

In each of these—and many similar—cases, there is a strong temptation to rationalize these actions as an exercise of “social responsibility.” In the present climate of opinion, with its widespread aversion to “capitalism,” “profits,” the “soulless corporation,” and so on, this is one way for a corporation to generate goodwill as a byproduct of expenditures that are entirely justified on its own self-interest.

It would be inconsistent of me to call on corporate executives to refrain from this hypocritical window-dressing because it harms the foundation of a free society. That would

be to call on them to

exercise a “social responsibility”! If our institutions, and the attitudes

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***In a free society, it is hard for “evil” people to do “evil.”***

of the public make it in their self-interest to cloak their actions in this way, I cannot summon much indignation to denounce them. At the same time, I can express admiration for those individual proprietors or owners of closely held corporations or stockholders of more broadly held corporations who disdain such tactics as approaching fraud.

## **A SUICIDAL IMPULSE**

Whether blameworthy or not, the use of the cloak of social responsibility, and the nonsense spoken in its name by influential and prestigious businessmen, does clearly harm the foundations of a free society. I have been impressed time and again by the schizophrenic character of many businessmen. They are capable of being extremely far-sighted and clear-headed in matters

that are internal to their businesses. They are incredibly short-sighted and muddle-headed in matters that are outside their businesses but affect the possible survival of business in general. This short-sightedness is strikingly

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***The doctrine of “social responsibility” taken seriously would extend the scope of the political mechanism to every human activity.***

exemplified in the calls from many businessmen for wage and price guidelines or controls or income policies. There is nothing that could do more in a brief period to

destroy a market system and replace it by a centrally controlled system than effective governmental control of prices and wages.

The short-sightedness is also exemplified in speeches by businessmen on social responsibility. This may gain them kudos in the short run. But it helps to strengthen the already too-prevalent view that the pursuit of profits is wicked and immoral and must be curbed and controlled by external forces. Once this view is adopted, the external forces that curb the market will not be the social consciences, however highly developed, of the pontificating executives; it will be the iron fist of government bureaucrats. Here, as with price and wage controls, businessmen seem to me to reveal a suicidal impulse.

The political principle that underlies the market mechanism is unanimity. In an ideal free market resting on private property, no individual can coerce any other, all cooperation is voluntary, all parties to such cooperation benefit or they need not participate. There are no values, no “social” responsibilities in any sense other than the shared values and responsibilities of individuals. Society is a collection of individuals and of the various groups they voluntarily form.

The political principle that underlies the political mechanism is conformity. The individual must serve a more general social interest—whether that be determined by a church or a dictator or a majority. The individual may have

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***They can do good—but only at their own expense.***

a vote and say in what is to be done, but if he is overruled, he must conform. It is appropriate for some to require others to

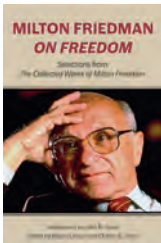
contribute to a general social purpose whether they wish to or not.

Unfortunately, unanimity is not always feasible. There are some respects in which conformity appears unavoidable, so I do not see how one can avoid the use of the political mechanism altogether.



But the doctrine of “social responsibility” taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collective doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. That is why, in my book *Capitalism and Freedom*, I have called it a “fundamentally subversive doctrine” in a free society, and have said that in such a society, “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” ■

*Originally published on September 13, 1970, in the New York Times magazine.*



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# Take This Job and Relocate It

**Hoover fellow Joshua D. Rauh finds that even slight tax increases prompt companies to move out, seeking greener pastures in other states.**

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**By Edmund L. Andrews**

**I**t's an article of faith for any local chamber of commerce: if you raise taxes on business, companies will move elsewhere.

Despite scores of studies, however, the evidence has always been murky. Companies clearly don't like higher taxes and look for ways to lower them. The problem is that tax rates are only one out of many factors that influence a company's decision about where to locate or leave.

Some high-tax states, such as California and Massachusetts, remain huge centers of business. Mississippi, with a much lower corporate rate, continues to rank as the poorest state in the nation.

Now a new study, co-authored by Hoover senior fellow and finance professor Joshua D. Rauh at the Stanford Graduate School of Business, offers a solid answer: hiking the state corporate tax rate just one percentage point, say, from 6 percent to 7 percent, will indeed spur some companies to pull up stakes and take jobs with them.

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*Joshua D. Rauh is a senior fellow (on leave) and director of research at the Hoover Institution and the Ormond Family Professor of Finance at Stanford's Graduate School of Business. He has been appointed principal chief economist of the White House Council of Economic Advisers. Edmund L. Andrews writes for **Insights by Stanford Business**.*

In the study, Rauh teamed with Xavier Giroud of Columbia University to analyze thirty years of data to see exactly how companies responded when states increased or decreased tax rates. The main challenge, Rauh said, is to isolate the effect of a tax increase from all other factors that might give companies incentive to downsize or relocate. If oil prices plunge, for example, oil-drilling companies are likely to retrench even if tax rates go down.

To get to the truth, the researchers looked at the impact of two distinct kinds of tax changes on business. The first were increases in state corporate tax rates, which affect only traditional “C” corporations. The second were increases in individual tax rates, which apply only to the owners of partnerships, “S” corporations, and other so-called “pass through” businesses. Pass-through companies pay no corporate income tax, but their shareholders are taxed on profits at the individual level.

If it’s true that tax increases affect where companies decide to locate, the researchers theorized, then an increase in the corporate rate would influence “C” corporations but have no impact on pass-throughs. If states increased their individual rates, the reverse would be true. And if both patterns held, it would be double proof that tax increases have a decisive impact on where companies locate.

Analyzing thirty years of census data, Rauh and Giroud looked at virtually all companies that had more than one hundred employees and establishments in at least two states. As it happened, each kind of tax increase had a meaningful impact on both the number of business establishments and the number of people they employ.

A 1 percent increase in the corporate tax rate had no effect on the pass-through companies, but C corporations closed about 0.5 percent of their establishments, the researchers found. Conversely, a comparable increase in individual tax rates had no effect on C corporations, but the pass-through companies closed about 0.4 percent of their establishments.

Perhaps more important, companies also took jobs with them. On average, a 1 percent increase in corporate tax rates prompted companies to reduce their employment in the state by 0.4 percent. About half of those jobs moved to a different state, which indicates that “tax competition” between states magnifies the impact of rate changes.

“Firms apparently respond to state taxes as much through reallocating labor as they do through reallocating capital,” the researchers write.

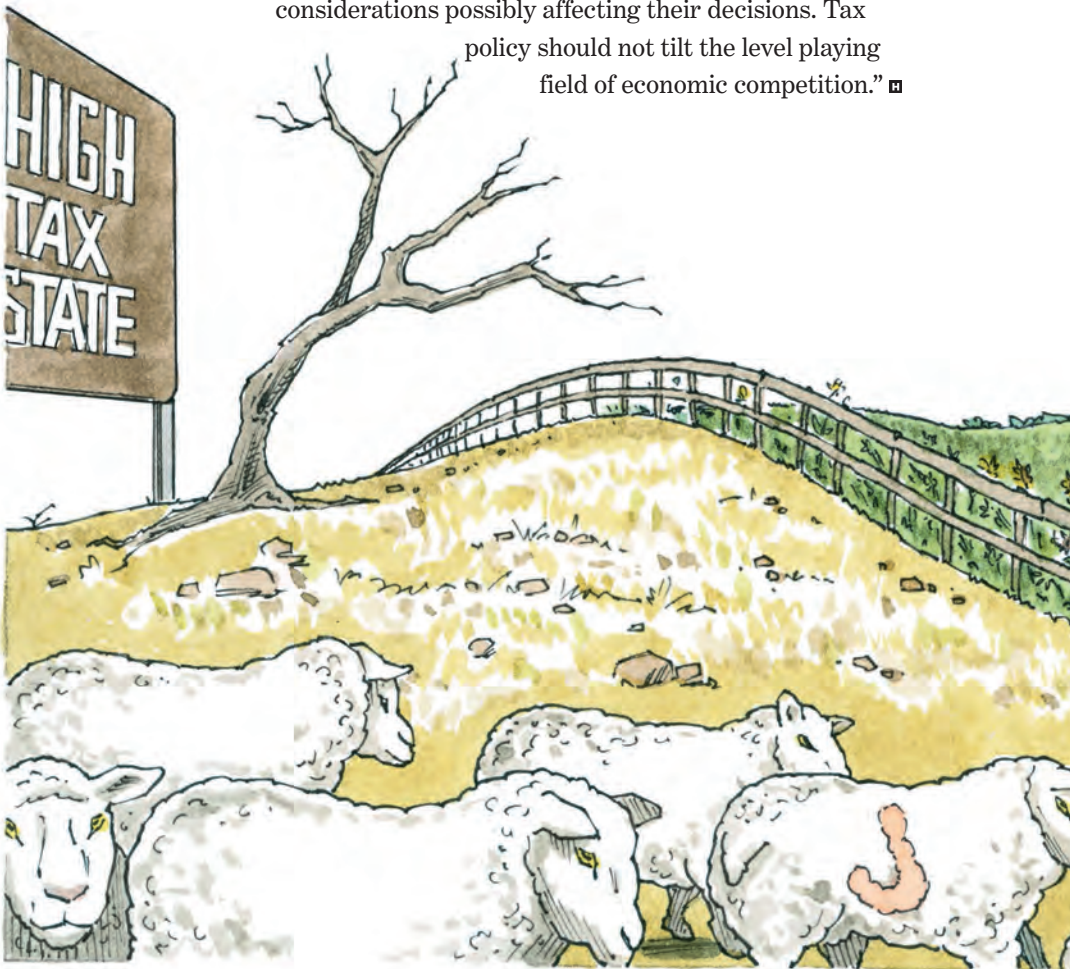
“It’s an important finding,” Rauh said, “because it points to the tendency of firms to hire and fire workers in response to tax policy. For state legislators, the takeaway is that if you’re in a region characterized by a lot of tax

competition, you have to expect a fairly large response when you change tax rates.”

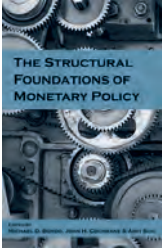
Does that mean states will increasingly find themselves in competition to reduce corporate tax rates? Not exactly, said Rauh. At the moment, he says, many states are actually setting high tax rates and then offering generous targeted tax subsidies to individual companies.

“It seems that the race is happening in very targeted tax incentives, the prime example being the competition for Amazon’s second headquarters,” he said. “State authorities are setting high statutory rates and then doling out tax breaks to companies that they judge as having value to their state.”

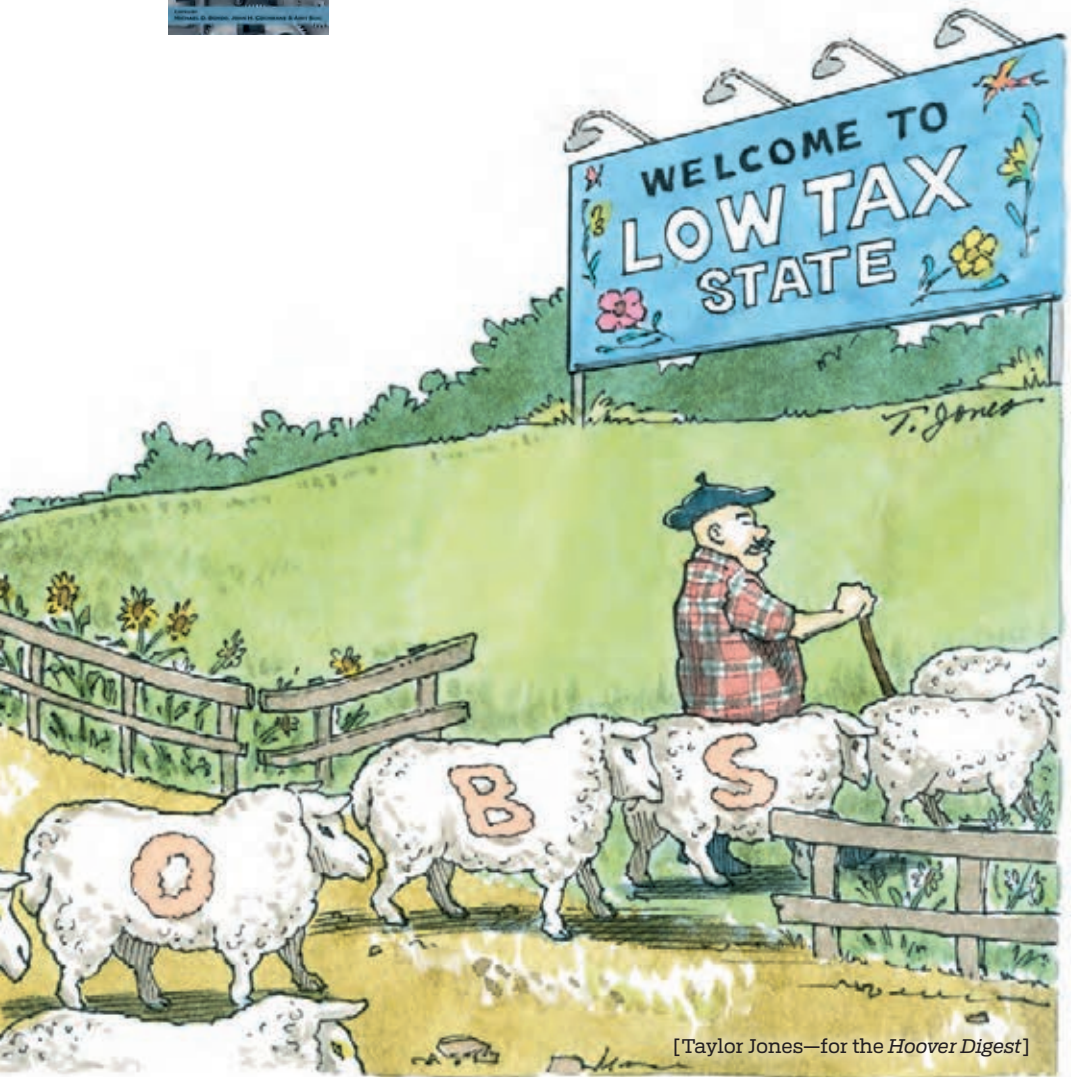
“This is in a way an even worse kind of race to the bottom,” Rauh said. “It leaves substantial discretion in the hands of government officials, who may offer tax breaks only to companies of their choosing, with political considerations possibly affecting their decisions. Tax policy should not tilt the level playing field of economic competition.” ■



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[Taylor Jones—for the Hoover Digest]





# Too Large, Yet in Charge

**Government can't keep up with the free market's dynamism, innovation, and power to improve lives. Someone should tell the presidential candidates.**

**By Charles Blahous**

**L**et's return to a telling exchange between two Democratic presidential candidates that warrants further exploration. The exchange, during a debate in Detroit, was between former congressman John Delaney and Senator Elizabeth Warren:

Delaney: "I think Democrats win when we run on real solutions, not impossible promises, when we run on things that are workable, not fairytale economics. Look at the story of Detroit, this amazing city that we're in. This city is turning around because the government and the private sector are working well together. That has to be our model going forward. We need to encourage collaboration between the government, the private sector, and

## **Key points**

- » Government tends to double down on policy mistakes, perpetuating cycles of failure.
- » Government policy on health care worsens cost and availability.
- » Even asserting that health care is a "right" does not mean government should supply health care to everyone.

*Charles Blahous is a visiting fellow at the Hoover Institution and the J. Fish and Lillian F. Smith Chair and Senior Research Strategist at the Mercatus Center.*



the nonprofit sector, and focus on those kitchen-table, pocketbook issues that matter to hard-working Americans: building infrastructure, creating jobs, improving their pay, creating universal health care, and lowering drug prices. We can do it.”

Warren: “*You know, I don’t understand why anybody goes to all the trouble of running for president of the United States just to talk about what we really can’t do and shouldn’t fight for.* I don’t get it. Our biggest problem in Washington is corruption. It is giant corporations that have taken our government and that are holding it by the throat. And we need to have the courage to fight back against that. And until we’re ready to do that, it’s just more of the same. Well, I’m ready to get in this fight. I’m ready to win this fight.”

Delaney: “When we created Social Security, we didn’t say pensions were illegal, right? We can have big ideas to transform the lives. I mean, I started two companies and took them public before I was forty. I’m as big of a dreamer and an entrepreneur as anyone. But I also believe we need to have solutions that are workable. Can you imagine if we tried to start Social Security now but said private pensions are illegal? That’s the equivalent of what Senator Sanders and Senator Warren are proposing with health care. That’s not a big idea. That’s an idea that’s dead on arrival. That will never happen. So why don’t we actually talk about things, big ideas that we can get done? The stakes are too high.”

The italicized portion of Senator Warren’s response received frequent replays and was indeed the most telling aspect of the exchange. Implicit in her response is a rejection of Delaney’s argument, based on her assumption that unless government takes direct control of an economic sector from the private market, real progress cannot be made. Delaney’s remarks didn’t actually focus on “what we really can’t do.” He was instead advocating for his own approach to achieving universal health coverage, though he argued that a federally run, single-payer health care system specifically would be bad policy. Warren equated his disinclination to dramatically expand government’s role with a failure to fight for Americans’ interests.

## **BIG PROBLEMS**

Warren’s view assumes that bigger government would mean better outcomes for the average American. This notion lies at the heart of so many political pitches. Anywhere that Americans struggle with high costs or unresponsive businesses, you can find a politician promising to solve the problem by expanding government’s involvement. But a reflexive assumption that an expanded government role automatically means better outcomes is

unjustified. In fact, one is hard-pressed to survey the American economic landscape without quickly seeing how and why the assumption is faulty.

Consider first some sectors of the American economy that are dynamic and clearly working, if not perfectly, nevertheless impressively. Perhaps the greatest positive transformation of our economic lives over the past few decades has been wrought by the revolution in computing power. Americans, and indeed people the world over, can thank our lucky stars that the job of designing faster and better computers was not left to the US federal government. We see a dizzying array of new personal devices constantly churned out by an ever-changing set of companies of all sizes with the result that, as my colleague Robert Graboyes has observed, “Third World village children now carry smartphones whose power is beyond the world’s supercomputers from a generation ago.”

There are, of course, multiple reasons why information technology can advance at a pace no government’s productivity gains can match. The potential productivity gains of technology-based economic sectors exceed those wherein human labor must play the central role. But at the same time, it should be noted that technological advances have reduced prices in the computer market in a way we haven’t seen in the health care market. It also bears observation that the technological nature of the computer industry

helps enable that part of the free economy to remain several steps ahead of federal government planners and regulators. In the end, it is difficult to avoid the dual observations that our

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***“That’s not a big idea. That’s an idea that’s dead on arrival. That will never happen. So why don’t we actually talk about things, big ideas that we can get done?”***

information technology market is productive, efficient, and consumer-serving to a degree that our health care market is not, and also that the tech sector is (not coincidentally) less captive to elected officials’ political agendas.

Lest one be tempted to explain away the computing industry as uniquely favorable terrain for the private market, consider another sector: America’s restaurants. Food is no less a necessity than health care, and is every bit as much a “right,” but no one yet suggests that its necessity implies that the federal government should provide everyone’s food for free. Running a restaurant is inherently a labor-intensive enterprise, wherein technology alone cannot deliver the productivity gains that it does for personal computers. And yet America’s restaurant industry still manages to be incredibly dynamic,

delivering an astonishing diversity of dining experiences. The sector is fiercely competitive, with individual restaurants constantly going in and out of business. It delivers eating options for Americans at all price points, from the finest dining to the cheapest fast food. Innovation is constant, with examples including distinct cuisines deriving from different origins around the world, niche dining options to meet specific dietary restrictions, and low-cost food trucks that compete with sit-down restaurants.

The restaurant market thrives because we allow it to. We accept that some specific eating options will disappear because we are confident others will arise in their place. Government imposes rules of the road, such as labor compensation and sanitary requirements, with which restaurants must comply. But otherwise we generally step back and allow their innovations to enrich our lives. Notably, government

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***Elizabeth Warren assumes that unless government takes direct control of an economic sector from the private market, real progress can't be made.***

provides low-income Americans with assistance in acquiring the food they need, and there is a constant reassessment of how much and what sort of assistance to provide, and who should be eligible to receive it. But we do not make the fundamental mistake of believing that the needs of vulnerable Americans are best met by having the federal government take over the industry and provide free food to everyone. Informed by experience, we know better.

## **GOVERNMENT'S MISTAKES**

Now consider an opposing example: the US health care market, which many experts across the spectrum believe is dysfunctional. This critical sector is beset by high prices, much wasteful spending, and quality control failures. It is no coincidence that these dysfunctions occur in a sector where government intervention has been heavy and highly distorting.

One remarkable aspect of our health care debate is that there is actually very little disagreement among experts over the ways government policy has undermined health market functioning and sent costs soaring. Costs and prices rise whenever demand is artificially stimulated, supply is artificially constrained, and payments are made by third parties through insurance instead of by consumers directly out of pocket. Current government policy exacerbates all of these cost-increasing forces.

There is virtual unanimity among health economists that the federal tax preference for compensating workers with health benefits has driven cost growth. It is similarly well established that health cost growth has been further fueled by federal programs that subsidize health service demand. People spend more on both necessary and unnecessary health care when these services are financed by insurance, and yet we continue to reduce the share

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***It's no coincidence that dysfunctions erupt in health care, where government intervention has been heavy and highly distorting.***

of health care financed out of pocket (from 33 percent in 1970 to 11 percent today), and mandate that insurance cover more services. Robert Graboyes has also catalogued a

multitude of ways that government policies restrict the supply of health care services. There are rationales underlying all of these policy choices, but given the simultaneous operation of these forces, no one should be surprised that US health care prices are rising to widely unaffordable levels. Cost growth is a predictable result of our current health care policy morass.

Government has a historical tendency to double down on policy mistakes. The essence of this dynamic is that government interventions create predictable adverse effects, which produce public hardship, which in turn fosters demands for still more government intervention, which then worsens the distortions and adverse effects, and so on. The cycle can't be broken unless we take a clear and unflinching look at the causes of current problems and fix them rather than doubling down on further measures to disguise and disperse their costs.

We have long been trapped in this dynamic with respect to health care policy. Bad outcomes driven largely by government policy have produced intensifying calls to involve the government even more completely. Another example is higher education, where a number of reports and studies have shown that government subsidies fuel tuition increases, in turn producing calls for more government-financed relief.

## **ENDANGERING THE SUPPLY**

Particularly ironic about the calls for single-payer health care is that such an arrangement would accelerate virtually every dynamic currently fueling excess health cost growth. For example, providing first-dollar coverage of every health service would artificially stimulate additional demand even more than is already being done, thereby causing some necessary treatments

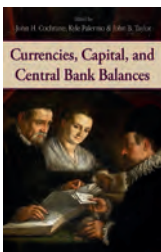
to be crowded out by unnecessary ones. The result would be a further acceleration of national health cost growth, unless payments to health providers were dramatically reduced as some “Medicare for all” advocates have proposed.

One need not be an economist to understand that such payment cuts must ultimately reduce the supply of providers, and that inflating demand while restricting supply is a recipe for higher prices and longer wait times.

Calls for single-payer health care also implicitly reflect an enormous conceptual leap: from the assertion that “health care is a right” all the way to “the federal government should be the provider of health care to everyone, rich or poor.” The latter statement, however, does not follow from the former. Food and shelter are likewise necessities, but we do not provide free food and housing for everyone at all income levels, nor does anyone suggest that we should. We should encourage a more vigorous debate between the Delaneys and the Warrens as to whether and when the provision of expensive benefits to everyone regardless of need makes policy sense.

Much of the twentieth century was an international contest between competing visions of the role of government: specifically, whether market economies could successfully compete with those of nations where the state commanded and allocated economic resources. Through World War II as well as the subsequent Cold War, the world learned forcefully that market economies generally allocate resources more efficiently and fairly, and produce greater and more widely shared prosperity, than governments do. As we grow more distant in time from the firmest applications of these historical lessons, the fundamental divide exposed at the Democrats’ early primary debates—over whether government should nurture the free economy or displace it altogether—is a debate we need to have. ■

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# Warren's Senior Moment

**The candidate would lavish money on Social Security recipients, even on the millions of seniors who don't need it, by imposing a new and unfair tax. Her plan is just an election-year soaking.**

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**By John F. Cogan**

It's a strange campaign season, loaded with fantastical promises of government handouts for health care, college, and even a guaranteed national income. But Senator Elizabeth Warren's Social Security plan takes the cake. With trillion-dollar federal budget deficits and Social Security heading for bankruptcy, Warren proposes to give every current and future Social Security recipient an additional \$2,400 a year. She plans to finance her proposal, which would cost more than \$150 billion annually, with a 14.8 percent tax on high-income individuals.

If Franklin D. Roosevelt were alive, he'd surely wonder why anyone calling herself a Democrat would want to turn Social Security, his signature creation, into another unearned entitlement program.

Warren says she wants to lift senior citizens out of poverty, and her plan includes several provisions that would direct assistance toward low-income seniors. But the plan's main component is its \$2,400 permanent annual

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benefit increase. It's hard to imagine a costlier and less efficient means of achieving her goal. Only 7 percent of forty-six million senior citizens who receive Social Security live below the poverty line. So the majority of Warren's proposed Social Security bonanza would go to middle- and upper-income seniors. About \$51 billion would go to the twenty-one million seniors who are in the top half of the US income distribution. Seniors with income in the top 20 percent would receive \$17 billion, more than twice what would go to seniors in poverty.

I estimate that the \$2,400 Social Security handout will lift above the poverty line only about 1.6 million seniors who currently live below it. The plan would cost

taxpayers about \$70,000 for each senior citizen lifted out of poverty. Limiting assistance to impoverished elderly Social Security recipients to the amount needed to raise their incomes above the poverty line would cost taxpayers far less—about \$4,000 for each recipient.

The cornerstone of FDR's Social Security program is its "earned right" principle, under which benefits are earned through payroll-tax contributions. Although Congress has eroded this principle over the years, it remains part of the program's core. Warren's plan calls for additional taxes on wage earnings, capital gains, and dividends paid to those with high annual incomes: \$250,000 or more for individuals and \$400,000 or more for families. But in a major break from one of FDR's main Social Security principles, the plan provides no additional benefits in return for the new taxes. The Warren plan's new taxes would account for about a quarter of future revenues flowing into the Social Security system. Such a large revenue stream to fund unearned benefits, aptly called "gratuities" in FDR's era, would put Social Security on the road to becoming a welfare program.

Warren's proposal returns the country to an era when elected officials regularly used Social Security as a vote-buying scheme. From 1935 until the early 1970s, the program's benefits weren't indexed to inflation. Instead, Congress regularly passed bills meant to compensate recipients for the loss of purchasing power due to rising prices. But after World War II, Congress began using the need for an inflation adjustment as a way to boost spending, and the program and the legislative process quickly devolved into a vote-buying exercise. Of the twelve Congresses from 1949 to 1973, all but one enacted

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***Warren's proposal returns the country to a time when elected officials used Social Security as a vote-buying scheme.***





***DEAL OR NO DEAL: In a major break from one of Roosevelt's main Social Security principles, Senator Elizabeth Warren's plan provides no additional benefits in return for the new taxes.*** [Gage Skidmore—Creative Commons]

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legislation liberalizing the program. Seven of these expansions took effect during election years.

The vote-buying culminated in 1972 with a bidding war between President Nixon and his Democratic opponents. Nixon opened the bidding by proposing a 10 percent increase in monthly benefits. Senator Edmund Muskie raised him with a 15 percent hike. Senator George McGovern and Representative Wilbur Mills each chipped in with 20 percent increases. Senator Hubert Humphrey capped off the bidding at 25 percent. The dust settled in June 1972 when Congress enacted a 20 percent across-the-board increase in monthly benefits. The benefit increase appeared in Social Security early that fall, just in time for November's election.

Both parties agreed they needed to be stopped before they killed again, so Congress enacted legislation to prevent future election-year benefit increases. The 1972 legislation provides an automatic annual cost-of-living adjustment. An amendment in 1977 linked the level of initial benefits paid to

new retirees to the growth in economy-wide wages. Whether one agrees or disagrees with the wisdom of this policy, it has successfully obviated the need for annual Social Security legislation.

Warren’s proposed election-year handout is exactly the kind of thing Congress sought to prevent. “Congress hasn’t increased Social Security benefits in nearly fifty years,”

Warren claims. That’s misleading. As a result of Social Security’s automatic wage-indexing for new beneficiaries, the

average monthly benefit for someone retiring this year is nearly 50 percent higher than it was nearly fifty years ago, after adjusting for inflation. The median inflation-adjusted income of US families has increased by only 30 percent during that time.

Warren’s campaign describes her as the candidate with a plan. But the Warren Social Security plan isn’t a serious one to reduce poverty among senior citizens. Moreover, by soaking the rich to finance Social Security handouts, her plan would leave little room to finance other campaign promises, like “Medicare for all,” without a large tax increase on the middle class. ■

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***Only 7 percent of forty-six million senior citizens who receive Social Security live below the poverty line.***

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# Taxation by Stealth

**Easing government regulations, as the Trump administration has done, puts money in people's pockets—and expands their liberties.**

**By David R. Henderson**

A famous Supreme Court justice said the power to tax is the power to destroy. Similarly, the power to regulate is the power to destroy.

—Harold Demsetz of the University of Chicago, in a speech given at the University of Winnipeg, January 1970

**L**ast summer the Council of Economic Advisers (CEA) published a report titled *The Economic Effects of Federal Deregulation since January 2017: An Interim Report*. The bottom line was that after five to ten years, both deregulation by the Trump administration and its intentional slower growth in new regulation will have increased US real incomes by \$3,100 per household per year. That's a big number.

Do the authors make a good case for their estimate? Yes, though I wonder what the numbers would look like if they had included the negative effects on

## Key points

- » After five to ten years, deregulation and slower growth in regulation will have raised real incomes by \$3,100 per household per year.
- » Speedier approval of generic drugs will raise Americans' purchasing power about \$32 billion a year.
- » Even if some regulation is justified, a government can regulate too much.

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real income of increased restrictions on immigration and increased restrictions on trade with Iran. (I'm putting aside increased tariffs, which also hurt real US income, because tariffs are generally categorized as taxes, not regulation.)

The CEA starts by noting the potentially large effect of deregulation that it pointed to in its 2018 *Economic Report of the President*. That report referenced a fact about US regulation that might surprise some of us who celebrate July Fourth in the “land of the free.” The fact is this: of the thirty-five countries whose governments are members of the Organization for Economic Cooperation and Development, the United States has the ninth-most-restrictive regulations of product markets. Our regulations are slightly less restrictive than Latvia's and slightly more restrictive than Sweden's. The CEA estimated, based on these data, that if the United States deregulated to achieve the same degree of regulation as the Netherlands, which is the least regulated of the thirty-five OECD countries, US GDP would increase by 2.2 percent over ten years. If, instead, the United States settled for emulating Canada, US real GDP would increase by 0.5 percent over ten years.

## **BRING ON THE GENERICS**

One might assume that the CEA sees all regulation as bad. But the authors of last summer's report took pains to point out that that was not their assumption at all. They wrote, “Even if the original regulatory action addressed a private market failure, a deregulatory action is still warranted when the regulatory cost savings outweigh the forgone regulatory benefits.” In short, even if some regulation is justified, a government can regulate too much.

Let's consider some of the highlights. A big one is reform of the Food and Drug Administration's requirements for approving generic drugs. The CEA report estimates that the Trump administration's reforms have led the FDA to approve a record number of generic drugs and new brand-name drugs. These reforms, estimates the CEA, “will save consumers almost 10 percent on retail prescription drugs, which results in an increase of \$32 billion a year in the purchasing power of the incomes of Americans.” To back this estimate, the CEA references its own October 2018 report, *The Administration's FDA Reforms and Reduced Biopharmaceutical Drug Prices*. In that study, the CEA stated that the FDA gave 1,617 final and tentative approvals of generic drugs in its first twenty months. That was up from 1,376 approvals in the previous twenty months, an increase of 17.5 percent.

More generic drugs bring down drug prices by creating more competition. The earlier report has a telling graph that relates the average price per dose

of a generic as a percentage of the price of the related brand-name drug. When there is one generic, its price is 94 percent of the brand-name price. When there are nine generics, the average price of a generic is 20 percent of the brand-name price, and when there are nineteen generics, the average is a measly 6 percent of the brand-name price. In short, competition works. This

is especially relevant for the US market because, as drug analysts know but many others don't, Americans' use of generics as a percent of total drugs used is higher than

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***Of the thirty-five OECD countries, the United States has the ninth-most-restrictive regulations of product markets.***

in almost any other country in the world.

Another piece of deregulation that created large benefits, the CEA report argues, is the “Restoring Internet Freedom” order. This action by the Federal Communications Commission reversed the Obama-era FCC’s imposition of net neutrality. These last rules had introduced a far-reaching regulatory regime for Internet service providers (ISPs) like Comcast or T-Mobile that allowed the FCC to oversee their pricing policies.

Of particular interest were the contracts to relay traffic for content providers such as Netflix and Yahoo. So, for example, if Netflix videos gobbled up a large fraction of an ISP’s network throughput and Netflix were asked by the ISP to pay (or help build infrastructure to handle the traffic flows), regulators now had the power to review the contract terms on a case-by-case basis. The idea was that the content vendors should charge only a flat fee, and that the payment systems between data networks—a system of private bargaining that literally underlies the entire Internet system—were now in need of extensive regulatory control. In this instance, requiring price neutrality would be analogous to requiring restaurants to charge the same price for a buffet and forbidding them to charge different prices for different meals. In such a system, high-intensity bandwidth users, such as young video-game fanatics or binge TV watchers, would tend to pay a lower price per unit of digital consumption, while the typical eighty-year-old grandmother would pay much more.

The CEA evaluated this piece of deregulation by considering what had happened with the relaxation of “open access” restrictions in 2003 and 2005. (These rules were analogous to the later “net neutrality” provisions.) Such restrictions had applied to US digital subscriber line (DSL) service, but not to cable modem (CM) access. The CEA cited a 2008 study of that relaxation by former FCC chief economist Thomas Hazlett, now at Clemson University,

and Anil Caliskan, an economist now at the World Bank. Hazlett and Caliskan found that three years after the restrictions on DSL were relaxed, DSL subscriptions in the United States had risen by about 31 percent more than the trend would have predicted, while CM subscriptions increased only slightly relative to the trend. That's strong evidence that the restrictions on DSL were holding up progress. On that basis the CEA estimates that the repeal of economically similar net-neutrality mandates will increase real incomes by more than \$50 billion per year.

## **FOR THE LITTLE GUY**

One way that governments raise costs and hurt competition at the same time is with regulations that are proportionally a bigger burden on small companies than on large ones. A company with, say, \$10 million in annual revenue may need to hire a lawyer to help with compliance, whereas a company with \$10 billion in revenue might need to hire only ten lawyers. The ratio of lawyers to revenue for the small firm is 1 to \$10 million, whereas for the large firm it's only 1 to \$1 billion. This happens so often that I coined a term for the phenomenon: "economies of scale in compliance." Such regulations can push out small, marginal firms and make the industry they were in a little less competitive.

One such regulation was an Obama-era regulation on banks under the Dodd-Frank Act. Regulations that were intended to apply to institutions that were deemed "too big to fail" were also applied to small and midsized banks. But the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act, signed by President Trump, will reduce regulatory burdens, thus leading smaller banks to increase their loans to small borrowers. The CEA estimates that this deregulation will increase US real annual income by \$6 billion.

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***Regulations intended to apply to institutions deemed "too big to fail" were also applied to small and mid-sized banks.***

Another industry where the Trump administration deregulated was payday loans. The Consumer Financial Protection Bureau (CFPB) had attempted to regulate the business by making it harder for lenders to collect from borrowers. According to the CEA, the CFPB had expected that its rules would have reduced activity in the industry by a whopping 91 percent, making it much harder for people to borrow. If you think the government should make it harder for people to borrow at high short-term interest rates, you should note a point I have made in the past: if you have ever paid a \$3 fee to get \$40 from an ATM



that's not in your bank's network rather than waiting a day to pay nothing, then you have paid an implicit 7.5 percent interest per day, which is well above the typical 15 percent implicit rate on a two-week payday loan.

The CEA, regarding the borrower as the best judge of his own well-being, estimates that the attempted payday-loan regulation would have reduced real income by about \$7 billion.

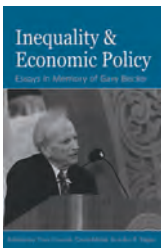
The CEA summed up the issue nicely:

Since 2017, consumers and small businesses have been able to live and work with more choice and less federal government interference. They can purchase health insurance in groups or as individuals without paying for categories of coverage that they do not want or need. Small businesses can design compensation packages that meet the needs of their employees, enter into a genuine franchise relationship with a larger corporation, or seek confidential professional advice on the organization of their workplaces. Consumers have a variety of choices as to less expensive wireless and wired Internet access. Small banks are no longer treated as "too big to fail" (they never were) and subjected to the costly regulatory scrutiny that goes with that designation.

As President Obama said three days after taking office in 2009, "Elections have consequences." One consequence of Trump's election, which came as a welcome surprise to those of us who saw nothing in his past to suggest he was a deregulator, is a series of deregulatory measures and a slowing of regulation.

Just as the power to regulate is the power to destroy, the power to engage in judicious deregulation is the power to allow creation. ■

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# *America in One Room*

**If voters stopped shouting at each other and tried listening instead, what would they hear? And what would they do next? A novel experiment aimed to find out.**

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**By Larry Diamond**

**B**efore Watergate, majorities of the American public trusted the federal government “to do what is right,” and as recently as the early 2000s, you could find at least four in ten Americans expressing that confidence. Over the past decade, that number has hovered at or below 20 percent. A Pew international survey in 2018 found only four in ten Americans satisfied with the way democracy is working here (compared to about 60 percent in Canada and Australia). Even two years before the polarizing election of 2016, 27 percent of Democrats and 36 percent of Republicans had come to see members of the rival party as a “threat to the nation’s well-being.”

As anyone brave enough to venture into political discussions on social media knows, it’s becoming harder and harder to have a civil discussion about our political differences.

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*Larry Diamond is a senior fellow at the Hoover Institution and the Freeman Spogli Institute for International Studies. He is also a professor by courtesy of political science and sociology at Stanford University. His latest book is **Ill Winds: Saving Democracy from Russian Rage, Chinese Ambition, and American Complacency** (Penguin Press, 2019).*

For the past few decades, my Stanford University colleague James Fishkin has been developing and testing a simple theory: that civil discussion about politics can happen—and opinions on important issues can change quite a bit—under “good” conditions.

People need to become better informed about the issues and the policy options; that requires balanced briefing papers that provide the background to an issue and arguments for and against specific policy proposals. People need to have the chance to question policy experts and political leaders with different views on the issues; that requires plenary sessions where people can hear and weigh alternative arguments. And people need to feel safe and respected to express their views; that requires neutral moderators, trained to elicit diverse views and ensure mutual respect and inclusive participation through small group discussion. This is the formula for democratic deliberation—a process for thinking about public choices that weighs evidence and competing arguments, rather than mobilizing prejudice and passions.

If all the citizens of a city or country could gather in one room (and then in lots of smaller groups), they could—the theory suggests—come to more broadly representative (and thus perhaps legitimate and sustainable) decisions on the issues. But even ancient Athens couldn’t fit all its citizens in one room. So, as Fishkin argues in his latest book, *Democracy When the People Are Thinking*, if we select a random, representative sample and have them deliberate in the above way, we can determine what conclusions the people would come to if they could somehow all gather together and weigh the evidence and arguments “under good conditions.” If we poll them on the issues before and after deliberation, we can learn not only what the people might decide under better conditions, but also how, after reasoned deliberation, they might change their views on the issues, and why.

This is the method of Deliberative Polling that Fishkin and his collaborators at Stanford’s Center for Deliberative Democracy have used more than one hundred times from the United States and the European Union to Ghana and Mongolia, to help societies arrive at decisions that are “both representative and thoughtful.” If it could help guide debate about constitutional reform in California and Mongolia, we thought maybe it could help clarify the American public’s thinking about the issues before the country in the 2020 presidential campaign.

Working with the problem-solving institution Helena, the independent research organization NORC at the University of Chicago, and By the People Productions (a democratic dialogue initiative), we brought 526 registered voters to Dallas last fall to deliberate on the five issues that polling has



***LISTEN AND LEARN: The “America in One Room” project set out to discover whether people from a broad variety of backgrounds could put their heads together to weigh the arguments for policy decisions “under good conditions.” The 526 registered voters gathered in Dallas to deliberate on the five issues identified as of greatest concern to the public: the economy, health care, the environment, immigration, and foreign policy.*** [Jason Liu—Helena]

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identified as of greatest concern to the public: the economy, health care, the environment, immigration, and foreign policy. We called the event “America in One Room.” (For detailed results, see <https://cdd.stanford.edu/2019/america-in-one-room>)

Many in the sample were initially wary of the whole idea, wondering what kind of timeshare scheme would be pushed on them when they arrived for the “deliberation.” Some people had to be contacted four and five times before they were finally persuaded—through NORC’s patience and persistence—that we simply wanted to know their opinions through a process we thought would be deeper and more meaningful than a one-off opinion survey.

In this way, we were able to obtain a sample that is remarkably representative of the electorate's diversity with respect to gender, age, education, ethnicity, sexual orientation, party, and ideology.

One woman from Albuquerque told me as she was leaving: "Our politics is so toxic. But here, I found that by focusing on issues rather than personalities, we could have respectful conversations." Here are some things I learned during those four days that can't be fully captured by the numbers.

» **Ordinary Americans do not want to be as bitterly divided as their parties, political campaigns, and media are driving them to be.** They are pained to the point of being traumatized by the current level of partisan polarization, and they are begging for relief. Reaching across all kinds of divides in Dallas—and not just in the group issue discussions but in deeply personal exchanges over dinner and drinks as well—they found some common ground. And they wanted to know why their politicians can't do so as well.

» **Good conditions really do matter.** Most of the small groups (which were about the size of a jury) spanned America's partisan, ideological, racial, and other identity divides. But when they were able to sit together in a room and talk about issues as individuals, rather than as warring red and blue tribes, something changed. At least they came to understand where their fellow Americans were coming from. Said a middle-aged man from Wisconsin: "I didn't know who was a Democrat, who was a Republican, and who an independent. People just shared their views. That made it much easier to listen and have a respectful exchange."

» **Americans are fed up with the politics of personal destruction.** Pretty early in the experiment, it was clear to all of us that they just didn't want to hear it any more. "We've really liked the fact," said a woman from Ohio, that "this hasn't focused on the personalities; it's been about the issues. That breaks the norm."

» **Americans welcome a spirit of civility and bipartisanship.** Over and over, people remarked to me about how refreshing it was to hear contending policy experts from different parties or ideological orientations discuss the issues in a friendly and mutually respectful way, without feeling compelled to always disagree, disparage, or destroy the other side. In fact, delegates were disarmed by the spirit of good will (and even occasional humor) that leavened the policy debate on taxes and the economy between Jared Bernstein (former economic policy adviser to former vice president Joseph Biden) and Douglas Holtz-Eakin (former chief economic adviser to John McCain's 2008 presidential campaign), and by the significant common





***MAKE IT COUNT: Margot McGuire urges New York commuters to vote on Election Day in November 2018. As one participant in America in One Room pointed out, “In the end, that’s all anybody wants, to be heard and understood.”*** [G. Ronald Lopez—ZUMA Press]

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ground on foreign policy issues between former Obama White House chief of staff Denis McDonough and former George W. Bush national security staffer Kori Schake.

» **Ordinary people want to understand the issues better, and they appreciate balanced and accessible means to do so.** Joyce, from Torrance, California, told me: “I’m leaving a changed person. I thought I was reasonably informed, but I wasn’t. I have learned so much about the issues that I didn’t know. I will now follow them more closely.”

» **People are ready to rethink their views in the face of fresh evidence.** A young African-American woman told me she had gravitated toward a more nuanced and gradual stance on the proposal to raise the federal minimum wage to \$15. “When I took the first survey,” she said, “I thought it was a great idea. But you learn it could really hurt small business.”

» **Americans have not given up on their democracy, and their faith in it can be restored.** As they were leaving, many said they were honored to have been chosen for the exercise and that it had restored their faith and pride in

American democracy. One was Jackie, an elementary school teacher from Tennessee. “I’m coming away much more informed, energized, and proud to be part of this country,” she said. “This made me realize, we all want the same things, to be safe and valued, to have this be a great country.”

» **Everybody wants to be treated with respect.** And this ethic—constantly nurtured and reinforced from beginning to end in Dallas—was vital to the success of America in One Room. Heather, from University City, Missouri, told me, “I have had the first civil conversation about politics that I have had in a very long time. Because on Facebook, they just call me names.” Reggie, an African-American from the San Diego area, said of his small group, “We all listened to one another and respected their viewpoints. In the end, that’s all anybody wants, to be heard and understood.”

For many delegates, the final small group sessions were poignant and even tearful. For the first time, many people had had serious policy discussions, and even formed friendships, across the great political, cultural, and racial chasms of American life. ■

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# Pluralism 101

**Universities need free speech—and free thinkers—to fulfill their very mission.**

**By Michael McConnell**

**F**reedom of speech on campus has become controversial as never before. A recent national survey of 2,225 college students found that 57 percent think university administrators should be able to restrict political views that are seen as hurtful or offensive to others. Even at Stanford, students frequently appeal to the university to silence other students whose views make them feel uncomfortable. This makes serious discussion of many important political issues almost impossible.

Students of a conservative persuasion tell me that they do not feel free to express their views—even mainstream, reasonable views shared by millions of Americans—in class or in common spaces, for fear of attracting a torrent of abuse from fellow students and occasional disapproval from a small minority of ideologically intolerant faculty. They simply self-censor; they keep their mouths shut.

In disciplines like law, political science, history, the humanities, and even medicine,

## **Key points**

- » In law, political science, history, the humanities, and even medicine, the silencing of political dissent has devastating consequences.
- » Moderate voices, especially, are disappearing from the campus debate.
- » Free speech is an academic value. The very purpose of the university is to seek truth through the relentless exercise of reason and evidence.

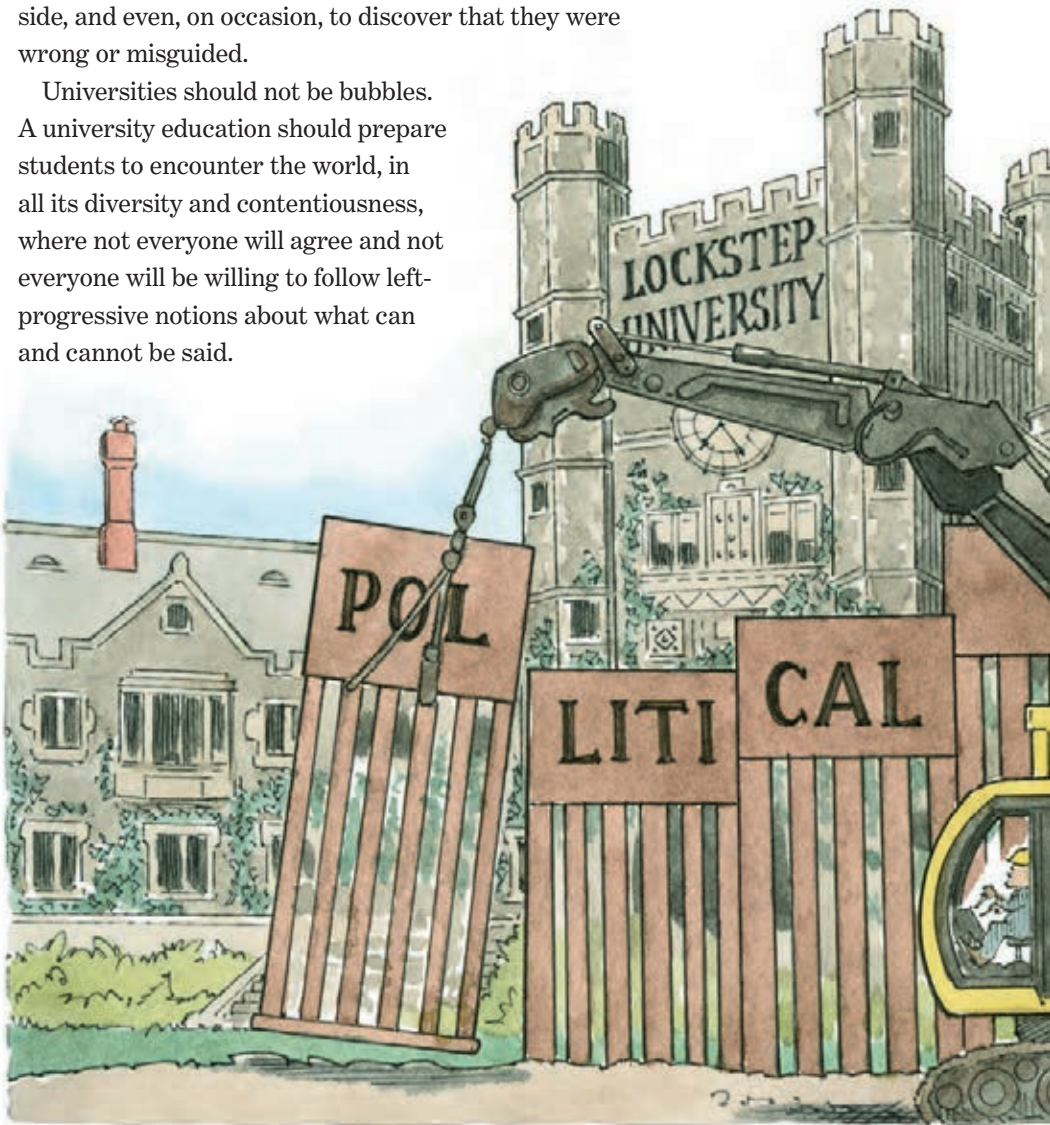
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*Michael McConnell is a senior fellow at the Hoover Institution, the Richard and Frances Mallery Professor of Law at Stanford Law School, and director of the law school's Constitutional Law Center.*

the silencing of political dissent has devastating consequences. The purpose of the university is to search for the truth through the relentless exercise of reason and evidence; that purpose cannot be achieved if dissenting views are suppressed or potentially controversial avenues of inquiry are avoided.

At a personal level, it is, of course, bad for the political minority, who feel excluded and unwelcome. But the greatest victims are members of the political majority, the left-progressive students who are deprived of the opportunity to test their arguments against contrary ideas, to learn how to engage with (and perhaps to persuade) people from the other side, and even, on occasion, to discover that they were wrong or misguided.

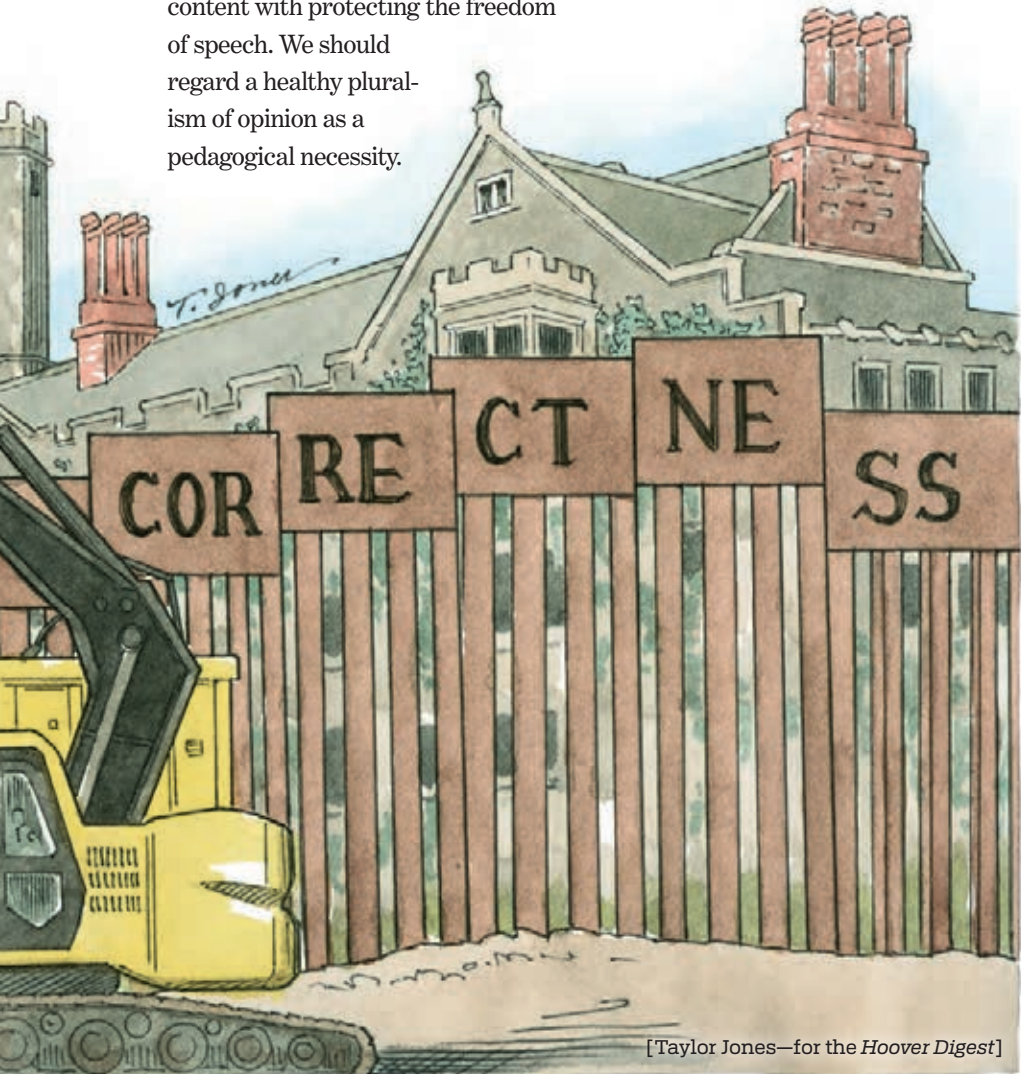
Universities should not be bubbles. A university education should prepare students to encounter the world, in all its diversity and contentiousness, where not everyone will agree and not everyone will be willing to follow left-progressive notions about what can and cannot be said.





Moderate students who share some but not all the views of either side may be the most endangered. In these highly polarized times, students of a conservative, libertarian, or religious-traditionalist bent can find friends and allies—at least outside the classroom or the more public arenas for discussion. But moderates are without a home. They are excoriated if they deviate from the left-progressive orthodoxy but may not wish to make common cause with the right side of the spectrum. My sense is that moderate voices are disappearing from the campus debate.

A university should actively encourage diversity of opinion in a way that would be beyond the proper role of government. We should not be content with protecting the freedom of speech. We should regard a healthy pluralism of opinion as a pedagogical necessity.



[Taylor Jones—for the *Hoover Digest*]



What, then, should we do? I have three suggestions.

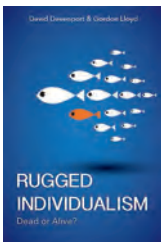
First, we should undertake a survey of the campus environment to determine just how constrained the expression of dissenting opinions really is. Do students who differ from the majority feel silenced? Do students interact with people of differing views? Are serious cross-ideological conversations taking place? Is the classroom a place of free inquiry and discussion, rather than of ideological indoctrination or conformity? These must be questions, not assumptions. When Stanford—a scientific, empirically minded institution—is serious about campus problems, whether they are sexual assaults or the high cost of housing, the first step is to survey students and faculty to find out how serious the problem actually is.

Second, we need to elevate the topic of free exchange of ideas within the university community. For much of our history, educators could assume that free speech and the toleration of difference of opinion were values shared by all Americans. This can no longer be assumed. Perhaps the role of the university in society, and the central place of freedom of expression in fulfilling that role, could be made the focus of a portion of new-student orientation. Princeton chose Professor Keith Whittington's *Speak Freely: Why Universities Must Defend Free Speech* as the book all incoming students would read and discuss together in 2018. We could, and should, do something similar.

Third, we need an office in the university administration committed to protecting freedom of inquiry and freedom of expression. Currently, when a student's poster is taken down by dorm officials or a professor demands ideological conformity, students have no obvious place to go for redress.

Free speech is not just a legal constraint. It is an academic value. We need to do more to give it life. ■

*Excerpted from "What Should Free Speech Mean in College?," a set of four faculty essays published by Stanford magazine, Stanford Alumni Association. © 2020 The Board of Trustees of the Leland Stanford Junior University. Reprinted with permission.*



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# *The Wages of Hubris*

**Social engineers love to think they possess the wisdom of the ages—and to inflict it on others. Tocqueville noticed this conceit two hundred years ago.**

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**By Bruce S. Thornton**

**T**he central fallacy of modernity is the belief that science and technological progress have made irrelevant, or even malign, the traditional wisdom and the insights of earlier thinkers. G. K. Chesterton called this presentist hubris the “small and arrogant oligarchy of those who merely happen to be walking about.” It is particularly misplaced when it comes to understanding human nature and behavior, especially political action. Since “enlightened” moderns believe they know more about human nature and possess the technical means of altering it, they dismiss or ignore earlier wisdom and common sense based on centuries of experience and observation of how humans consistently behave over time.

When it comes to America’s political order, no commentator today has yet come close to the brilliance of Alexis de Tocqueville, who was astonishingly prescient in pointing out the dangers inherent in the democracy he so admired. The political dysfunctions and crises roiling our nation today were

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predicted by Tocqueville in *Democracy in America*, published in 1835 when the United States was not yet fifty years old.

Take the age-old complaint that democracy indiscriminately empowers the many, who may not have the knowledge and judgment of character necessary to choose a leader. Hence Tocqueville's observation that in America, "the ablest men . . . are rarely placed at the head of affairs." With the citizens' attention focused on their own private affairs and the necessity to make a living, "it is difficult for [them] to discern the best means of attaining the end," which is "the welfare of the country." Hence the voters' "conclusions are hastily formed from a superficial inspection of the more prominent features of a question." As a result, "mountebanks of all sorts are able to please the people, while their truest friends frequently fail to gain their confidence."

## **IGNORANCE IS NOT BLISS**

This description obviously rings true today, in our age of the "low-information voter" and the multiple information platforms that promote the "superficial inspection" of sound-bite reporting that highlights only the politicized and emotionally charged "prominent features" of any issue.

Our current political romance with socialism on the part of significant numbers of voters and politicians is the perfect example of this phenomenon: ignorance of socialism's gruesome failures for over a century, which are whitewashed by "mountebanks" like Bernie Sanders or Alexandria Ocasio-Cortez, are coupled with unworkable, simplistic policies that "please the people" with seductive promises of getting something for nothing.

Tocqueville links this self-interested ignorance to the "difficulty that a democracy finds in conquering the passions and subduing the desires of the moment with a view to the future." This failure of virtue and prudence

fosters the short-term, self-interested policies we find in both our domestic and foreign affairs: the reluctance to do something about the looming entitlement, debt, and

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***"Mountebanks of all sorts are able to please the people, while their truest friends frequently fail to gain their confidence."***

deficit disasters at home; and the decades-long coddling of homicidal aggressors like North Korea and Iran abroad. We simply prefer to ignore those long-term dangers rather than incur the sacrifice of our own pleasures and comfort by spending the resources and lives necessary for pre-empting the greater suffering that will follow our inaction.

The role of “mountebanks,” demagogues, in the self-interested short-sighted political calculation touched on earlier is further expanded by Tocqueville:

The people, surrounded by flatterers, find great difficulty in surmounting their inclinations; whenever they are required to undergo privation or any inconvenience, even to attain an end sanctioned by their own rational calculation, they almost always refuse at first to comply.

Our unfunded liabilities and metastasizing debt are again perfect examples. Most voters understand that Social Security and Medicare are unsustainable, given the relentless expansion of benefits and those qualified to receive them, and the demographic time-bomb caused by more retirees—ten thousand boomers a day are entering those two programs—and by fewer workers contributing the payroll taxes necessary to fund them. In 1950 there were sixteen workers for every retiree; in 2013 there were fewer than three, and that number is projected to keep declining.

But even though the “privation and inconvenience” required for saving these programs from insolvency is never proposed for existing retirees, any talk of reform is vigorously resisted by senior voters, who comprise one-quarter of eligible voters, about 65 percent of whom turned out to vote in 2018. And they are egged on by special interest groups like AARP that lobby politicians (“flatterers”), especially Democrats, who always champion expanding redistributionist programs rather than reforming them.

Here, too, Tocqueville was prophetic:

The power of the majority is so absolute and irresistible that one must give up one’s rights as a citizen and almost abjure one’s qualities as a man if one intends to stray from the track which it prescribes.

That description fits Congress no matter which party is in control, and explains why nothing is being done to address this threat to our economic well-being.

## **“A DEPRAVED TASTE”**

Perhaps the most prophetic of Tocqueville’s warnings concern radical egalitarianism and the redistributionist policies created to achieve that aim—what the founders called the “leveling spirit.” He calls radical egalitarianism “a depraved taste for equality, which impels the weak to attempt to lower the powerful to their own level and reduces men to prefer equality in slavery to

inequality with freedom.” This spirit has long haunted American democracy, but the last decade has seen it expand exponentially. The simplistic and duplicitous slogan “income inequality” has become the progressives’ battle cry, while identity politics generates mythic narratives of the oppression and privilege that allegedly cause income disparities. This melodrama of inequality gives the left leverage for gaining the political power to create “social justice,” a euphemism for radical egalitarianism.

Tocqueville locates the seed of radical egalitarianism in the permanent flaws of human nature, especially the “feeling of envy.” Democratic institutions, which make people equally free, “awaken and foster a passion for

equality which they can never satisfy,” in contrast to the “manly and lawful passion for equality” that spurs people to improve their lot. The “depraved

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***The solutions to the manufactured inequality “crisis” all come at the cost of prosperity and economic growth.***

passion for equality” cannot be achieved because the simple empirical truth is that people do not equally possess the virtues, talents, industry, and drive necessary for success. But since, as James Madison noted, inequality results from the easily observed “different and unequal faculties of acquiring property,” the solution to inequality will be found in the redistribution of property to achieve what the early progressives called “fiscal justice,” now morphed into the current “social justice.”

Once again Tocqueville is prescient on the nexus of radical egalitarianism and redistribution of wealth that can be achieved by policies devised by politicians accountable to the masses:

As the great majority of those who create laws have no taxable property, all the money that is spent for the community appears to be spent for their advantage, at no cost of their own; and those who have some little property readily find means of so regulating the taxes that they weigh upon the wealthy and profit the poor, although the rich cannot take the same advantage when they are in possession of the government. . . . In other words, the government of the democracy is the only one under which the power that votes the taxes escapes the payment of them.

Even taking into account the differences between our tax regime today and the observations of Tocqueville, his analysis is borne out by our highly progressive and redistributionist tax system: According to the Tax Foundation,

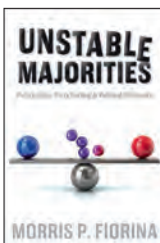
in 2016 the top 1 percent paid 37.32 percent of income tax revenue; the top 5 percent paid 58.23 percent; the top 10 percent paid 69.47 percent; the top 50 percent paid 96.96 percent; and the bottom 50 percent paid 3.04 percent. Meanwhile, 45 percent of taxpayers paid nothing. Moreover, two-thirds of this annual revenue is redistributed through entitlement transfers.

As for the payroll taxes paid by all workers that make them think they pay for these benefits, the average recipient of Social Security and Medicare will take more from those programs than he paid into them.

Despite this extensive redistribution of others' wealth, the current crop of socialist Democrats want to raise tax rates significantly or impose a "wealth tax" to generate even more funds for redistribution to their political clients. But the solutions to the manufactured income inequality "crisis" all come at the cost of prosperity and economic growth, and if implemented would lead to the same fate that has followed every other experiment in forcing equality: "equality in slavery" rather than "inequality with freedom." The thug regimes of Cuba and Venezuela today are graphic examples of this truth.

It is confirmation of the dangers of modernity's technocratic hubris that despite the record of history and the warnings of prophets like Tocqueville, the Democrats today are calling for an economic and political system like socialism that will worsen the dangers that our indulgence of modernist delusions have created over the past century. These are the wages of ignoring the past and earlier thinkers, and substituting the fads of modern scientism for traditional wisdom and common sense. ■

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# Still Exceptional

**The founders were right: when we weaken America's historical sense of balance, we weaken ourselves.**

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**By Chris Gibson**

America is uneasy. Beyond the national political divide, much noted in the news media, there is evidence of an even larger crisis of meaning. How is it possible that in a time of such wealth and social connectivity we have such disturbing levels of isolation, alienation, and suicide?

We are looking for answers in all the wrong places. Americans need to recognize that our most serious problems are not with politics (as bad as they are) but rather with philosophy. The idea of American exceptionalism has atrophied and the founding principles that took us from a struggling young republic to a great nation are being abandoned. The viability of the American dream is at stake.

I know about the American dream because I have lived it. Growing up in a working-class family in rural New York, I was the first to go to college. This opened doors to tremendous opportunity and upward mobility. To date I've had three professional careers: first soldier, then member of Congress, and now professor-scholar. I'm passionate about this country and want to see us unite and flourish, and I firmly believe that with the right choices and effort we will overcome our national crisis.

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Among my most important life lessons from combat: when faced with an existential threat, it's very important not to panic. We need to get this right. This is what comes to mind when contemplating Patrick Deneen's thoughtful, provocative, and well-meaning book, *Why Liberalism Failed*. While Deneen provides keen insights into our current plight, his explanation for how we got here couldn't be more wrong. If we embrace his argument in its fullest form, liberty and self-governance could become casualties.

## **STAND FOR LIBERTY**

Deneen wrongly traces our current woes to the ratification of the US Constitution. He claims that with its ratification, we redefined *liberty*, moving it away from its original meaning associated with *limits on individual choices* to promote virtue and self-governance to its opposite—one of *freedom*. I believe this is a fundamental misreading of our founding and its guiding philosophy, which was not, as Deneen suggests, the full embrace of “Lockean liberalism.”

From the start we were something new—a hybrid of prevailing philosophies—part Lockean liberal and part “Rousseauian communitarian.” We started with a clear-eyed, yet optimistic view of humanity. On the one hand, the founders acknowledged that humans have a darker side, pervaded with ambition and the often ruthless pursuit of self-interest. But at the same time, they believed that people were capable of compassion and consideration of others, and would even sacrifice for a worthy cause. Therefore, contra to Deneen, that duality figured prominently in how power was arrayed in the Constitution.

Individual liberty was promoted and protected in a remarkable Bill of Rights, while ambition was restrained by an extensive system of checks and balances capable of attenuating and limiting abuses. At the same time, virtue and community considerations were championed as necessary for a republic to survive. These values came through in speeches and essays supporting the Constitution by leading statesmen of the day, including George Washington, James Madison, and Benjamin Franklin. Ultimately the founders forged a legal framework and political culture that drew from both liberal and communitarian traditions, fortuitously producing an Aristotelian balance that has been the proximate cause of our success over the years.

Aristotle argued that virtue itself was a midpoint between two vices or extremes. Courage, for example, was a virtue between recklessness and cowardice. The virtue of courage applied reason to produce an appropriate decision and behavior when facing physical and mental duress. In that way, courage, as with all virtues, is balanced and desired.

This balanced approach of the founding was manifest in the American dream itself. The dream had two central components. From liberalism, it included a belief that citizens possessed natural rights, including, most radically, the pursuit of happiness. Unlike the ancient regime in which you were born a serf and died a serf, in America citizens (at least land-owning white males, initially) could rise to their God-given potential. From communitarian-

ism, initially transfused into America by Puritans, we incorporated a deep sense of obligation to others and society in general. Thus, the second

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***The American founding was something new, and it started with a clear-eyed view of humanity.***

component to the American dream was a strong belief that each of us had an obligation to sacrifice to help put our children in a stronger position than we inherited, and that balanced the championing of individualism.

Tocqueville, among others, noted this curious blend of liberalism and communitarianism that was evident in our legal arrangements and political culture and cited it as the central reason for America's survival (after the French experiment to establish a republic had failed). Tocqueville surprised the heads of state of Europe when he went further to predict that the United States, based on its exceptional national characteristics, would go on to become a world power. Over time, Tocqueville's prediction came to pass.

## **NEVER-ENDING POWER STRUGGLES**

Over the past century, however, we have drifted away from this balanced approach. This has cost us dearly.

We have significantly weakened the separation of powers, consolidating authority in the executive branch, particularly since the Franklin D. Roosevelt administration and increasingly so since the 1960s. Today, Americans seldom see significant political change via the legislative process but rather by executive fiat—executive orders and actions and bureaucratic rules. This has weakened the bonds between the people and their representatives and heightened the stakes of presidential elections, further poisoning our political discourse and elevating the cult of personality behind the office of the presidency.

The interplay between legal arrangement and political culture at the founding reinforced human agency. During the first one hundred and fifty years of our national existence, citizens often resolved problems through nongovernmental channels such as churches and civic organizations. Increasingly in modern times, the state has filled that role at the expense of individual freedom.

Moreover, since significant political change is now largely carried out by the executive branch, presidential campaigns are the focus of epic battles for political power. To the victor go the spoils of political change; the loser (regardless of political party) questions the legitimacy of that change, claiming unconstitutional power-grabbing by the president. We have been torn apart by the loss of balance in our legal framework.

With regard to our political culture, there too we have lost our balance. Americans give priority to rights over responsibilities, and prioritize the now at the expense of the future and the material over the spiritual. Ideological disagreements have challenged Americans since the republic was born, but even during some of the most heated partisan moments in our history, such as the elections of 1800 and 1896, no side would have proposed federal spending that far outpaced revenues. Reckless deficit spending was anathema because a key component of the American dream was preparing the next generation for success. Today, both political parties routinely put forth budgets with massive deficits and think nothing of it.

As Deneen notes in *Why Liberalism Failed*, American politics today are all about the now, the individual (ironic given the increasing power of the state), and the material. Meanwhile, we continue to rack up record deficits and witness alarming levels of societal strife and personal unhappiness.

## A TIME FOR BALANCE

Recovering balance in our legal framework and political culture is essential to uniting the country and revitalizing the American dream.

While Deneen's description of today's politics mirrors much of what I describe, his explanation for how this developed is dramatically different. By blaming the founding and the belief in American

exceptionalism, Deneen

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***Americans celebrate the individual and our diversity. At the same time, we must also honor our unity and commit to sacrifice for the greater good.***

opens up the debate to potentially authoritarian government alternatives unfriendly to freedom in the way that Rousseau inspired the French Revolution, which culminated in the reign of terror, and Nietzsche inspired twentieth-century nightmares. These philosophers, like Deneen, never advocated fascism or national socialism, but their passionate, persuasive arguments for collectivist, elitist, antiliberal schemes helped politics to be captured by cults of personality.

America wants to celebrate the individual and our diversity, but at the same time, we must also be a country that honors our unity and commits to hard work and sacrifice in pursuit of the greater good. We want Locke *and* Rousseau; we want liberalism *and* communitarianism. American exceptionalism should be reaffirmed and revitalized simply because it works. For all its faults, our system

has created the most freedom and prosperity the world has ever seen.

Fortunately, the millennial generation is qualified to lead that charge.

According to sociological

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***Tocqueville surprised the European heads of state when he predicted that the United States would go on to become a world power.***

research by Neil Howe and public opinion polling, millennials are generally characterized as inclusive, community-oriented problem solvers and as prudent (if not risk-averse) decision makers. Ultimately, I believe they will make the sacrifices necessary for America to unite and flourish—to restore balance to our institutions and political culture.

It's ironic, however, that a generation that prides itself on doing things differently, often eschewing nationalism for a more global consciousness, might ultimately be the one to restore American exceptionalism. A generation that largely rejects President Trump could, in the end, help make America great again by restoring the political philosophy responsible for lifting up so many across this country and the world.

We older leaders need to help millennials fulfill their destiny—and then get out of the way. We need to enact political reform to reaffirm faith in government, restore balance to the separation of powers, strengthen the rule of law, and move back towards a balanced budget. We should not miss this opportunity. ▣

***Special to the Hoover Digest.***



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# *Well-regulated Background Checks*

**Yes, Congress can expand scrutiny of gun sales without violating the Second Amendment. The real question? Whether those checks would accomplish anything.**

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*By John Yoo*

**T**he terrible shootings in Gilroy, El Paso, and Dayton renewed cries for the government to do something. In our federal system, the most effective responses will have to come from state and local governments, which have the primary responsibility and the broadest tools for reducing violent crime. But the president and Congress can act in one area: the rules for buying guns.

President Trump initially seized on the idea of expanding background checks for firearm purchasers. Before a visit to Dayton and El Paso, where shootings left thirty-one people dead, Trump said there “was great appetite for background checks.” A proposal from Senators Patrick J. Toomey and Joe Manchin would expand the reviews to private transactions that are advertised publicly or take place at gun shows. Expanding background

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checks remains popular with the public, with about 90 percent, including eight in ten Republicans, in support.

According to media reports, however, the National Rifle Association has criticized the idea. Some conservatives have questioned whether such rules are effective, noting that the shooters in all three of these cases would still have gotten hold of their high-powered weapons even if Toomey–Manchin were on the books. Neither side cited empirical studies that might answer the real question: would expanded background checks deter future mass shooters—as well as ordinary murderers, who take far more lives, or foreign terrorists—from acquiring and using high-powered weapons?

But what conservatives should not worry about is whether expanded background checks would intrude on the Second Amendment. I should make clear that I am no gun-control advocate, even though I am a law professor at the University of California, Berkeley. I may be one of the few unfortunates who live within the city limits of the People’s Republic of Berkeley who own guns—though that may be because I grew up in Pennsylvania, where some schools have a day off at the start of hunting season. There are probably few other members of the faculty club who also belong to the Richmond Rod and Gun Club—if there are, I haven’t seen them at the range. I am sure that writing this article will spark a movement to petition the Berkeley City Council to have me expelled from the city—again.

But unfortunately for most Berkeley residents, the Second Amendment declares: “A well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.” In *Heller v. District of Columbia* (2008), the Supreme Court held that the Second Amendment protects an individual right to keep and bear firearms, rather than just a collective right to a well-armed militia. The “inherent right to self-defense,” the court found, is “central to the Second Amendment right.” As a result, the District of Columbia could not ban handgun possession in the home.

## **PERMISSIBLE LIMITS**

The court also emphasized, however, that the Second Amendment is not unlimited. It is not a right “to keep and carry any weapon whatsoever in any manner whatsoever and for whatever purpose.” Instead, the court provided examples of permissible regulation of firearms consistent with the Second Amendment. The right does not “protect those weapons not typically possessed by law-abiding citizens for lawful purposes, such as short-barreled shotguns,” nor does it grant an unregulated right to carry concealed



***ON TARGET: In *Heller v. District of Columbia*, the Supreme Court held that the Second Amendment protects an individual right to keep and bear firearms. The court also emphasized, however, that the Second Amendment is not unlimited.*** [Hollandse-Hoogte—ZUMA Press]

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firearms. These limits were “supported by the historical tradition of prohibiting the carrying of dangerous and unusual weapons.”

With regard to background checks, the court included examples of “presumptively lawful regulatory measures.” According to the majority, “nothing in our opinion should be taken to cast doubt on long-standing prohibitions on the possession of firearms by felons and the mentally ill, or laws forbidding the carrying of firearms in sensitive places such as schools and government buildings, or laws imposing conditions and qualifications on the commercial sale of arms.”

Although the court subsequently found that the Fourteenth Amendment incorporates the Second Amendment against the states in *McDonald v. City of Chicago* (2010), the Supreme Court has not decided another case on the Second Amendment. Several federal appeals courts, however, have adopted a two-part test to review limitations on firearm possession. These courts ask whether “a particular provision impinges upon a right protected by the Second Amendment.” In applying this first step, the courts have found that

a regulation that is “long-standing” is “presumptively lawful” because it has been long accepted by the public and unlikely to burden a constitutional right. Second, the courts ask whether “the provision passes muster under the appropriate level of scrutiny.” In applying this crucial second step, these circuit courts have chosen to apply intermediate, rather than strict, scrutiny, which allows the government to engage in a reasonable balancing between public safety and the individual right.

Expanding federal background checks should survive the first step of this post-*Heller* analysis. To be sure, the federal background-check system

does not appear to be a long-standing regulation; it began with the 1993 Brady Handgun Violence Prevention Act. The background-check system, however, is merely

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### ***Would expanded background checks deter future mass shooters from acquiring and using high-powered weapons?***

a means to carry out regulations that *are* long-standing. Enacted in 1968, the federal Gun Control Act prohibits the transfer of handguns to, among others, convicted felons and anyone under twenty-one.

Neither the Supreme Court nor the federal courts of appeals have held these restrictions on possession to violate the Constitution. As the Supreme Court observed in *Heller*, its decision does not “cast doubt on long-standing prohibitions on the possession of firearms by felons and the mentally ill.” If these restrictions do not violate the Second Amendment, it is difficult to find that a background-check system would violate it, as a background-check system is only a means of enforcing the underlying rules. Indeed, the background-check system would appear to be a vital mechanism to ensure that firearms sellers do not violate the terms of the national Gun Control Act.

### **IMPORTANT, NARROWLY TAILORED**

Even if a court believed that the expanded background-check system failed the first step, courts of appeals would still uphold it if it survived intermediate scrutiny. When applying intermediate scrutiny, a court will ask whether a regulation is “substantially related to an important governmental objective.” Preventing the transfer of firearms to the categories of individuals prohibited by the Gun Control Act would qualify as an important governmental objective. Congress clearly seeks to prevent guns from coming into the possession of individuals who might misuse them for criminal purposes or might lack the appropriate level of personal responsibility and self-control. When *Heller*

returned to the lower courts, the DC Circuit found that the governmental objectives served by registration requirements—protection of law enforcement officers and crime control—satisfied the important governmental objective requirement. Those interests are among the same ones advanced by the proposed expanded background checks now.

In addition to an important governmental objective, the intermediate-scrutiny test requires a law be “narrowly tailored” to achieve that objective. Narrow tailoring requires that the government objective would be achieved “less effectively” without the regulation, and the means chosen are not substantially broader than necessary. No court has invalidated the existing background-check system as failing the intermediate scrutiny test to achieve the current goals of the Gun Control Act. The fit of the background-check system will not go awry because Congress has expanded it to include private transactions. (Indeed, the Toomey–Manchin proposal would not even cover all private transactions—only the transfer of handguns at gun shows and sales where commercial advertising was involved.) Indeed, the expansion of the background-check system will more effectively achieve the purposes of the 1968 Gun Control Act.

Conservatives might have a second concern with expanded background checks, not over the individual right at stake, but whether the government should have the power to regulate firearms transactions that occur wholly within a state. They have a better point here than on the Second Amendment. The Constitution appears to give the federal government the authority only “to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” As the framers made clear, and the written document confirms, the Constitution grants only a limited list of enumerated powers to the national government, so critics could claim that background checks cannot extend to purely intrastate sales of firearms.

## **THE COMMERCE CLAUSE**

I have a great deal of sympathy for this limited scope of the interstate-commerce clause. Nevertheless, the Supreme Court reads the clause to allow federal regulation of effectively any commercial transaction, regardless of whether it crosses state borders, because it has an effect on interstate commerce. In terms even more sweeping than federal firearms regulations, the Controlled Substances Act prohibits the sale of certain drugs, anywhere, anytime, in virtually any amount, regardless of whether the transaction is private, intrastate, or profitless. In *Gonzales v. Raich* (2005), the court held that the act constitutionally prohibited a gift of homegrown marijuana

between two Berkeley residents (pot is OK in my town, just not guns). Even Justice Antonin Scalia agreed, because he concluded that regulation of such small transactions was “necessary and proper” to a “larger regulation of economic activity” nationwide. Under *Gonzales*, therefore, the regulation of purely private intrastate sales of guns would fall within the interstate-commerce clause.

In my view, this approach violates the original understanding of the commerce clause. The rest of Article I’s grant of powers to Congress already include powers that relate to commerce, such as bankruptcy, creating a currency, running a post office, and establishing rules of intellectual property. Why list any of these powers at all if the modern reading of the commerce clause allows Congress to regulate anything that affects, but itself is not, interstate commerce? As Justice Clarence Thomas observed in *United States v. Lopez* (1995), “much if not all of Article I, Section 8 (including portions of the Commerce Clause itself), would be surplusage if Congress had been given authority over matters that substantially affect interstate commerce.” As Thomas put it, this “simply cannot be correct.” While Thomas is simply correct, the Supreme Court’s interpretation of the clause today allows Congress to require expanded background checks for every firearm purchase in the nation.

Dispensing with these constitutional concerns will allow members of Congress and the executive branch to focus on what is truly important: whether expanded background checks, combined with other measures such as “red flag” laws and more proactive mental-illness policies, will prove effective. While the ability to combat mass shootings will rest primarily in the hands of local and state law enforcement, the Constitution allows our national leaders the ability to contribute to a response, at least with background checks. ■

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# *It's Not “for the Children”*

**Striking for more money serves the needs of teachers, not students. To put pupils' needs first, boost the salaries of *effective* teachers.**

**By Eric Hanushek**

**W**hen teachers in Los Angeles and Oakland went on strike last year, they received a considerable amount of public support.

This support is not too surprising, because there is widespread belief that teachers are underpaid. Now that those strikes have been settled, how should we view these actions?

The unions (generally supported by the media) have argued that anything that makes the teachers better off must be better for the students. Unfortunately, while there are valid arguments that teacher salaries and working conditions need to be improved, the strikes are unlikely to lead to any significant improvement in California schools.

There is clear evidence that teachers are indeed underpaid. Research I have done with some colleagues indicates that nationally teachers are paid

## **Key points**

- » Broad salary increases are unlikely to make teachers teach better.
- » Effectiveness is very hard to measure before a teacher is actually in the classroom.
- » The most effective approach would be to increase the pay of provably superior teachers.

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22 percent less than they could expect to earn outside of teaching. This figure comes from a unique survey by the Organization for Economic Cooperation and Development, where a representative sample of adult workers provided information about careers and work histories and also took standardized

math and reading tests.

This “teacher discount” figure comes from comparing salaries of teachers to those of other college graduates with the

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***In coverage of recent teacher strikes, the topic of teacher effectiveness never even came up.***

same experience levels and the same measured cognitive skills.

Given that sizable discount, it is not surprising that we fail to recruit teachers from high within their college class rankings. Still, we get a surprisingly good set of people willing to be teachers. Whether they are responding to a calling, a desire to work with youth, a preference for the school calendar with time off in the summer, or what have you, we have been able to attract a generally good set of teachers.

Other research is also clear that if we want to improve the schools, we will need to upgrade the effectiveness of our teachers. It is doubtful that we can do this by pushing harder to convince more college students that they should ignore any salary discounts and enter teaching.

## **PAY RAISES VS. REALITY**

While there were other issues in prestrike and poststrike discussions, salary increases dominated (new contracts raised them 6 percent in Los Angeles and 11 percent in Oakland). These amounts do not close the salary gaps, but they move in that direction. Can't we therefore conclude that the teacher strikes may be serving the state and the national interest by lessening the teacher discount and by making teaching more attractive to prospective teachers?

In assessing the impact of these increases, one must recognize that salary and compensation discussions fall into two broad and distinct groups—those that incorporate teacher effectiveness and those that do not. These recent strike-inspired salary increases are squarely in the “do not” grouping. In the buildup to the strikes and in the discussions afterward, the topic of teacher effectiveness never surfaced. That is a critical problem.

Across-the-board increases undoubtedly make the recipients happier, but they are unlikely to have any discernible impact on students. Less-effective teachers can be assumed to like more money as much as more-effective

teachers. Most teachers are not holding back their good teaching until they are offered more money, so the added salaries are also unlikely to change what goes on in the classroom. The added salary will generally work to reduce teacher turnover and attrition, but the teachers who remain in the schools and what goes on in the classroom will be very similar to what we see now.

Salary policies that do not discuss effectiveness generally suggest that these are nonetheless ways that might lead to improved schools. The improvement, in theory, comes from making the occupation generally more attractive, thus inducing more college graduates to consider teaching and expanding the pool of job applicants. But this theory introduces a number of assumptions that must be met before they can result in improvement of the schools.

First, we must assume that the expansion of the pool happens in ways that we want—such as getting smarter people or specialists in particular fields to consider teaching.

Second, it assumes that schools can select well from the expanded applicant pool.

Third, because it takes considerable time until the new, “better” teachers become a significant portion of the total teacher force, it assumes that we continue this policy for some time, even though any observable impact on students will be hard to see for many years. Each of these assumptions is not supported by existing evidence.

## TARGETED AID

In other discussions that go beyond the current strike-based salary increases, the across-the-board increases are replaced by various proposals to address some of the observed deficiencies. The broad increases have obvious appeal to the unions, because they mobilize all of their members. But this makes the policies

very expensive and slows down any possible adjustments to the teaching force. One alternative approach would

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***The difficulty with tilting higher salaries toward effective teachers? You have to identify the effective teachers.***

be to weight the increases toward new teachers. Other proposals would give college-tuition forgiveness to prospective teachers, perhaps based on their willingness to teach in specific locations (such as rural areas or inner cities), or would base the possibility of tuition assistance on the recipient’s college

major (for example, STEM fields), GPA, or test scores. Yet another would give mortgage assistance (or housing) to new teachers.

Each of these methods tries to expand the pool of potential teachers in desirable ways but without directly paying for what we want. However, policies that ignore effectiveness in the classroom such as these entry programs still miss the fact that it is very difficult to choose a good teacher before the person is actually in the classroom and performing the job. While STEM tuition-forgiveness programs might get more biology majors in teaching, the existing research indicates that there is still a large variation in the actual effectiveness of such teachers.

Simply put, it is almost always a much better policy to provide incentives—that is, to pay for—the thing that we want. If we want effective teachers, we should increase the salaries of effective teachers.

The difficulty, of course, with tilting any salary improvements toward effective teachers is that one must be able to *identify* the effective teachers. That requires a valid and reliable assessment system. The unions have found it possible to argue that this is always insurmountable, because all evaluation systems will make mistakes.

But that criticism holds throughout the economy. There are no mistake-proof evaluation systems. Yet the rest of the economy sees the value of using evaluations for personnel systems even if there are some mistakes. Is teaching different from all other occupations in terms of the lack of tolerance of any mistakes?

We need to improve the overall effectiveness of our teaching force, and we will not do this by ignoring the differences between effective and ineffective teachers. ■

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# *An Imperfect Storm*

Hoover fellow **Terry Moe** scrutinizes the creative destruction that Hurricane Katrina wrought, quite literally, on New Orleans's schools.

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**By Daniel DiSalvo**

Since the 1980s, a bipartisan education-reform movement has tried to improve America's schools. Though reformers secured victories here and there, their successes remain small and incremental. Teachers' unions, school districts, and allied politicians have weakened, watered down, or otherwise blocked what the reformers have tried to accomplish. The basic model of American public education remains intact, as President Obama's education secretary, Arne Duncan, conceded when he described public education as "broken" and called on Americans to "fix it."

In a sobering new book, *The Politics of Institutional Reform: Katrina, Education, and the Second Face of Power* (Cambridge University Press, 2019), Hoover senior fellow and political scientist Terry M. Moe shows how "vested interests"—from teachers' unions to school administrators—limit the prospects for reform. School boards and superintendents, whose power and prestige

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hinge on how schools are organized and run, exploit America's political institutions to block change.

To make his case, Moe studies New Orleans before and after Hurricane Katrina, showing how education politics work when entrenched interests hold power—and what education policy might look like in different hands. In New Orleans, as in much of the country, established interests had long prevented reformers' efforts.

Before Katrina, the city's public school system was a poster child of American education gone wrong: low graduation rates, dismal student test

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***School boards and superintendents, whose power and prestige hinge on how schools are organized and run, exploit America's political institutions to block change.***

performance, and incompetent administration.

Equipment—computers, air conditioners, musical instruments—was regularly stolen. Millions of public dollars were unaccounted for. Corruption

was so widespread that the FBI opened an office in the district's administrative building. Despite manifest failings, the system lumbered along.

Then Katrina struck, wiping out the New Orleans school district. Many families left the city. The schools were shut down for months, and teachers were let go. Even the local teachers' union hemorrhaged members and money. Louisiana state government pushed aside the local school board and took control. Katrina thus prompted an unintended experiment in public education. Operating with a freer hand after the storm, reformers demonstrated what could be done. Their work turned New Orleans into what Moe calls the "most innovative, distinctively different education system in the entire country" and the "brightest star in the education reform universe."

Through the story of New Orleans, Moe reveals how teachers' unions, school boards, and other forces of the education establishment exercise hidden power to stifle change. Before Katrina, the city's reformers, knowing that challenging the system would likely end in defeat, focused on modest efforts. Conflict over the city's education policy concerned small-bore proposals. The status quo consistently prevailed.

To explain New Orleans—and, by extension, education politics in big cities—Moe offers a powerful theoretical insight. Almost all government policies, he argues, create beneficiaries, who then look to sustain the policies—and resist change. It's much easier to oppose change than to implement it, and American political institutions never run short of public officials who can



***STARTING OVER: Workers help build the new Martin Luther King Charter High School in New Orleans' Lower Ninth Ward. Before Hurricane Katrina, the city's public school system was a poster child of American education gone wrong. The storm made possible an unexpected experiment in school structure and governance.*** [Charlie Varley—Sipa USA]

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stop, redirect, or weaken ambitious proposals. Reformers must surmount every barrier they encounter, while vested interests need only succeed at blocking one point in the process to achieve their goal. These basic features of political institutions, Moe argues, mean that change is slow and incremental—if it occurs at all.

In education, these entrenched forces defend a system that few would argue is successful in educating children. The dysfunction results from thousands of small decisions. Unions pursue policies that protect teachers' job security, lessen their workload, increase their wages and benefits, constrain management, and reduce class sizes. School districts, in turn, look to increase enrollment and funding, win greater autonomy from state and federal directives, and encourage bureaucratic harmony. These efforts result in a system that best serves adults, not kids.



The education reform movement, of course, seeks to shake up these arrangements. The movement's two bywords are accountability and choice. Accountability means documenting teacher performance through rigorous evaluations, linking pay to performance, and removing bad teachers. Choice means introducing competition into American public education by giving parents and children more options in the form of charter schools or vouchers to attend private schools.

Though no one planned it, and many implementers were skeptical of it, the system that emerged in New Orleans after Katrina is composed almost

entirely of charter schools. Children select their schools, which compete to attract and retain students. Decision making is decentralized

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***In education, entrenched forces defend a system that few would argue is successful.***

at the school level, and performance data are made public. Though the city's schools are far from perfect, evidence suggests that they function better than the pre-Katrina school system.

Moe doesn't write as a cheerleader of charter schools or of the New Orleans system. He argues that even if the city's reforms prove successful, they are unlikely to provide a model for other school systems—at least, not unless other cities find a way (short of natural disaster) to shake up the power structure of their own public schools. Moe's book explains the political and institutional patterns that make changing education policy so hard and why the unintended experiment provoked by Hurricane Katrina has been so revealing. It's a bracing but necessary read for education reformers. ■

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# Hastening Doomsday

**Panic over climate change could sabotage the quality of life of billions.**

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**By Bjorn Lomborg**

**M**ost people on the planet wake up each day thinking that things are getting worse. It is little wonder, given what they routinely read in the newspaper or see on television. But this gloomy mood is a problem, because it feeds into scare stories about how climate change will end in Armageddon.

The fact is that the world is mostly getting better. For starters, average global life expectancy has more than doubled since 1900 and is now above seventy years. Because the increase has been particularly marked among the poor, health inequality has declined massively. Moreover, the world is more literate, child labor is decreasing, and we are living in one of the most peaceful times in history.

In addition, people are better off economically. Over the past thirty years, average global per capita income has almost doubled, leading to massive reductions in poverty. In 1990, nearly four in ten of the world's people were

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*Bjorn Lomborg is a visiting fellow at the Hoover Institution. He is president of the Copenhagen Consensus Center and a visiting professor at the Copenhagen Business School. His books include **How to Spend \$75 Billion to Make the World a Better Place** (Copenhagen Consensus Center, 2013) and **Smart Solutions to Climate Change: Comparing Costs and Benefits** (Cambridge University Press, 2010).*

poor; today, fewer than one in ten are. That has helped to transform the way people live. Between 1990 and 2015, for example, the proportion of the world's population practicing open defecation halved to 15 percent. And in the same period, 2.6 billion people gained access to improved water sources, bringing the global share up to 91 percent.

These changes have also improved the environment. Globally, the risk of death from air pollution—by far the biggest environmental killer—has declined substantially; in low-income countries, it has almost halved since 1990. Finally, rich countries are increasingly preserving forests and



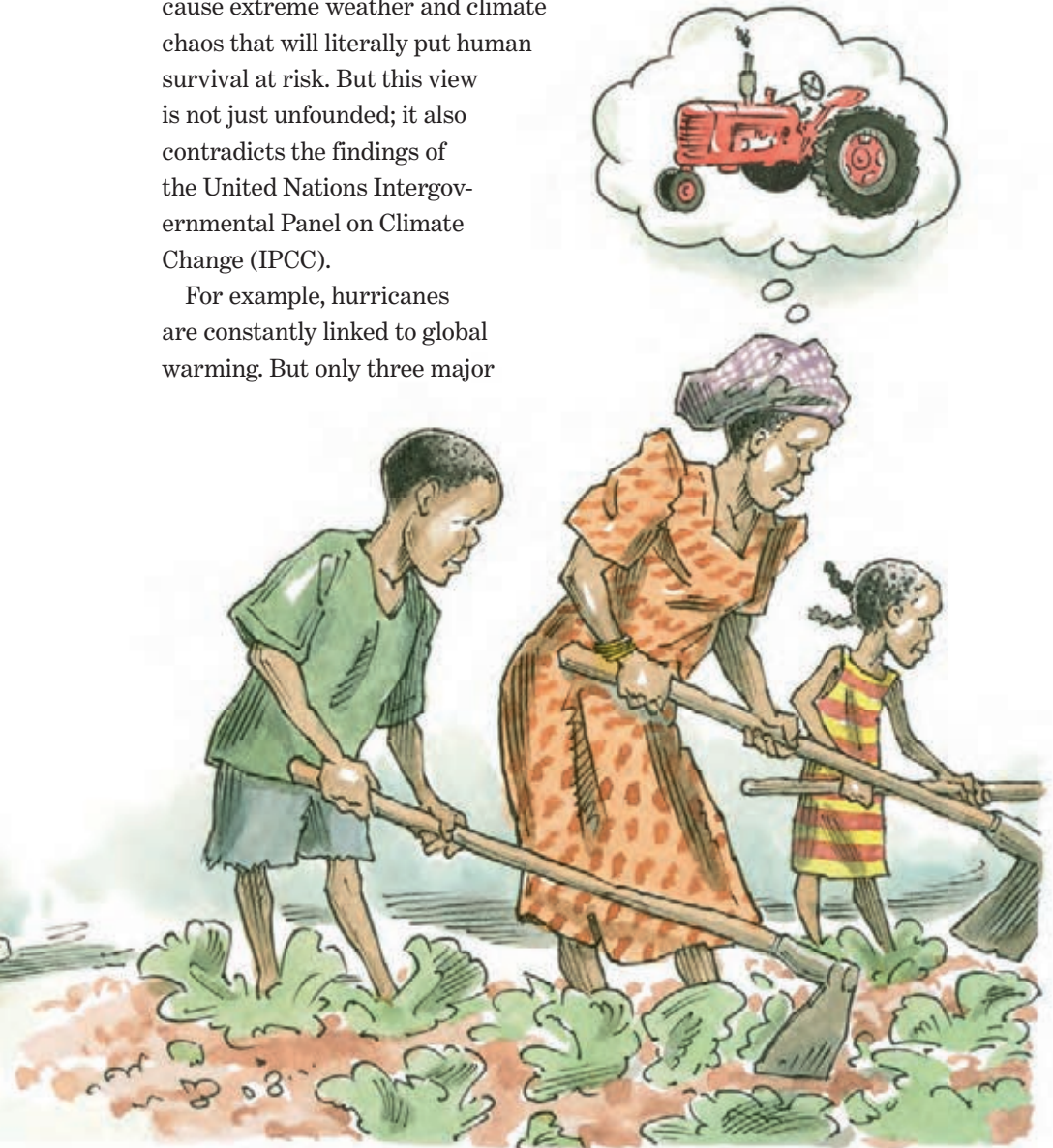
[Taylor Jones—for the Hoover Digest]

reforesting, thanks to higher agricultural yields and changing attitudes to the environment.

Of course, many people may hear all this and still remain convinced that climate change will wipe out the planet. That is understandable, but it says more about the influence of single-minded environmental activists and desperate media than it does about reality.

We are told that global warming will cause extreme weather and climate chaos that will literally put human survival at risk. But this view is not just unfounded; it also contradicts the findings of the United Nations Intergovernmental Panel on Climate Change (IPCC).

For example, hurricanes are constantly linked to global warming. But only three major





hurricanes (that is, category 3 or greater) have hit the continental United States in the past thirteen years—the lowest number since at least 1900. In its most recent assessment, the IPCC—using the term “cyclone” for hurricane—said that there had been “no significant observed trends in global tropical cyclone frequency over the past century.” And NASA’s hurricane-modeling team has concluded that “the historical Atlantic hurricane frequency record does not provide compelling evidence for a substantial greenhouse

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***The gloomy mood says more about the influence of single-minded environmental activists and desperate media than it does about reality.***

warming-induced long-term increase.”

Scientists think that global warming will in time mean that hurricanes become less frequent but stronger. At

the same time, prosperity is likely to increase dramatically over the coming decades, making us more resilient to such events. Once that is taken into account, the overall impact of hurricanes by 2100 will actually be lower than it is today.

Climate change is real, and it is a problem. According to the IPCC, the overall impact of global warming by the 2070s will be equivalent to a 0.2-2 percent loss in average income. That’s not the end of the world, but the same as a single economic recession, in a world that is much better off than today.

The risk is that outsized fear will take us down the wrong path in tackling global warming. Concerned activists want the world to abandon fossil fuels as quickly as possible. But that would mean slowing the growth that has lifted billions out of poverty and transformed the planet. That has a very real cost.

Rich, well-educated people in advanced economies often ignore or scoff at this cost. From the comfort of the World Economic Forum’s 2017 annual meeting in Davos, former vice president Al Gore tut-tutted about plans to build coal-fired power plants in Bangladesh. But Bangladesh’s prime minister, Sheikh Hasina, slapped that down, pointing out: “If you cannot develop the economic conditions of your people, then how will you save our people? We have to ensure the food security; we have to give them job opportunity.”

Indeed, analysis for the Copenhagen Consensus Center shows that—even when accounting for global climate damage—developing coal power to drive economic growth in Bangladesh is an effective policy. The cost would be \$9.7 billion, including the global, long-term climate costs of \$570 million, but the

benefits would be greater than \$250 billion—equivalent to more than an entire year of Bangladesh's GDP.

On a global scale, our pathways are made clear by studies undertaken for the United Nations into five different global futures. It turns out that humanity will be much better off—including in Africa—in a scenario of high fossil-fuel use than it would be even if we succeeded in achieving a benign low-carbon-dioxide world.

We need to solve climate change, but we also need to make sure that the cure isn't more painful than the disease. A commensurate response would be to invest much more in researching and developing cheaper, carbon-free energy sources that can eventually outcompete fossil fuels. Competitive, low-CO<sub>2</sub> energy would make everyone, including China and India, switch. This means dramatically increasing global investment into green research and development, something that we have conspicuously failed to do these past decades, exactly because activists have consistently demanded solutions before they are ready.

This approach would ensure a smooth transition that doesn't slow economies down and hurt the worst-off in society. When the United Nations asked ten million people around the world what they prioritized, they highlighted five issues: health, education, jobs, corruption, and nutrition. In sum, they care about their kids surviving easily curable diseases, getting a decent education, and not starving to death. Climate came last of sixteen choices, not because it is unimportant, but because for most of humanity, other issues are much more pressing.

Doom and gloom distort our worldview and can lead to bad policies. The future is bright, and we need smart decisions to keep it so. ■

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# *Lands Held Under*

**Uncontrolled immigration happens when migrants try to escape poor, dangerous countries. If we make their homelands safer, more functional, and more prosperous, we can lessen everyone's burden.**

***By George P. Shultz and Pedro Aspe***

**I**llegal immigration from the “northern triangle” of El Salvador, Guatemala, and Honduras is understandable. Migrants often come for the economic opportunities in the United States and many times are fleeing crime and violence. President Trump has urged the three countries to stop this illegal migration, but it is doubtful that they have the capacity to do so on their own.

The northern triangle governments would need to improve their quality of life through investments in education (two-thirds of students in the three countries never finish high school), in health (Guatemala’s infant mortality was four times the US rate in 2017), and in law enforcement (the homicide rate for men in that region is three times Mexico’s, according to the latest

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*George P. Shultz is the Thomas W. and Susan B. Ford Distinguished Fellow at the Hoover Institution, the chair of Hoover’s Shultz-Stephenson Task Force on Energy Policy, and a member of the Working Group on Economic Policy. Pedro Aspe is a former distinguished visiting fellow at the Hoover Institution and a former Mexican treasury secretary.*

available data). And these countries would need to reduce the corruption and predatory behavior that undermine what public services they have. Yet with two-thirds of the economy untaxed, the three governments have little money for public investment and lack the good governance and infrastructure to make their investments stick.

What is happening in Central America is the result of rapid population growth in countries with weak governance, violence, limited work prospects, and extreme weather. This combination has produced tragic consequences for the people living there and brought about profound political and social consequences in distant capitals. And that pattern will continue to play out around the globe.

## **SHAPING THE FUTURE**

Many developed nations are not replacing their working population. By 2060, the working-age populations of Japan, South Korea, and Europe are projected to shrink by almost a quarter—by roughly one hundred and forty million people—and Germany and Japan will have more people over seventy than under twenty, according to United Nations data. As their workforces shrink, many of our democratic peers will see their remaining workers' productivity plateau with age. They will have more elderly to support and fewer young people to support them. The rich democracies will need immigration to buttress their populations, but they will probably see not steady flows of migrants but surges, the likes of which have overwhelmed and disrupted democratic societies in recent memory.

Those waves will come from a population boom in countries with weak governing institutions. Sub-Saharan Africa is set to gain nearly one billion people of working age by 2060, according to UN population projections. That region, combined with India, Pakistan, and Egypt, is on track to be home to a majority of the world's new workers in the next four decades, the UN data show. This population explosion would dwarf what's happening in Central America and would take place in states that also lack infrastructural resilience against natural disasters, which they tend to experience disproportionately and which hobble local industries (such as coffee production) as well as the communities dedicated to them.

The United States, Mexico, and other democracies can watch this problem recur, or they can try to shape the trajectory of the emerging world. They can work with African and other developing states to help reduce birthrates and violence, and generate economic opportunity, all by promoting good governance. They can help expand employment opportunities and support

access to good secondary education, particularly for women and girls. This, combined with better health and child care, will help reduce birthrates.

Multilateral organizations such as the Inter-American Development Bank and World Bank can also help. They can fund regional initiatives and reduce

corruption—for example, through private investments contingent on demonstrated anticorruption progress—making private investment more

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***Peaceful communities and accessible public services breed a lasting desire for high-quality government.***

viable and the northern triangle a more hospitable place to live. If they supported crucial infrastructure projects in the region, which would also boost local employment in the near term, it could be transformative. The Inter-American Development Bank could help by redirecting funds without new US expenditures.

Democracies with sufficient resources can support protection of political rights, civil liberties, and the rule of law. To increase the “supply” of good governance, they can use foreign aid to fund better policing, transparency, and higher-quality services—and apply international pressure to root out corruption and encourage political reform. Building bottom-up “demand” is probably more important and starts with economic opportunity. Peaceful communities, accessible basic public services like roads, and access to personal financing, for example, all breed lasting desire for high-quality government.

## **HOW WE CAN HELP**

The problems facing the northern triangle call out for decisive foreign assistance, but many developed democracies today suffer from societal

discord and political distrust. Still, this need not stop them. Many Western democracies went through more than a decade of distrust and diminished confidence in their governments, likely worse than today’s, with

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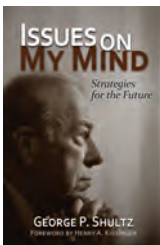
***The United States, Mexico, and other democracies can either watch population and migration problems recur, or try to shape the trajectory of the emerging world.***

political violence, riots, and the cultural malaise of the 1970s. But confident elected leaders in the United States and elsewhere committed themselves to

solving the problems of the day. They sought long-term solutions over political expediency, and a period of peace and prosperity followed.

We can do that again, and we can start in our own backyard, helping our southern neighbors move toward a peace and prosperity of their own. The United States is unique among world powers. It has positive demographic prospects (thanks in part to its continued integration of immigrants), a distinct history of and institutions for governing over diversity, and unmatched economic strength and societal resilience. Now it can set an example by working alongside a regional leader such as Mexico to achieve this common goal. The world needs good governance, and the United States is the only nation with the economic, technological, and political authority to lead. ■

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# Home at Last

**Adult foster care is a fresh idea that could stem the tide of homelessness.**

**By Michael S. Bernstam**

Last September the Council of Economic Advisers issued a special report, *The State of Homelessness in America*. It attributed the problem, correctly, “to decades of misguided and faulty policies” and evaluated policy solutions.

The simplest, fastest, and cheapest way to end the US homeless crisis is adult foster care. This would match the national objective to take the homeless off the streets with the incentives of publicly paid providers to house the homeless.

No new funding is necessary, nor is any new publicly financed housing construction. All that is required is to rechannel the existing public funding from a panoply of programs, agencies, and nonprofits to private market caregivers. They could then literally take the homeless off the streets and house them in existing homes and newly acquired private residences, with government fees financing private mortgages.

Adult foster care is a combination of boarding houses for five to six people, singles or families, with some degree of nursing care. Caregivers receive

## Key points

- » Existing funding can be channeled into a more effective approach toward homelessness.
- » Perversely, current incentives crowd out the homeless from permanent shelter.
- » Government, caregivers, and the homeless themselves must form a tripartite contract.
- » Market incentives would help bring caregivers and clients together, to their mutual benefit.

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*Michael S. Bernstam is a research fellow at the Hoover Institution.*

basic training and earn state licenses. The foster care fees will be differential, negotiated on a case-by-case basis with the paying agencies, depending on how hard specific cases are and how good the housing and caregivers are.

## **DUELING INCENTIVES**

After decades of government efforts and tens of billion dollars spent, the homeless problem persists. This policy failure is due to the mismatch between the government objectives and the incentives of recipients.

First, the incentives for temporary housing keep the current homeless on the streets. Federal and state subsidies pay local government agencies and nonprofits to pay the homeless to stay homeless. Shelters, short-term hotels, free food, cash allowances, emergency rooms, health care, and the like provide temporary relief and perpetual homelessness.

Second, the incentives for permanent housing crowd out the homeless from subsidized housing in favor of the non-homeless. Federal rent support comes from an array of programs called Continuum of Care. It goes to the tenants, selected by local agencies and nonprofits, who can pay 30 or 33 percent of the market rent in the homeless housing complexes, the balance covered by the American taxpayer.

Conveniently, local agencies and nonprofits own and manage these apartment buildings on the federal dime. The selection bias is enormous. Only the upper tier of the homeless qualify to pay the rent. Lo and behold, eligibility includes not just the actual homeless but also the applicants whom agencies and nonprofits assess to be *at risk* of becoming homeless without this program. Moreover, this assessment accepts self-certification.

These non-homeless can readily pay the tenant portion of the rent and the agencies and nonprofits select them to be housed. The program intended for the homeless becomes another public housing program for the non-homeless. Federal subsidies pay local agencies and nonprofits to carry out this diversion of resources and keep the majority of the homeless on the streets.

Throwing more money at this policy failure is pointless. Already in California, the cost runs up to \$40,000 a year per shelter bed. One can rent an apartment in San Francisco or a house elsewhere for this price. Rechanneling resources to directly house the homeless in adult foster care would save public health and money.

According to the US Interagency Council on Homelessness, the average cost of the homeless person to taxpayers runs in the range of \$30,000 to \$50,000 a year in federal, state, and local funding. This runs higher than the US median wage of \$38,000 and the median income per adult person of





***TIME TO MOVE: Tents occupy part of Skid Row in Los Angeles. America's homelessness problem persists—and in many places is growing worse—because of a mismatch between government objectives and the incentives offered to recipients.*** [Mike Blake—Reuters]

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about \$33,000 in 2018. In other words, half of the US adult population lives on less than is spent on the average homeless person. And this does not include the private costs of falling public sanitation and quality of life to businesses and residents.

The cost of adult foster care to taxpayers would amount to \$25,000 to \$30,000 per person a year. This includes \$7,000 for Medicaid, \$3,000 for mental and substance abuse treatment, \$3,000 for food, \$5,000 for room (half of what the government contributes in rent support in single units), and \$7,000 to \$12,000 in the caregiver fee, depending on each case.

Not cheap, but much cheaper than the current public cost, and it should eradicate homelessness instead of perpetuating it. The fee of \$7,000 to \$12,000 per person when housing six people would provide an income of \$42,000 to \$72,000 to the caregiver, a healthy life to the tenants, and a physical, fiscal, and moral relief to the public.

For the best results, there should be a tripartite contract among government agencies, private caregivers, and the housed homeless who become

clients. Living conditions, the degree of care, terms, mutual responsibilities, fees, penalties, and so on should be specified, including on matters of substance abuse rehabilitation and psychiatric treatment.

The tripartite contract would ensure double control by the paying government and the clients. Bidding for foster-caregiver contracts would be competitive. Relatives who had abandoned their kin to the streets could now join the ranks of compensated caregivers and compete for their precedence over professional strangers. Competitive bidding and the tripartite contracts would help find the best match between specialized caregivers and clients with specific needs. Differential fees by case would eliminate selection bias. The hardest clients, not just the easiest, would find homes. Families who had fallen onto hard times would especially benefit.

The homeless who are employed, some 20 percent of the total, or who would find jobs thanks to being housed could choose to pay extra for better accommodations. Caregivers should receive a bonus for each client lifted towards self-reliance.

## **WORKING TOGETHER**

The role of government agencies is to ensure that public money is well spent and that there is minimal fraud and zero abuse. An Airbnb-type coordinated network of caregivers might emerge and enhance this accountability. Clients would apply from public library computers, caregivers with vacancies would respond, and government agencies would administer the contract.

Market incentives would send foster caregivers to the streets to pick up clients, bring them to the local agency offices to sign a contract, and take them off the streets to a new home, for the good of all. ■

*Special to the Hoover Digest.*



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# 9/11: Look Back and Learn

**Spy agencies failed spectacularly to predict the 2001 terrorist attacks, and today the threats have grown worse. Our intelligence apparatus needs radical reinvention.**

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**By Amy B. Zegart**

**M**ore than eighteen years ago, Al-Qaeda operatives hijacked planes, toppled buildings, terrified an entire nation, and killed nearly three thousand innocents. That the elaborate 9/11 plot went undetected will forever be remembered as one of the intelligence community's worst failures. For many US intelligence officials, memories of that day remain fresh, searing, and personal. Still hanging over the entrance to the CIA's Counterterrorism Center is a sign that reads, "Today is September 12, 2001." It's a daily reminder of the agency's determination to prevent future attacks—but also of the horrifying costs when intelligence agencies adapt too slowly to emerging threats.

For a decade after the Soviet Union's collapse, the CIA and the FBI were mired in Cold War structures, priorities, processes, and cultures even as the danger of terrorism grew. My research has shown that even though many

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inside and outside US intelligence agencies saw the terrorist threat coming and pressed for change years earlier, they could not get the necessary reforms enacted. The shock of 9/11 finally forced a reckoning—one that led to a string of counterterrorism successes, from foiled plots to the operation against Osama bin Laden.

But now, nearly two decades later, America's seventeen intelligence agencies need to reinvent themselves once more, this time in response to an unprecedented number of breakthrough technologies that are transforming societies, politics, commerce, and the very nature of international conflict.

## **NO MORE SURPRISES**

As former CIA deputy director Michael Morell and I wrote in *Foreign Affairs* last year, the threat landscape is changing dramatically—just as it did after the Cold War—and not because of a single emerging terrorist group or a rising nation-state. Advances in artificial intelligence, open-source Internet-based computing, biotechnology, satellite miniaturization, and a host of other fields are giving adversaries new capabilities; eroding America's intelligence lead; and placing even greater demands on intelligence agencies to separate truth from deception. But the US intelligence community is not responding quickly enough to these technological changes and the challenges they are unleashing.

Although 9/11 was a surprise, it should not have been. In the preceding decade, a dozen high-profile blue-ribbon commissions, think tank studies, and government reports had all sounded the alarm, warning about the grave new threat of terrorism and recommending urgent and far-reaching intelligence reforms to tackle it. As I documented in my book *Spying Blind: The CIA, the FBI, and the Origins of 9/11*, those studies issued a total of 340 recommendations that focused on crucial intelligence shortcomings such as coordination problems, human-intelligence weaknesses, and poor information sharing within and across agencies. These were exactly the same weaknesses the 9/11 Commission ultimately identified.

Yet before the attacks, almost none of the recommendations had been fully implemented. The overwhelming majority, 268 to be exact, produced no action at all—not even a phone call, a memo, or a meeting. Nine months before the attacks, the bipartisan Hart–Rudman Commission, which conducted the most comprehensive assessment of US national-security challenges since the Cold War's end, correctly predicted that America's institutional deficiencies had left the nation exceptionally vulnerable to a catastrophic terrorist attack. But these and other external calls for reform went nowhere.

Reform efforts inside the FBI and CIA failed, too. Although intelligence officials repeatedly warned executive-branch leaders and Congress about the terrorist threat in reports and unclassified hearings starting as early as 1994, intelligence agencies failed to overhaul themselves to better identify and stop looming terrorist dangers. The FBI, for example, declared terrorism its number one priority back in 1998. Within months, the embassy bombings in Kenya and Tanzania made Al-Qaeda a household name in the United States. But by 9/11, the FBI was still devoting only 6 percent of its personnel to counterterrorism issues.

Between 1998 and 2001, counterterrorism spending remained flat, 76 percent of all field agents continued to work on criminal cases unrelated to terrorism, the number of special agents working international terrorism cases actually declined, and field agents were often diverted from counterterrorism

and intelligence work to cover major criminal cases. A 2002 internal FBI study found that two-thirds of the bureau's analysts—the people who were supposed to connect

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***Hanging over the entrance to the CIA's Counterterrorism Center is a sign that reads, "Today is September 12, 2001."***

the dots across leads and cases—were unqualified to do their jobs. And just weeks before the 9/11 attacks, a highly classified internal review of the FBI's counterterrorism capabilities gave failing grades to every one of the bureau's fifty-six US field offices.

Meanwhile, CIA Director George Tenet labored mightily to get more than a dozen US intelligence agencies to work better together, but he faced resistance at every turn. Tenet couldn't even succeed in getting agencies to use the same badges to enable easier access to one another's buildings. Counterterrorism efforts remained scattered across forty-six different organizations without a central strategy, budget, or coordinating mechanism.

## **TWENTY-THREE LOST CHANCES**

In the run-up to the attacks, the CIA and FBI had twenty-three opportunities to penetrate and possibly stop the 9/11 plot. They missed all twenty-three, for one overriding reason: both agencies were operating as they previously had in a bygone era that gave terrorism low priority and kept information marooned in different parts of the bureaucracy.

For months, the CIA sat on information indicating that two suspected high-level Al-Qaeda operatives were probably inside the United States. Why didn't anyone tell the FBI? In large part because the CIA had never been in the

habit of notifying the FBI about suspected Al-Qaeda operatives before. There was no formal training program or well-honed process for putting potential terrorists on a watch list or notifying other agencies about them once they entered the country.

And when the agency finally did tell the FBI about these two suspected terror-

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***Deception has always been part of espionage and warfare—but not like this.***

ists nineteen days before 9/11, the bureau's manhunt for them was labeled "routine," assigned to a single office, and given to a junior agent who had just finished his rookie year and had never led an intelligence investigation before. This, too, wasn't a mistake. It was standard practice. For the FBI's entire history, catching perpetrators of past crimes was far more important than stopping a potential future disaster.

We now know that these two hijackers, Khalid al-Mihdhar and Nawaf al-Hazmi, were hiding in plain sight, using their real names in everything from the San Diego telephone directory to their bank accounts and travel documents; living for a while with an FBI informant; and contacting several targets of past and ongoing FBI counterterrorism investigations. All of this was unknown to the FBI before 9/11.

Today's threat landscape is vastly more complex than it was in 2001. Terrorists are one item on a long list of concerns, including escalating competition and conflict with Russia and China, rising nuclear risks in North Korea, Iran, India, and Pakistan, roiling instability in the Middle East, and authoritarians on the march around the world. Supercharging all these threats are new technologies that are accelerating the spread of information on an enormous scale and making intelligence both far more important and more challenging.

Now, as in the run-up to 9/11, early indicators of the coming world are evident, and the imperative for intelligence reform is clear. The first breakdown of this new era has already occurred: the intelligence community's failure to quickly or fully understand Russia's weaponization of social media in the 2016 American presidential election. Before the election, intelligence agencies did not clearly grasp what was happening. Since the election, the revelations keep getting worse. We now know that Russia's social-media influence operation started in 2014, possibly earlier, and included the dispatch of Russian intelligence operatives to the United States to study how to maximize the effectiveness of Moscow's social-media campaign to divide Americans and give one presidential candidate an advantage over another.



We also know that Russia's deception efforts in 2016 are already looking primitive in comparison with what's to come. Thanks to advances in artificial intelligence, "deep fake" photographs, videos, and audios are becoming highly realistic, difficult to authenticate, widely available, and easy to use. Just last year, the *Wall Street Journal* reported the first known use of deep fake audio to impersonate a voice in a cyber heist. An executive at a British-based energy firm thought he was talking to his boss when in reality it was a digital imitation, right down to the lilt and slight German accent. The fraudulent call resulted in the transfer of \$243,000.

The potential for deep fake deceptions in global politics gets scary very quickly. Imagine a realistic-seeming video showing an invasion, or a clandestine nuclear program, or policy makers discussing how to rig an election. Soon, even seeing won't be believing. Deception has always been part of espionage and warfare, but not like this.

Meanwhile, old methods of intelligence gathering are now being democratized. Spying used to be expensive and exclusive; when satellites that inter-

cepted signals and images from space took billions of dollars and tremendous know-how to operate, the United States could afford to maintain a clear tech-

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***When 9/11 took place, the FBI was still devoting only 6 percent of its personnel to counterterrorism issues.***

nological advantage. Now space is becoming commercialized, with satellites so cheap that middle-schoolers can launch them. Secrets, while still important, aren't what they used to be: when Russia invaded Ukraine, the best intelligence came from social-media photos posted by the troops. And when US Navy SEALs raided Osama bin Laden's compound in Pakistan, a local resident heard funny noises and inadvertently ended up live-tweeting the operation.

As in the 1990s, many in the intelligence community are sounding alarms and trying to make changes. A 2018 report by Michael Brown and Pavneet Singh of the Defense Innovation Unit warned that China's venture-capital investment in key American start-up companies was designed to give China the edge in technologies for commercial and military advantage. In a report last year, Dan Coats, then the director of national intelligence, told Congress, "For 2019 and beyond, the innovations that drive military and economic competitiveness will increasingly originate outside the United States, as the overall US lead in science and technology shrinks; the capability gap between commercial and military technologies evaporates; and foreign actors increase their efforts to acquire top talent, companies, data, and intellectual property via licit and illicit means."

## WHOLESALE REVISIONS

We are seeing the initial stirrings of reform. Congress created a National Security Commission on Artificial Intelligence, led by former Google parent-company chairman Eric Schmidt and former deputy secretary of defense Robert O. Work, to “consider the methods and means necessary to advance the development of artificial intelligence, machine learning, and associated technologies by the United States to comprehensively address the national security and defense needs of the United States.” (Full disclosure: I am a special adviser to the commission.) And inside the intelligence community, there’s a new directorate for digital innovation in the CIA, new artificial-intelligence initiatives in the National Geospatial-Intelligence Agency, and new cloud-computing efforts in the National Security Agency.

But these efforts are nowhere near enough. What’s missing is a wholesale reimagining of intelligence for a new technological era. In the past, intelligence advantage went to the side that collected better secrets, created better technical platforms (such as billion-dollar spy satellites), and recruited better analysts to outsmart the other side. In the future, intelligence will increasingly rely on open information collected by anyone, advanced code and platforms that can be accessed online for cheap or for free, and algorithms that can process huge amounts of data faster and better than humans.

This is a new world. The US intelligence community needs a serious strategic effort to identify how American intelligence agencies can gain and sustain the edge while safeguarding civil liberties in a radically different technological landscape. The director of national intelligence should be leading that effort—but after Coats’s resignation, that job has yet to be permanently filled.

Years ago, one former intelligence official ruefully told me that his chief worry was: “By the time we master the Al-Qaeda problem, will Al-Qaeda *be* the problem?” He was right. ■

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# *Liberated in Name Only*

**The People's Republic of China's seventieth anniversary was a hollow celebration.**

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**By Frank Dikötter**

**L**ast fall the Chinese Communist Party celebrated the seventieth anniversary of the founding of the People's Republic of China, an event referred to by the government as a liberation. It was a liberation that plunged the country into decades of Maoist cruelty and chaos.

China today, for any visitor who remembers the country from twenty or thirty years ago, seems hardly recognizable. One of the government's greatest accomplishments is to have distanced itself so successfully from the Mao era that it seems almost erased. Instead of collective poverty and marching Red Guards, there are skyscrapers, new airports, highways, railway stations, and bullet trains. Yet scratch the glimmering surface and the iron underpinnings of the one-party state become apparent. They have barely changed since 1949, despite all the

## **Key points**

» China, despite glittering appearances, is still a country in chains.

» Before the communist revolution the Republic of China was a beacon of democracy in many parts of Asia.

» China's quest to forge a national army of "New People" led to many millions of dead people.

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talk about “reform and opening up.” The legacy of liberation is a country still in chains.

Just what was China liberated from in 1949? It wasn’t the Japanese, defeated four years earlier by the Allies, including the Nationalists and their leader, Chiang Kai-shek. It wasn’t colonialism—all the foreign concessions in the country had been dissolved, some as early as 1929. The Republic of China was a sovereign state and a permanent member of the UN Security Council.

Nor was it tyranny. In 1912, when China became Asia’s first republic, it

had an electorate of forty million people, or 10 percent of the population, a level of popular representation not reached by Japan until 1928 and India until 1935. Participatory politics, despite many setbacks, continued to thrive over the following decades. When the National Assembly met in May 1948, upwards of fourteen hundred delegates from all parts of China adopted a constitution that contained an elaborate bill of rights.

In many parts of Asia, the Republic of China was seen as a beacon of democracy, not least because of its sustained efforts to separate powers and establish an independent judicial system and promote the rule of law. Freedom of speech may have been curtailed by local strongmen, but *Ta Kung Pao*, China’s most important newspaper before 1949, regularly lambasted Chiang. Freedom of association was vigorously defended and led to a thriving civil society, with endless associations set up independently from the government, from imposing chambers of commerce to student unions.

China, before 1949, was more closely integrated into the global community than it is now. Several bilingual lawyers became judges at the International Court of Justice in The Hague, while educated professionals were able to match their foreign peers in many other fields, ranging from avionics to zoology. But ordinary people, too, were familiar with the world beyond their community, as illustrated magazines and radio programs disseminated information about every aspect of the modern world, whether new agricultural techniques or the fluctuating price of silk on the international market. Freedom of religion was taken for granted.

## **CULLING THE “NEW PEOPLE”**

The term “liberation” brings to mind cheering crowds celebrating newly won freedoms, but what happened in 1949 was the result of a long and bloody

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***Scratch China’s surface and the iron underpinnings of the one-party state become apparent.***



***RED FLAG: A gala takes place in Beijing's Tiananmen Square as part of communist China's seventieth anniversary celebration. For all the pageantry, the government's promises of equality, justice, and freedom remain unfulfilled.*** [Li Xiang—Chine Nouvelle]

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military conquest. After 1945, the Americans abandoned their wartime ally Chiang and the Nationalists, while Josef Stalin occupied Manchuria and helped Mao Zedong turn his ragtag army of guerrilla fighters into a formidable war machine.

By 1948, the Communists had begun to lay siege to one city after another, starving them into surrender. Changchun, in the middle of the vast Manchurian plain north of the Great Wall of China, was blockaded for five months in 1948. The city fell after 160,000 civilians died of hunger. Unwilling to undergo the same fate, other cities capitulated soon afterward. By the end of 1949, the red flag was raised over the Forbidden City in Beijing.

During the following years, a newly conquered public had to turn themselves into what the Communists called “New People.” They went to re-education centers to learn the right answers, the right ideas, and the right slogans. Many of those deemed beyond redemption were slaughtered in an initial Great Terror that claimed some two million lives between 1949 and 1952, as victims were shot in public rallies held in stadiums or executed far

away from the public eye, along rivers and ravines. In a meticulously drafted report preserved in the vaults of the Communist Party archives, Public Security Minister Luo Ruiqing proudly announced in August 1952 to Mao that 301,800 people had been executed in one year in a mere six provinces.

All organizations operating outside the party—religious communities, charitable organizations, study societies, independent chambers of commerce, civil associations—were eliminated within a few years. By 1956, all private enterprises had been expropriated. In the countryside, the land was collectivized, while villagers lost their freedom of movement and were obliged to sell the grain to the state at government-mandated prices.

In 1958, people in the countryside were herded into huge collectives called “people’s communes,” modeled on the army with collective can-

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***Before 1949, China was more closely integrated into the global community than it is now.***

teens and collective dormitories. Mao was convinced that by turning every villager into a foot soldier in one giant army, to be deployed day and night to transform the economy, he could catapult his country into the future. His experiment was called the Great Leap Forward, but it was a disaster as tens of millions of people, reduced to the status of bonded servants, were worked, beaten, and starved to death.

The catastrophe of the Great Leap Forward undermined Mao’s standing among his colleagues. His answer was to launch the Cultural Revolution in 1966, unleashing the Red Guards on all those suspected of harboring doubts about his leadership. Ten years of chaos ensued, with endless campaigns in which people were forced to denounce family, friends, and colleagues.

By the time Mao died in 1976, living standards for the population were lower than in 1949.

## **THE PARTY DIGS IN**

Hundreds of millions of people, it has often been claimed, were lifted out of poverty by the Chinese Communist Party after Deng Xiaoping came to power in 1979. But it is the people who lifted themselves out of poverty after having been stripped of their land and property, deprived of their most basic freedoms, impoverished, beaten, and starved during three decades of forced collectivization. The Cultural Revolution severely battered the ranks of the Communist Party, and villagers everywhere used the opportunity to quietly reconnect with the past as they opened black markets, shared out collective





***LONG MARCH: A 1950 Chinese postage stamp shows Mao Zedong shaking hands with Josef Stalin in front of a map of Europe and Asia. Stalin helped Mao turn his communist forces into a formidable military machine.***

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assets, took back the land, and opened underground factories. Well before Deng came to power, large parts of the countryside had already abandoned the planned economy.

But the limited economic freedoms wrenched from the state by ordinary villagers came without significant political reform. After the chaos of the Cultural Revolution, the party became more determined than ever not to give up its monopoly on power. Deng explicitly ruled out the separation of powers, including the idea of free elections.

The party used economic growth to rebuild itself. Over the next couple of decades, relative economic freedoms came hand in hand with a determined suppression of every basic political aspiration. The institutions on which the party has relied to impose its will since 1949 have been spruced up over the decades.

There is the massive Propaganda Department, which has not changed its Chinese name or its mission since 1949, although it is now conveniently translated into English as the “Publicity Department.”

There is the Ministry of Public Security, which concentrates on repressing the public, and the Ministry of State Security, which concentrates on controlling party members, two behemoths that reach all the way down to every household. There is the National Bureau of Statistics, which told the world about the miracle of the Great Leap Forward in 1958 and continues to produce the numbers required by the party. And then, of course, there is the People's Liberation Army (PLA). Like most organizations in the People's Republic that invoke the people, the PLA is the exclusive instrument of the party.

In the first years of the People's Republic, Mao successfully eliminated all organizations outside the party's umbrella, making sure the Chinese Communist Party was the unrivaled master of all of the country's resources. That situation has not substantially changed, as the party remains in a position of exclusive power to extract wealth from its population. The land belongs to the state, the banks belong to the state, industry belongs to the state, and most large enterprises and companies belong to the state or are controlled indirectly by the state.

Since there is no separation of powers, there is no independent judiciary capable of protecting private property. According to the constitution, so-called "socialist public property" is "inviolable," unlike private property.

Even billionaires are unable to protect their assets, except by shipping them out of the country, as we saw a few years ago before capi-

tal controls were reinforced. Occasionally one or two billionaires disappear from view, such as the financier Xiao Jianhua two years ago, while the others scramble to prove their loyalty to the party.

During the past forty years, ideas, goods, and people have been allowed to flow out of China in endless quantities but apparently not the other way around. "Reform and opening up," it turns out, is more like a screen or a turnstile used to insulate the country from the outside world. Take, for instance, the number of foreigners who reside in China. A hundred years ago, there were some 350,000 of them, or close to 0.1 percent of the overall population. The number today is closer to 0.05 percent. By comparison, it is 0.2 percent in North Korea.

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***The massive Propaganda Department has not changed its Chinese name or its mission since 1949, although it is now conveniently translated into English as the "Publicity Department."***

A one-party state is good at giving the appearance of stability during periods of economic crisis. But the government appears unable, or unwilling,

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***By the time Mao died in 1976, living standards for the population were lower than in 1949.***

to grant its promises of equality, justice, and freedom that it proclaimed—although never fulfilled—seventy years ago on October 1, 1949. It seems to know only one standard response to a whole range of political aspirations from its huge and very diverse population, namely repression. As it swats left, right, and center, it looks increasingly as if it has reached a dead end. ■

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# The “Asian Century”—Over So Soon?

**Amid trade tensions and geopolitical frictions, relations between the United States and China have taken a twist. But that twist creates opportunities for the United States—and for human rights.**

**By Michael R. Auslin**

**T**he air forces of four of Asia’s leading powers nearly came to blows in the skies over the Sea of Japan, or East Sea, last summer. As Russia and China conducted their first joint aerial patrol, South Korean fighters fired more than three hundred warning shots at a Russian

## **Key points**

- » Disruption and sluggishness characterize Asian economies.
- » Political stability in Asia is tenuous, even in democratic nations.
- » US policy makers bet, wrongly, that China’s economic modernization and rise would lead to an era of prosperity and cooperation.
- » America can still play a role in shaping more openness and freedom in Asia.

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command-and-control aircraft that had crossed into South Korea's air defense identification zone. Meanwhile, Japanese fighters scrambled in case Japanese territory came under fire.

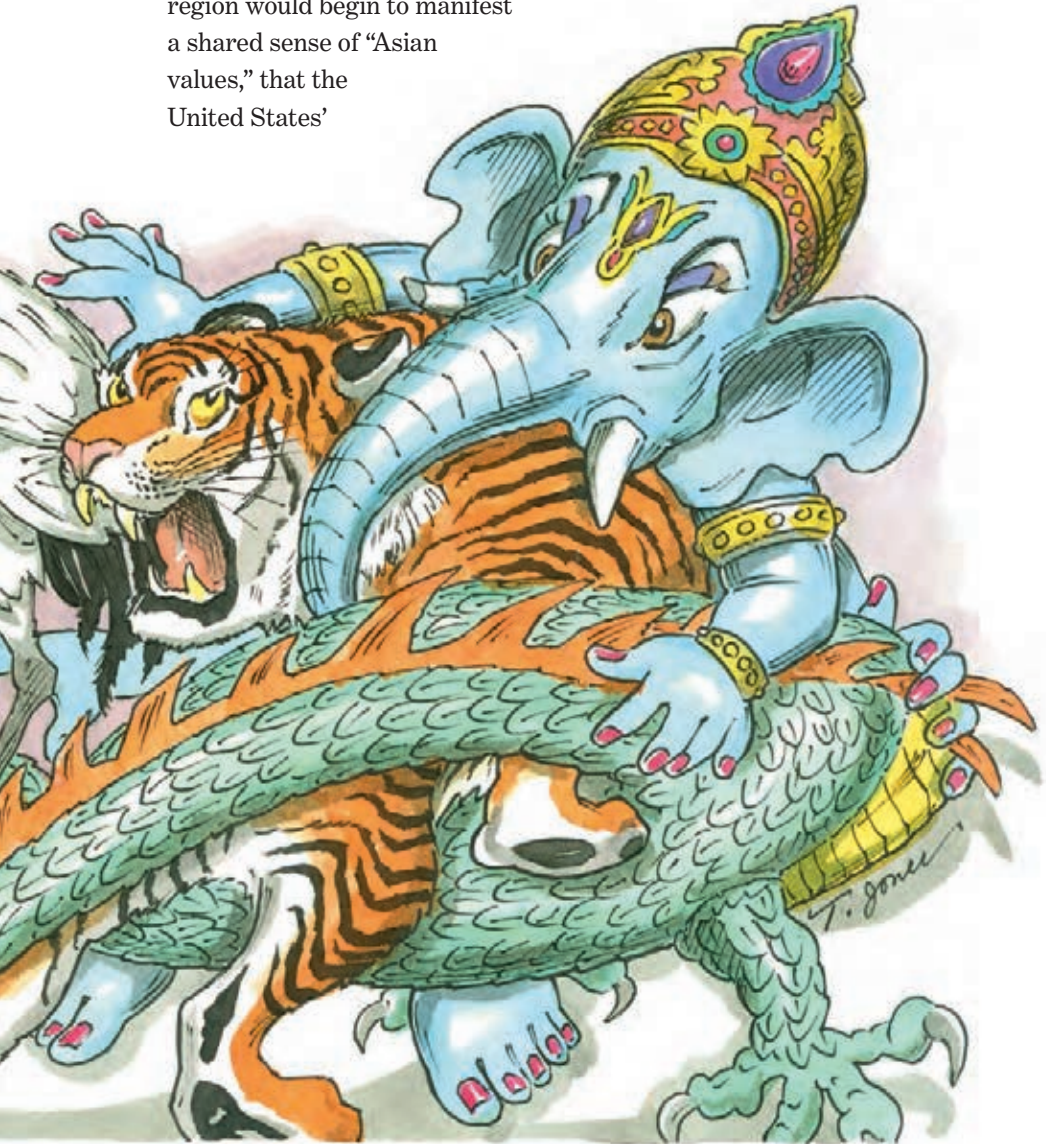
The encounter was just one more reminder of the risks that threaten peace in the Indo-Pacific—and that the “Asian century,” once heralded by writers



[Taylor Jones—for the *Hoover Digest*]

such as Kishore Mahbubani and Martin Jacques, is ending far faster than anyone could have predicted. Amid a dramatically slowing Chinese economy, showdowns over democracy in Hong Kong, and a new cold war between Japan and South Korea, the dynamism that was supposed to propel the region into a glorious future seems to be falling apart.

Asia's geopolitical turbulence has been long in the making. In fact, the region's weaknesses were for decades ignored by those certain that China would dominate the world, that the region would begin to manifest a shared sense of "Asian values," that the United States'





influence was on the wane, and that the global future would be determined more in Beijing and New Delhi than in Washington. But underneath the region's glittering new cities, the foundations of its rise were already beginning to crack.

Enter an earthquake. President Trump's trade war with Beijing, including 25 percent tariffs on nearly half of China's exports to the United States, accelerated China's economic decline. The country's growth rate as of last summer was the slowest in nearly three decades, since its economy took off in the early 1990s. Even if the 6.2 percent growth figure can be trusted, it reveals not only the effect of Trump's trade actions but also the general weakness of an economy in which meaningful reform has stalled and inefficiencies are as prevalent as ever.

China's exports to America have collapsed. Its exports to the rest of the world have shrunk, too. Meanwhile, dozens of major companies, from Google to Dell, are reducing or eliminating their production in China, exacerbating the slowdown and reshaping global supply chains. Worse for China's economic future, perhaps, is a recent report that the country's total debt, from corporations, households, and the government, now tops 300 percent of GDP—and much of it is caught up in opaque and complicated transactions that could become a ticking time bomb.

## TENSE ALL OVER

It isn't only China that faces economic travails. In developed nations such as South Korea and Japan, sluggishness continues despite years of reform, while India's once red-hot growth has halved in recent years, raising questions about how much further it can develop a middle class. Such fears are

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***Underneath the region's glittering new cities, the foundations of its rise were already beginning to crack.***

prevalent throughout Southeast Asia as well. Economics are just part of the problem. China's ongoing attempts to squeeze Hong Kong and Taiwan's democracies reveal just how tenuous political stability in the region really is. In Hong Kong, months of anti-China, pro-democracy protests are coming dangerously close to forcing Beijing to decide whether or not to intervene. If it deploys troops to restore order, it could lead to the bloodiest clashes since Tiananmen Square thirty years ago.

Even democracies in Asia are sailing in dangerous waters. Japan and South Korea are perilously close to a complete rupture in relations because

of Seoul's continued pressing of World War II claims through its courts. Tokyo has responded by cutting the supply of chemicals critical for Korea's electronics industry. In late 2018, Japan claimed that a South Korean naval vessel turned its fire-control radar on a Japanese patrol aircraft, nearly precipitating a military crisis. Meanwhile, Vietnam is facing off against China over oil exploration in the South China Sea, with maritime vessels shadowing and intimidating each other.

Conflicts in the region are also threatening security around the world. Despite three rounds of presidential summits, North Korea remains a nuclear-capable state that is also engaged in online offensives around the world.

The global battle over civil liberties is also tilting toward greater state control, in part through China's perfection of high-tech

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***A recent report says China's total debt from corporations, households, and the government tops 300 percent of GDP.***

surveillance systems that it is keen to export, even to Western democracies. Many believe that Huawei, among other Chinese companies, is a security risk for any nation adopting its technology. And the FBI has warned that China is the greatest espionage threat to the United States, on campuses, in Washington, and in major corporations.

US policy makers bet that China's economic modernization and peaceful rise would lead to an era of global prosperity and cooperation, linking advanced economies in Asia with consumers in the United States, Europe, and elsewhere. That was wrong. Similarly, years of attempts to bring US allies Japan and South Korea closer together have foundered. It is time for a reconsideration of Asia's future.

## **THE FUTURE WON'T BE ASIAN**

As Asia's troubles worsen, US policy in the region will have to change. Economically weaker allies will be less capable of helping the United States maintain security, and increasing nationalism will test regional cooperation, making it harder to maintain stability. At worst, US forces could potentially be drawn into any regional armed conflict, especially if American allies are involved.

But in crisis is also opportunity. Above all, China's economic slowdown, increasing repression at home, and threatening behavior in the South China Sea and elsewhere are making Asian nations warier of Beijing than ever before.

Washington should unabashedly offer an economic alternative, such as greater development aid and fair bilateral trade with strategic nations. Along with allies like Australia and Japan and partners like India, Washington

should try to build a maritime alliance of interests that more closely links together regional navies and coast guards with

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***The United States can still play a major role in shaping Asia's future toward further openness and stability.***

US and allied forces. Secretary of State Mike Pompeo's new Commission on Unalienable Rights, which focuses on the role of human rights in US foreign policy, offers another potential building block for a community of like-minded nations throughout the Indo-Pacific.

Contrary to popular opinion, the future won't be Asian. Too many of the region's key indicators are trending in the wrong direction. Facing deep and enduring problems, Asia's peoples will struggle to create better lives, and governments will find their capabilities taxed by structural weaknesses and diplomatic disputes.

In the long run, Asia will see ups and downs in growth and periods of cooperation alternating with crisis—just like everywhere else. Far from being the only global leaders, Asian governments and businesses will eagerly look for new ideas and reforms from more successful regions around the world. However, by sailing against the prevailing winds, the United States can play a major role in shaping Asia's future toward further openness and stability, working with willing partners and the millions of people who long for a freer and more prosperous region. ■

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# Tehran Won't Disarm

**Iran's strategic ambitions depend on its threat to get the bomb—or “almost a bomb.” America won't go to war to prevent this from happening, and Tehran knows it.**

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**By Josef Joffe**

**I**t all started with our good friend, the shah of Iran, who installed a small US-supplied research reactor in 1967. Seven years later, he ordered four power reactors from Germany's Siemens/AEG. He then proceeded to put together a complete fuel cycle from gaseous diffusion of uranium to enrichment, plus plutonium reprocessing (which is the other way to the bomb). It was all for electricity generation, of course—in a country that was awash in oil.

In 1974, Shah Reza Pahlavi confided to *Le Monde*: “Sooner than is believed,” Iran will have “a nuclear bomb.” US watchdogs concurred. The gargantuan power program of twenty-three gigawatts would be capable of churning out enough bomb-grade material for up to seven hundred warheads per year—a wild-eyed prediction, but grim enough to concentrate minds.

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Megalomania played a role, yes. Like Persia's ancient kings, the "shah of shahs" would thrust Iran to the "gates of the great civilizations." Add almost unlimited funds from oil, the price of which had soared twelvefold in the Seventies. But also count the threats all around: Iraq, an archenemy, lurked next door; the Soviet Union cast its shadow southward; in the East, India had exploded its first nuclear device in 1974, and Pakistan would surely follow.

The point of this brief tale is that geography beats ideology in the state system. So after the shah fell and the Khomeinists took over, revolutionary



[Taylor Jones—for the *Hoover Digest*]

fervor merely compounded the logic of Reza Pahlavi's realpolitik. It is bruited about that Ayatollah Khomeini had issued a fatwa against all things nuclear after toppling the shah's regime in 1979. If so, the injunction had a very short shelf life. Iraq attacked Iran in 1980, launching the longest war in the modern Middle East, a war that may have caused a million deaths by its end in 1988.

Fatwa or not, this was the point where the servants of Allah smoothly resumed the path laid out by the godless US "lackey" Reza Pahlavi. Nukes were to deter Saddam Hussein once and for all. Saddam, according to the Duelfer Report in the aftermath of the US invasion in 2003, had gone for a mirror strategy, reaching for nukes to cow the shah and then the ayatollah. Iran was the target, not Israel.

## THE BOMB'S NEW TARGET

With Saddam gone, the Khomeinists found an even better reason to accelerate their nuclear arms program. Now the purpose was to deter the Great Satan. Throwing its weight around after the demise of the Soviet Union, the United States had invaded Iraq in 1990 and Afghanistan after 9/11. To boot, Iranian nukes would intimidate the Little Satan, Israel. And as a geopolitical bonus, the nukes would also extend an umbrella over Iran's revolutionary expansionism. First, Iran would sink roots in Iraq, a bulwark the United States had conveniently leveled. Then, in a pincer movement, it would supply Hezbollah in Lebanon and Hamas in Gaza to encircle Israel. Thus Tehran would buy itself a

border on the Mediterranean. After 2011, the Revolutionary Guards completed the land bridge to the Levant by digging in in Syria.

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***After the shah fell and the Khomeinists took over, revolutionary fervor only compounded the logic of the nuclear pursuit.***

Nukes deliver not only existential deterrence, but also indirect benefits for the offense. You want to expel us from the Levant, Syria, and Yemen by attacking us conventionally? Or you want to topple our regime? Think again. If driven to desperation, if we have nothing to lose, we can at least inflict cosmic damage on you. And even far short of such an apocalypse, Iranian nukes will at least overawe local adversaries like Israel or Saudi Arabia.





The point is that nuclear weapons are useful. What the shah began, Allah's revolutionaries have been assiduously perfecting. So why ever give up such a valuable asset—one that provides both life insurance and an umbrella for domination, while also yielding a status bonus on the side?

If President Trump wants to make good on his warning that Iran will “never have a nuclear weapon,” he will have to go to war. Sanctions will not work, even though Iranian oil exports have dwindled to four hundred thousand barrels a day, as opposed to the historical average of three million. Iran is being cut off from the international financial system. Inflation, unemployment, and shortages are soaring. Yet recall that economic warfare immiser-

ates the people, not the regime or the military.

The regime will stay on top, having eliminated every opposition group since 1979. Nazi Germany

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***For all the benefits nuclear weapons have for Tehran, there is the paradox of caution.***

suffered the worst sanctions ever, the obliteration of its cities and industries, yet an effective revolt did not ensue. It took the Red Army conquering every square foot of Berlin before Hitler committed suicide.

Tehran suspended its nuclear program only briefly in response to pressure. After “Mission Accomplished” in April 2003, the regime must have felt truly shaken, given America's victorious war machine next door. But soon enough, Iran's rulers realized how vulnerable George Bush's army was, especially once the insurgency started in November. Since then, they have learned that Obama's and Trump's America were almost all bark and little bite. Indeed, Trump is more likely to stop tweeting than to start a real war in the Middle East.

But a real war would be necessary to defang a nuclearizing Iran. Symbolically dropping a few bombs would not be enough. First, you would need to destroy the country's air defense network and its command-and-control nodes. Second, you would have to obliterate the Iranian air and missile forces. Finally, you would have to flatten coastal batteries and sink the naval forces that threaten tanker traffic in the Gulf. And before hostilities even begin, you would want to position plenty of soldiers and hardware to deter or defeat “asymmetric warfare,” against, say, Saudi Arabia or Israel. (Hezbollah might rain thousands of missiles on the Jewish state.)



With all this accomplished, on to the nuclear sites—about fifty of them. Iran has acted according to the principle “hide, harden, and hoard.” Some locations are unknown to outsiders. Others, as in Fordo, are protected by two hundred feet of rock. Others still are located in Tehran or Isfahan, in large population centers implying vast civilian casualties and thus deterring attack. Finally, the target list is swelled by multiple redundancies. The task would be a hundred times more difficult than the Israeli in-and-out forays against Iraq’s Osirak reactor in 1982 and Syria’s Al-Kibar installation in 2007.

Having promised “no more war” in the Middle East, Trump is not likely to launch the kind of campaign needed to annihilate Iran’s vast nuclear network. Neither would Israel, despite its fearsome rhetoric. The United States can, but won’t; Israel, for all its clout, would want to, but can’t.

And alas, the Iranians know it.

## STOPPING SHORT

What upside can there possibly be to all of this?

What follows is speculation, though rooted in history. Recall that the Iranian program has been the longest running of all time. It has stretched over many decades

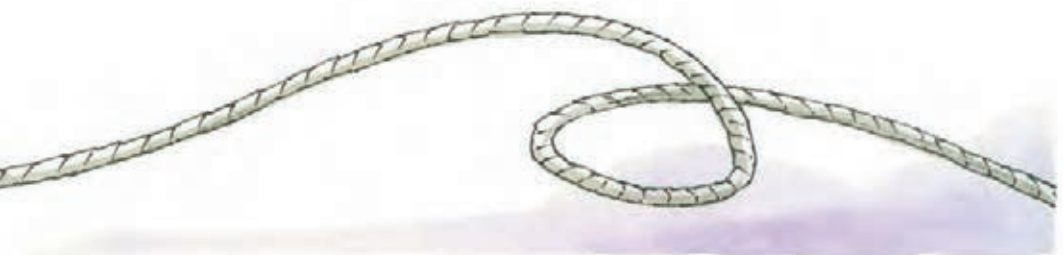
without actually producing a bomb, whereas the secret programs in Israel, India, and

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***To trumpet “no nukes, never”—  
that will not work.***

Pakistan granted these states nuclear status in relatively short order. So for all the benefits nuclear weapons have for Tehran, there is the paradox of caution. Maybe the regime has been calculating that it’s better to have an almost-bomb than the real thing. To have everything in place delivers many of the benefits of an actual force without turning Iran into a global pariah, if not a target of destruction.

If this is the case (a big if), an argument in favor of negotiations and pressures, sanctions, and incentives might follow. If these time-honored techniques fail, then take another traditional tack: alliances and containment,



elements already present in the Middle East. Behold the strategic realignment that has pushed Israel and the Sunni states into an unwritten coalition. Finally, add to the old some very new methods, like the type of offensive cyberwar practiced by the United States and Israel. The best-known in a large bag of tricks is the “Stuxnet” virus that disabled thousands of Iranian centrifuges.

But just to trumpet “no nukes, never” in the style of President Trump—that will not work. Short of massive war, the best hope rests in an array of policies like those just limned that will persuade the Iranians not to cross the threshold from an almost-nuclear power to a real one.

To disarm them requires the kind of war Trump will not unleash—not now, not in a second term. ■

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# *How to Win by Losing*

**The mullahs have their pride—and their reasons for pursuing nuclear status. America should seek careful, face-saving compromises.**

**By Abbas Milani**

A perilous impasse exists between the Trump administration's strident policy of “maximum pressure” and Iranian supreme leader Ali Khamenei's no-less-strident policy of “no negotiation” with the United States. One way out of this fraught situation is a policy that appears to be a lose-lose for both sides but is, in reality, a win-win for all sides.

The Trump administration must take a page from the diplomatic playbook of the Reagan–Shultz team in the waning days of the Cold War. There is much that connects

## **Key points**

- » The containment strategy that guided US policy during the Cold War can be applied to the Iran problem too.
- » Dealing successfully with Iran demands strategic wisdom and patience—not provocation.
- » Both sides must shun dangerous rhetoric of “obliteration” or “victory” and allow for a negotiated solution.

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Iran's current regime with the then-moribund Soviet empire. Like the Soviets, Iran is an economically weak, ideologically sclerotic regime run by septuagenarian men, punching above its weight internationally and given to bullying its own people and the international community, averse to accepting even the most obvious defeat unless it can sell it as an ideological victory at home and to its proxies.

The genius of the Shultz–Reagan strategy was the recognition of these realities and the fashioning of a policy that never involved bragging about a US success, or humiliating the “evil empire” even if that empire accepted a serious rollback on an issue.

The historic context of this policy was the containment strategy that had guided US policy toward the Soviet Union since the end of World War II.

According to that policy, the Soviet Union would die of its own incompetence and inertia, and the United States would have

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***The vision of Iranian radicals is as foolish as those of America's hawks.***

to contain and confront the regime's inexorable expansionism but also adopt strategic patience to allow for the regime to inevitably wither away under the weight of its own incompetence. All the while, the United States never lost sight of the regime's human rights abuses.

The successful end of the Cold War was due in no small measure to the result of this strategic wisdom and patience. The Reagan–Shultz policy allowed the Soviets to quixotically announce victories at home as they made serious concessions in key areas.

So far, with the exception of President Trump's announcement of his willingness to negotiate unconditionally with Iran, his administration often seems to be following a policy of not just maximum pressure but maximum humiliation. The policy is sure to fail.

## **HOW TO WALK IT BACK**

The shooting down of a drone that came dangerously close to a US vessel (Washington said it was Iranian, but Tehran denied ownership) is among the recent manifestations of the perils of the situation.

The United States has declared the Islamic Revolutionary Guard Corps (IRGC) a terrorist organization, which prompted the Iranian regime to declare US forces in the region and commanded by Central Command (CENTCOM) to be terrorists. Yet, there has been no major military confrontation because President Trump does not want a war and Khamenei can't afford one.



Iran clearly wants to negotiate, but only if allowed to sell that to its dwindling base at home, and to its proxies regionally, as a victory for the supreme leader's "wise" policy of "resistance" and "no negotiation."

When Iran accepted the nuclear deal, or JCPOA, it was, according to most experts, a serious rollback of Iran's nuclear program. Khamenei reluctantly signed on, always keeping enough distance to maintain plausible deniability.

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***Like the Soviet Union, Iran is an economically weak, ideologically sclerotic regime. It won't accept even obvious defeat unless it can sell it as an ideological victory.***

He tapped into Islamic hagiography to legitimize his decision, calling his retreat "heroic flexibility." (Soviet leaders, too, used Leninist hagiography to legitimize their compromises or defeats.) But then Khamenei's virulent

anti-Americanism kicked in. He announced that, in spite of the JCPOA, he would forbid further direct negotiations with the United States.

Washington, too, did not make it easy for American companies to engage in Iran. Some sanctions continued to exist and companies were wary of being in breach of American law; European firms became rightfully concerned that without the United States, not only the future of the nuclear deal but also the stability of Iran's markets was dubious. The reality of these obstacles, and the unfulfilled hopes resulting from them, helped pave the way for Trump's unwise unilateral withdrawal from the JCPOA.

America has its hawks, nursing unrealistic optimism about their ability to make limited surgical strikes on Iran; they think these strikes, along with a policy of "maximum pressure" on the economy, will bring about regime change, allowing them even to anoint the regime's successors.

In the Islamic Republic, too, there are radicals deluded into thinking that Trump's unwillingness to engage Iran militarily is because of his "fear" of Iran's military might; they boast about, maybe even believe in, Allah's help in such a war. They believe the regime's ability to engage in an asymmetric war of attrition—a war they believe will be expanded with the help of Iran's regional proxies—is the only shield Iran has against a possible US (or US-Israeli) military invasion. The vision of Iranian radicals is as foolish as those of America's hawks.

To avoid disaster, both sides must walk away from dangerous rhetoric of "obliteration" or "victory" and allow for a negotiated solution. Instead of a zero-sum, win-lose game, they must both accept a policy that appears to be lose-lose.

## LET CONTAINMENT WORK

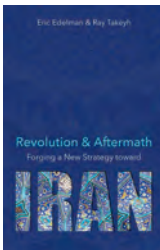
Just as with the Reagan–Shultz policy, Iran must be allowed to make concessions without being humiliated. Any such “victory” for the regime will be just as illusory as those claimed by the Soviet Union. Like the Soviet regime before it, the Islamic Republic has no credible answers to its society’s structural challenges and demands. The United States, too, must reconsider its demand that Iran cease all enrichment activities.

In the case of the Cold War, the end came only after prudent policies allowed containment to take its inexorable path and bring about the Soviets’ end. A hot war with Iran would only consolidate its most radical elements and delay the possibility of an end to the cold war that has raged between the United States and the Islamic regime for much of the past four decades. The only realistic path to the end of this standoff is a more democratic Iran, made by the people of Iran.

The large, successful Iranian diaspora can and should play an important role in the desired transition to democracy. Only in a more democratic Iran can Iranians engage in a much-needed debate about whether it is in Iran’s interest to pursue a policy of nuclear enrichment at all.

As nuclear scientist Siegfried Hecker and I have argued about a “nuclear energy program that benefits the Iranian people,” it is in Iran’s strategic interest to opt for a policy akin to South Korea’s—one that tries to master nuclear technology rather than enriching uranium. In the frenzied fear of war, and of economic anxieties resulting from crippling sanctions, no such rational discussion can even begin. ■

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# The Gig Is Up

**There's no other way to say this: California has destroyed the gig economy.**

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**By Richard A. Epstein**

California has embarked on the single most important regulatory misadventure this country has seen in many decades: redefining the obscure but critical legal distinction between an employee and an independent contractor.

The employment relationship today is subject to detailed regulation that is inapplicable to the independent contractor, who pretty much works on his or her own.

An employee receives many statutory protections, including the right to receive minimum wages and overtime, to join a union, to receive workers' compensation benefits and unemployment insurance, and to receive paid family and sick leave. None of that mandated protection comes without significant costs. It has been estimated that reclassifying Uber and Lyft drivers as employees in California alone will cost the two companies an average of \$3,625 per driver per year, for a combined annual bill of nearly \$800 million.

In 2018, the California Supreme Court in *Dynamex Operations West, Inc. v. Superior Court* forged ahead by unanimously holding that drivers who worked for a firm that supplied nationwide courier and delivery services should be

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classified by law as employees and not as independent contractors. Dynamex teed up a rough-and-tumble debate in the California legislature, which last fall one-upped its state supreme court by passing Assembly Bill 5 (AB 5), a political crusade designed to rescue workers who are “currently exploited by being misclassified as independent contractors instead of employees.” Governor Gavin Newsom signed it into law.

The scope of AB 5 goes far beyond drivers, raising the pressing question of who counts as an employee and who does not. The new law offers up the general-coverage formula articulated in *Dynamex*, requiring that all workers be classified as employees rather than independent contractors unless:

» The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.

» The person performs work that is outside the usual course of the hiring entity’s business.

» The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

The law exempted a laundry list of occupations from the general rule, including physicians, lawyers, and accountants. But this two-step approach left lingering uncertainties. Which other occupations—from tech workers to translators to cleaners—will be caught in AB 5’s net?

## **RUINOUS REGULATION**

For many companies, the independent-contractor classification is a matter of economic survival. The bill’s language of exploitation has a Marxist ring that excites the progressives

who dominate the California legislature, and these political powerbrokers behaved as though AB 5 would target only well-heeled employers

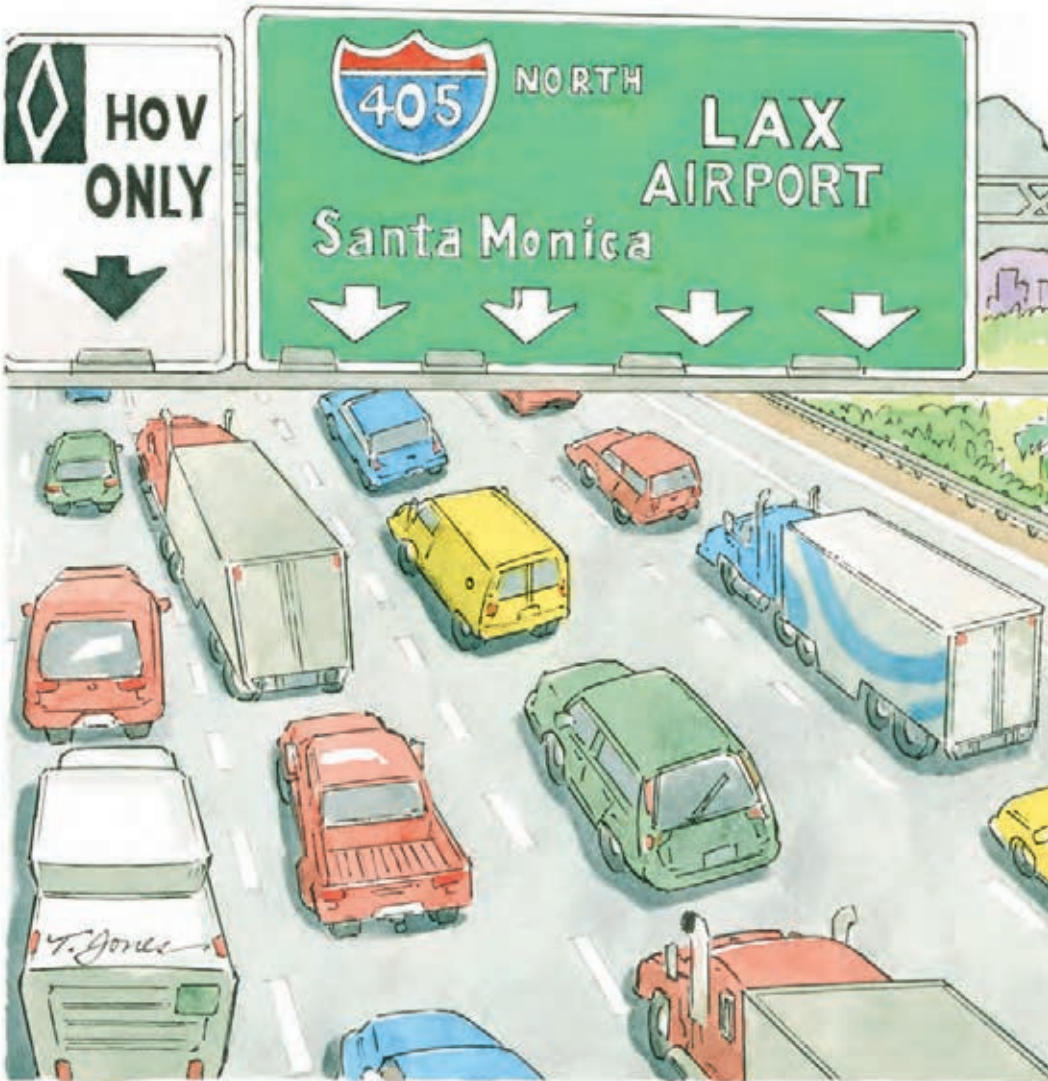
with ample resources to pay whatever the legislature demands. But many of these businesses operate on shoestring budgets in competitive industries. They have neither the extra cash to meet this new burden nor the freedom to raise prices without losing their customers. By imposing its brand of worker protectionism, AB 5 ignored the obvious response. Private firms facing economic ruin will take strong countermeasures to blunt the force of this

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***Reclassifying Uber and Lyft drivers as employees in California alone will cost the two companies an average of \$3,625 per driver per year.***

legislation. Yet they can minimize their losses only by forcing workers into deals that neither side wants or shedding these new “employees” in droves.

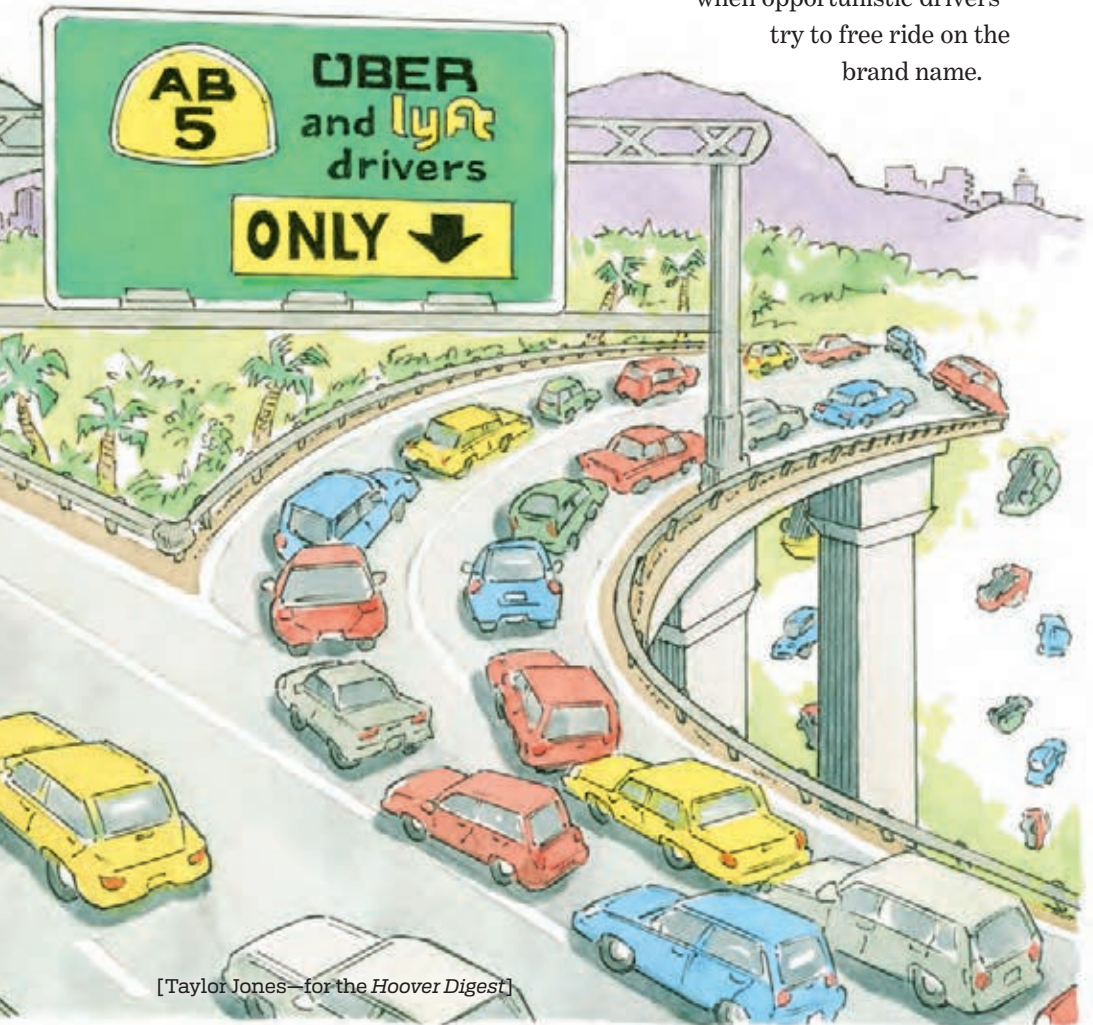
Think about the predicament of Uber and Lyft, both of which are losing billions of dollars, in part because of huge regulatory battles sapping their coffers and trashing their business models. How can they beat the rap? Legal resistance is one tactic. Uber insists that its business is “technology” and that, therefore, all drivers perform work outside its usual course of business. But it’s highly unlikely that the California Supreme Court that handed down *Dynamex* would adopt that sensible line.





Neither is it likely that Uber and Lyft will be able to show that their drivers are “free from the control and direction of the hiring entity.” Some control from the center is an absolute imperative for running these businesses. Both companies must supply their customers with strong brand protection to get potential customers to order a car, sight unseen. These companies must, therefore, set detailed rules about who can become a driver, what kinds of cars they can drive, what rides they can accept or turn down, what kind of insurance they must carry, and what fares they can charge. These rules are as much for the benefit of good and conscientious drivers as they are for Uber and Lyft. Without them, good drivers will suffer as the average quality of performance starts to decline

when opportunistic drivers try to free ride on the brand name.



[Taylor Jones—for the Hoover Digest]





***LYFT OFF: People walk past the Lyft drivers' center in Los Angeles. California's new law about contract workers is likely to be a loss for all but unions and politicians supported by unions.*** [Lucy Nicholson—Reuters]

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It should come as no surprise that prior law outside California on this topic was muddled, as courts in individual cases have refused to treat these necessary system controls as dispositive on the question of driver status. Instead, they have concluded that these drivers are independent contractors by looking at the vaunted flexibility of the arrangement, which gives drivers the right to determine when to drive, which rides to take, and when to do outside work. These choices are never given to employees, which is why so many drivers gravitate to these positions for part-time work.

The difficulty with these judicial decisions, however, is that they lack the courage of their convictions. They are willing only to make ad hoc determinations of independent-contractor status in individual cases while noting that the balance could be tipped in the other direction in the next case if certain key factors were changed. At this point, no one has any confidence about how the next Uber or Lyft case will come out, given that small differences in contract terms or practices could entirely change the analysis.

In light of the high stakes, this ad hoc approach is the road to perdition. No matter how their workers are classified, companies at a minimum must have uniform policies for their workers to manage their businesses and to avoid endless regulatory nightmares. AB 5 ends that uncertainty, albeit in the wrong way. At this point, however, the most likely consequence is that Uber and Lyft, if they are able to stay in business at all in California, will have to abandon their current business models. The Fair Labor Standards Act (FLSA) of 1938 supplied minimum-wage and overtime guarantees, but only to statutory “employees.” Yet the FLSA leaves that key term “employee” as a largely undefined term that means “any individual employed by an employer.” Not too helpful.

### **THE VIEW FROM 1938**

At this point, the writing is on the wall. Lyft has sent a message to its drivers that they “may soon be required to drive specific shifts, stick to specific areas, and drive for only a single platform.” Why? Because it turns out the FLSA, which was never a good idea to begin with, makes even less sense today. Back in 1938, virtually all workers were paid by the hour, so it was relatively easy for firms to comply with the statutory commands without having to redesign their business models. Today, modern monitoring techniques make it far easier to pay by the ride than by the hour. This shift to a more efficient form of compensation benefits both sides. But by the same token, unions, which were fierce backers of AB 5, know they cannot organize a ragtag army of part-time drivers. So they are quite happy to create potential union members out of these newly minted employees.

True to form, labor leaders accused Uber and Lyft of running an “anti-labor misinformation campaign” because “such a change is not written in the law. It would be Lyft’s

choice to implement those changes.” Yet that is precisely the point. No company can be in compliance if it does not know whether and when drivers are on the clock

or not. No company can comply with AB 5 if it is not sure whether it will be charged for driver downtime or charged for some other activity. The new law may not explicitly order firms to abandon their business models, but it sets up an economic dynamic that forces them to do so.

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***A driver and a technology company are better able to set the terms of their engagement than any government agency.***

Ideally, the best way to deal with this unhappy situation is to scrap the FLSA by recognizing that a driver and a technology company are better able

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***Businesses will minimize their losses either by forcing workers into deals that neither side wants or shedding these new “employees” in droves.***

to set the terms of their mutual engagement than any government agency. That won't happen in the short run, but at the very least, a clear FLSA regulation that treats all

drivers as independent contractors under the FLSA would go a long way toward fixing the situation.

Californians will quickly come to rue the interventionist court and meddling legislature whose misguided mandates will wreck the gig economy. ■

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# Forbidden Cities

**Housing in the state may be critically scarce, but creating a new community in California can still take decades.**

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**By Lee E. Ohanian**

**T**he year is 1994. Only about one in four American homes has a personal computer. The Internet is virtually unknown. Blockbuster video rentals are the go-to source for home entertainment. And a development group submits plans to California regulators for Newhall Ranch, a new planned community of twenty-two thousand homes about forty miles northwest of Los Angeles. With luck, now that all lawsuits have been resolved, the first homes will go on sale in 2021—twenty-seven years after the application process started.

Welcome to California, where housing scarcity is a major reason why the state has the highest poverty rate in the country and 25 percent of the country's homeless.

Addressing California's housing crisis means either building more densely in existing population centers or creating new communities in previously undeveloped areas. It is becoming nearly impossible to expand housing supply significantly in California cities, and the cost of what is built is well beyond the budget of many Californians. Moreover, state legislators recently withdrew legislation from consideration that would have expanded housing by preventing local communities from blocking high-density housing near

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transit centers and near areas with good job opportunities. The legislation was pulled because it is unacceptable to local politicians who do not want to give up control over their communities, as well as to many homeowners who prefer living in single-family-home neighborhoods.

The enormous challenges involved in building in existing communities would lead you to think that Californians would prefer to build new housing on previously undeveloped land. Wrong. It is perhaps even more difficult to create new communities.

## **A CLEAN SLATE**

This is troublesome, because there are several important reasons why new communities would be an integral part of addressing California's housing scarcity. Starting with a blank canvas on undeveloped property solves many potential problems that currently plague the process of expanding city housing.

There would be no incumbent residents to fight the development, a practice that has reached nearly comic proportions in California. It would be much easier to build high-density housing, which is what the state really wants. Moreover, new communities, which could utilize the latest technologies and development ideas, could be much more environmentally friendly than existing cities. Imagine being able to create new cities with the latest technologies for water, sewage, transportation, fire protection, and energy use and conservation rather than trying to expand the already strained capacities of older and less-efficient systems in existing cities.

Consider the population density of California and you will see that it cries out for new communities. Despite being home to roughly forty million people, California is only the seventeenth-most-densely-populated state, and remarkably, its residents are concentrated in just a handful of areas: the San

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***New cities would be built with all the modern environmental protections, but litigants block them at every turn.***

Francisco Bay Area and Silicon Valley, Los Angeles and Orange County, San Diego, and a bit in the Central Valley. Los Angeles, San Francisco,

San Diego, and San Jose are among the most densely populated cities in the country. Most of the rest of the state is virtually unpopulated.

In contrast, New Jersey, which has five times the population density of California, is much more evenly populated. There are almost no empty areas within the state.

So why hasn't California created new cities? Because the development of new communities is chronically impeded by myriad lawsuits, almost always related to environmental concerns. These environmental lawsuits occur despite the substantial environmental benefits associated with new city creation.

Proposed new communities are bending over backwards to accommodate environmental protection. Tejon Ranch is a 1999 proposal for development about seventy miles out-

side Los Angeles. After twenty years, developers have negotiated resolutions to environmental lawsuits from the Sierra Club, the Natural Resources Defense

Council, the California Audubon Society, and the Planning and Conservation League. Developers agreed to set aside 90 percent of the ranch's 270,000 acres for preservation. The developers even agreed to build only in areas with existing infrastructure and reduced environmental sensitivity.

However, a new environmental lawsuit came from the Center for Biological Diversity (CBD), which had already filed legal challenges seven times before but lost in both superior and appellate courts. The latest lawsuit argues that the development should not be permitted because of fire danger. Of course, the development would satisfy all current standards and laws for fire prevention, but the lawsuit really has nothing to do with concerns about fires. The plaintiffs simply want to block the development.

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***California's housing crisis points in only two directions: either build more densely in existing population centers or create new communities on undeveloped land.***

## **ENDLESS PARADE OF LAWSUITS**

It is hard to imagine a more environmentally sensitive development than Tejon Ranch. If that project can be held up for twenty years, then there is little hope for any new communities unless the California Environmental Quality Act (CEQA) is revised. This law permits a nearly endless array of lawsuits to be brought against development. The following reforms would significantly constrain the ability of development blockers to succeed and would also align CEQA litigation rules much more closely with established legal principles in other areas:

- » Duplicative lawsuits should not be allowed. Litigants often file what is essentially the same lawsuit, even after CEQA environmental review.
- » Delay tactics should be prevented with procedural reforms.



» Losing litigants should pay court costs and attorney fees, as is common in other civil lawsuits.

» All parties should be required to disclose who they are. Currently, the law allows groups that have little to do with the environment to file lawsuits by creating shell organizations with environmental names.

Before the passage of the CEQA, California's housing prices averaged about 35 percent higher than those in the rest of the country, even during the 1950s and 1960s, when state population growth skyrocketed. California housing prices are now about 142 percent higher than in the rest of the country. In the absence of legal reforms to the CEQA, the state will remain unaffordable for all but the wealthiest Californians. ■

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# *Trust Me, I'm from the DMV*

California's "motor voter" registration system is a clunker.

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**By Bill Whalen**

**A**fter a drubbing of the first order in the 2018 midterm election—congressional Democratic candidates winning all seven House races in Orange County, a onetime conservative bastion that's synonymous with Richard Nixon, Ronald Reagan, and John Wayne—California Republicans cried foul.

For example, Shawn Steel, a former GOP state party chair, claimed that Democrats in America's most populous state had rigged the system to make California a deeper shade of blue.

Among Steel's examples of ways the left tries to ensure a friendlier turnout: inmate and felon voting (a proposed state ballot initiative would grant voting rights to felons on parole), pre-registration of sixteen- and seventeen-year-olds, absentee ballots automatically mailed to every voter, plus a practice known as "ballot harvesting" that allows any intermediary to return an absentee ballot. Among the problems with ballot harvesting: seniors could be duped into handing over incomplete ballots to a political operative who could then alter their votes, if not pocket them altogether.

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*Bill Whalen is the Virginia Hobbs Carpenter Fellow in Journalism at the Hoover Institution and the host of **Area 45**, a Hoover podcast devoted to the policy avenues available to America's forty-fifth president.*

Steel also referenced California’s “motor voter” law, which automatically registers individuals to vote when they visit the Department of Motor Vehicles, unless they opt out. Could California’s DMV, so lacking in efficiency and technology that Governor Gavin Newsom saw the need to revamp the much-maligned bureaucracy, somehow make a hash of the state’s voter rolls?

The answer, it would seem, is yes.

## **OOPS!**

The funny thing about the aftermath of the latest election in California: the media did their best to debunk the notion that “ballot harvesting” unfairly swung elections the Democrats’ way without paying much attention to the potential impact of the motor voter program (which, according to post-election data, might have cost Republicans one of the seven Orange County seats).

Indeed, motor voter registration remains a legitimate concern as California prepares for the upcoming statewide vote—or so one gleans from a state government audit released last summer that shows the DMV can’t say with certainty who’s participating in California’s elections and whether would-be voter information is being processed correctly.

Per the audit, DMV offices produced almost 84,000 duplicate records (out of three million reviewed) and more than 171,000 with partisan mistakes (the wrong party affiliation). That’s just for the first five months of the program, which began in spring 2018. It doesn’t include the summer and fall of 2018, when get-out-the-vote efforts intensified in California as the November election drew nearer.

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### ***California’s DMV was so lacking in efficiency and technology that Governor Newsom saw the need to revamp it.***

But one matter the audit did not explore (and a Democratic-controlled state legislature likely won’t touch):

whether everyone who participates in California’s democratic process is doing so legally.

In fall 2018, it was reported that about 1,500 noncitizens had been mistakenly registered to vote. One example: a Newport Beach resident, who had a green card and was married to a US citizen, attempted to get a replacement driver’s license but ended up with a registered-voter notice. According to DMV officials, a department worker mistakenly changed the noncitizen’s citizenship status and made him eligible to vote. Although the DMV claims it corrected the information, state records still had the

noncitizen listed as an unaffiliated voter weeks after the November 2018 election.

A few months after the Democrats' historic gains in California, state officials said something unusually candid: they couldn't state with certainty whether noncitizens were voting. The culprit, they alleged, was a government voter-eligibility questionnaire that was created in a way to prevent the state from asking directly about legal status.

The questionnaire aggregates five separate characteristics (including age and citizenship status) into one yes-or-no prompt as to whether an applicant is eligible to vote. If an applicant either doesn't understand the terms of the question or chooses not to answer it honestly, that raises a concern about

whether the state has a filter to make sure noncitizens don't receive a ballot.

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***In the program's first five months, DMV offices produced almost 84,000 duplicate records out of three million reviewed.***

This hasn't gone unnoticed by legislative Republicans in Sacramento. In December 2018, state senator Patricia Bates introduced a measure that would allow individuals to opt in for voter registration instead of automatically being registered to vote or having to drop out of the program.

The odds of that opt-in bill seeing the light of day in a Democratic-controlled legislature? About the same as a measure for opting in or out of Social Security seeing the light of day in the Democratic-controlled House of Representatives.

## **LEANING IN**

Were California anything close to a presidential swing state, this matter might draw more media scrutiny—especially with President Trump periodically referencing California voter fraud. For example, in an April 2018 round-table event in West Virginia he alleged: “In many places, like California, the same person votes many times—you’ve probably heard about that. They always like to say ‘oh, that’s a conspiracy theory’—not a conspiracy theory, folks. Millions and millions of people.”

But that doesn't mean that California is irrelevant as far as Washington's balance of power is concerned.

The Cook Political Report, which handicaps congressional races nationwide, rates only 22 of the nation's 435 House districts as “tossups.” Not a one

is in California. But move a rung lower to the next level of competitiveness—so-called “lean” congressional districts—and it’s a different story.

Five of the 18 Democratic-controlled “lean” districts are in the Golden State. Three of them touch Orange County—California’s 39th, 45th, and 48th districts. The two other California Democratic districts: the 10th (the Central Valley’s Stanislaus and San Joaquin Counties) and 21st (multiple counties further to the south in the Central Valley). Add one California congressional district rated “lean Republican” (the 50th, located primarily in San Diego County), and that’s at least six of California’s House seats that will be aggressively contested.

Why does this matter in the scheme of congressional politics? Because nearly all of the aforementioned districts were close in 2018, from as few as less than 900 votes in the 21st Congressional District (a margin of 0.8 percent) to 20,938 votes in the 48th Congressional District (a margin of 7.2 percent). In the three other districts, flipping as few as 6,300 votes in each race would have handed the contest to the Republican candidate.

California therefore has an appeal to the National Republican Congressional Committee, which strategizes House races nationwide, in that these districts, with their freshman Democratic members and close outcomes in 2018, constitute low-hanging fruit. But California could be further relevant, given the GOP’s track record in past congressional elections.

President Trump’s pursuit of a second four-year term puts the 2020 election in the same category as those of 2004, 1992, 1984, 1972, and 1956—all years in which a Republican president sought a re-election victory. Looking at those years in which the GOP incumbent prevailed (that rules out 1992), here’s what the numbers show: a loss of two House Republican seats and

Eisenhower’s landslide win in 1956; a gain of twelve House seats amid 1972’s Nixon landslide; sixteen House seats gained

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***Multiple California districts could be competitive in this year’s elections.***

during the Reagan landslide of 1984; three new House Republican seats coinciding with Bush 43’s much narrower win in 2004.

This tells us there’s no recent precedent for Republicans gaining twenty-plus seats in the House when an incumbent Republican president is at the top of the ticket. As Republicans have to win that many to take back the House (upending a current balance of 235 Democrats, 197 Republicans, plus two vacancies and one independent), the GOP will have to look beyond

the seventeen “tossup” Democratic districts if the goal is to change Nancy Pelosi’s leadership title.

The California lesson in 2018: every vote counts.

The California fear in 2020: every vote will count—legal or not. ■

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# “If You Don’t Read, You Can’t Lead”

**Jim Mattis, warrior-scholar and Hoover fellow, on his new book, *Call Sign Chaos*.**

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**By Peter Robinson**

**Peter Robinson, *Uncommon Knowledge*:** James Norman Mattis enlisted in the United States Marine Corps in 1969—half a century ago—at the age of nineteen. During a Marine Corps career of more than four decades, he commanded in combat in the first Gulf War, in Afghanistan, and then once again in Iraq. He retired as commander of the United States Central Command in 2013. Four years later, General Mattis became Secretary Mattis, serving from 2017 to 2019 as the nation’s twenty-sixth secretary of defense. Now Secretary Mattis has coauthored a book with his old Marine Corps friend, Captain Bing West, *Call Sign Chaos: Learning to Lead*.

Jim, welcome. Explain that title: chaos.

**James Mattis:** Well, I’d spent over four decades in the Marines—in the infantry. I’d learned a lot of lessons, traveling around the world, been in a lot of campaigns, obviously, and chaos had been part and parcel of my life on

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*James Mattis is the Davies Family Distinguished Fellow at the Hoover Institution. Peter Robinson is the editor of the Hoover Digest, the host of Uncommon Knowledge, and the Murdoch Distinguished Policy Fellow at the Hoover Institution.*

the battlefield, but also in our own organization, where you try to disrupt the organization a little bit to keep it at the top of its game. However, on the battlefield you try to introduce chaos early, as the enemy's problem, so that you can dominate them. I thought I would write down the lessons I've learned over those forty or so years and pass those lessons on to young folks.

## THE POWER OF PERSUASION

**Robinson:** You just mentioned that you've written this book for young leaders who may find the lessons of use. It occurred to me while reading the book that it's of use to any citizen who's going to have to vote.

During the war in Afghanistan, by December 2001 Osama bin Laden and about two thousand of his best fighters had retreated to the Tora Bora cave complex in eastern Afghanistan, right on the border with Pakistan. You were in command of Task Force 58, and you had established a base deep inside Afghanistan from which you were operating. In *Call Sign Chaos*, you write, "I stated my concern that bin Laden could escape if we didn't quickly seal the valley exits." What could you have done to seal off those exits? What were you thinking needed to happen?

**Mattis:** First of all, our intelligence appeared to be quite accurate. We had good reason to believe he was in one of two valleys, both of which were right there on the border of Pakistan. So, we knew which way he was going to go as well. If you know where someone's at and which way they're going to go, then you compose a campaign to make certain that he can't get away.

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***"On the battlefield you try to introduce chaos early, as the enemy's problem, so that you can dominate them."***

Having read about the campaigns of Generals Crook and Miles on the Arizona border against Geronimo, I knew how to kind of replicate the Geronimo campaign with these locations in Afghanistan.

**Robinson:** Stop there. You're in Afghanistan dealing with a twentieth-century terrorist, and you're thinking back to having read about a campaign against Geronimo in the late nineteenth century in the American West? Just explain how your mind works and how you bring to bear your wide reading in military history on problems like this.

**Mattis:** I think a Marine Corps philosophy—perhaps unstated—is that if you don't read, you can't lead. Specifically, at each rank in the Marine



***COMMITTED: General Mattis arrives at Kandahar airport in Afghanistan in 2001 to set up operations. “One of the things you learn as a young leader, and as you go up you have to practice, is that you’re not put in a leadership position to express your exasperation.” [Dave Martin—Reuters]***

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Corps, you’re given a new set of books that you’re supposed to study and master. Sergeants get a new set when they make sergeant; majors get a new reading list when they make major. Generals get a new set of books they have to read. So, as you go through your career, you’re always learning from other people’s mistakes and successes. In this case, along the Arizona border, they’d put in heliograph stations where from one mountaintop to another they could signal with mirrors the location of the renegade Indians (as they called them). In this case, we did a computerized study of where we would have to be on the mountaintops in order to seal off the border—a visibility diagram. Then we had the helicopters that could lift the troops in and we had the right kind of troops that could also push up the valleys, and thus trap Osama bin Laden.

**Robinson:** Once again from *Call Sign Chaos*: “Instead General Franks [commander of the overall effort in Afghanistan] sent in Afghan tribal fighters loyal to warlords from the north. . . . They were out of their tribal element in Tora Bora—poorly equipped and strangers among the locals. . . . Many of the enemy leaders fled unscathed to Pakistan.” We let bin Laden get away.

**Mattis:** Well, I’m not sure that my plan got all the way to General Franks. It was his headquarters that basically decided to employ the tribesmen in that area. They were not from the area. They were not familiar with the area any more than we were, but I thought we had a better plan, so I proposed my plan. Sometimes in life things don’t work out the way you want. You just have to deal with it.

**Robinson:** You quote an article in the *New York Times*: “In his desire to let the military call the shots, [President George W.] Bush . . . missed the best opportunity of his entire presidency to catch America’s top enemy.” And then you add in your own voice: “My view is a bit different. We in the military missed the opportunity, not the president.” Explain that.

**Mattis:** I’m quite certain the president was not giving that kind of tactical direction. He would have been quite satisfied if we had a plan to stop Osama bin Laden from leaving. The lesson I learned from this was that, when you have a good idea, you have to spend time persuading those above you. They may have very little time to address your point, and they may not see the same opportunity that’s fleeting. I learned from this to spend the time to inform and cooperate with others in a way that they would embrace your solution. You have to show them that you have a solution for the problem they face. And I’m not certain I did a sufficient job on that.

## **FINISH THE FIGHT**

**Robinson:** Second case study: Fallujah in the early part of the Iraq War.

In March 2004, insurgents in Fallujah ambushed a convoy of four American private military contractors who were conducting a delivery for food caterers. They killed the men, burned their bodies, and dragged them through the streets before hanging the bodies from a bridge over the Euphrates. This being the twenty-first century, it was on media all around the world. Instead of invading Fallujah, you as commander decided it was better not to do it and risk provoking an already aroused population further. What was your rationale?

**Mattis:** Fallujah was a tribal city. We knew there were tribes in the city that disagreed strongly with the tribe that had attacked those contractors. I had no doubt that we could find the culprits and that we could get

the bodies of the slain civilians back to return them home. And then we would hunt down those who had done this and

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**“Great nations don’t get angry; they make cool, hard, strategic choices.”**

kill them. I had no doubt that we had tribal elements inside the city who would help us.

And this is a city of 350,000 people. You’ve got to look at this and remember that every battlefield in a war like this is also a humanitarian field. You have innocent people caught up in the midst of all this. So, we had a different way to approach it, where I thought that we could take out the terrorists who had conducted the attack, but I did not want a full-fledged assault on the city.

**Robinson:** And by April you’re overruled. President Bush gives the order to attack and Secretary of Defense Donald Rumsfeld says in public that the United States “had to send a message.” You’d made your argument; you’d been overruled. But you write in *Call Sign Chaos*: “I made one strong statement up the chain of command: once we assault, don’t stop us.”

**Mattis:** That is why it’s called *orders* and not called *likes*. You don’t have to like something. In this case the political consideration was to send the message. My concern was that great nations don’t get angry; they make cool, hard, strategic choices. And if the choice is that we’re going in, then once we’re committed to that, don’t stop us. In other words, you don’t want to get wobbly, to put it in Prime Minister Thatcher’s words.

**Robinson:** On April 4, your forces move in. The fighting is bloody, and your forces are destroying one group after another. By April 7, the insurgents are starting to run out of ammunition, but news reports on the destruction your forces are causing inside Fallujah are raising concern around the world. And on April 9, when you’re convinced that you’re only a few days away from getting the job done, you’re ordered to halt. And this is as close as you come in your book to a real display of anger. You didn’t want to go in, but you get orders to go in. You say, OK, but bear this in mind: once we start, don’t stop us. And then they stopped you.

An ordinary citizen reading that must think: wow, there is a disconnect between the commander on the ground and the guys up the chain, including the civilians.

**Mattis:** It's frustrating. Because at this time, the news media was full of unfortunately false reporting. Some of it was a result of stringers who were using photography that was taken in other cities; for example, purporting to show artillery strikes in Fallujah. I'd have used artillery if I needed it, but we never fired a single artillery round into Fallujah during the First Battle of Fallujah. We didn't need it. So, there was a fair amount of political uproar over this, talking about the innocent people being killed, when hundreds of thousands of them had already evacuated. We expedited them out of the city. We did everything we could to make certain they were taken care of when they were forced into refugee status by the battle. But the bottom line is that deep inside the city, we were ordered to halt. One of the things you learn as a young leader, and as you go up you have to practice, is that you're not put in a leadership position to express your exasperation. You have got to figure out how to deal effectively with things, because there's a lot of young sailors and Marines who are counting on you to deal with this in as pragmatic and wise a way as you can. So, we brought in a lot of snipers and assumed basically a static position, and we began negotiating with them at that point.

**Robinson:** So, a stalemate takes shape that lasts for weeks, and you believed that every day our position was becoming increasingly untenable. By late April you developed a plan to resume the offensive. Once again, you're ordered to hold

off on the attack and a few days later, news breaks of the abuses at Abu Ghraib prison,

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***“You have got to figure out how to deal effectively with things.”***

which you believe cost us the moral high ground. On May 1, American forces withdrew from Fallujah. From *Call Sign Chaos*: “I had been raised by Vietnam-era Marines who drummed into me the importance of making sure the policy makers grasped the nature of the war. . . . Don't get trapped into using halfway measures. . . . I had never before left a job unfinished, yet I was leaving my troops . . . playing defense.” I read that and think, of course, these were the lessons of Vietnam. And we hadn't learned them.

**Mattis:** I'm concerned more broadly that we don't really learn from history, and that we're not teaching what happens when powerful armies meet or





***“I’VE SEEN THE VERY BEST OF AMERICA”*: Former secretary of defense Mattis: “I wrote the book so that we can look at these problems and ask what’s a better way to lead a country and perhaps prevent wars that don’t need to be fought, or to end them quickly on our terms when they do need to be fought.”**

[Navy Petty Officer 1st Class Dominique A. Pineiro]

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what powerful forces there are in the world that you have to deal with. We’re more and more teaching history in niche components, which I’m not against at all, but we’d better remember there are larger currents at work in the world. And if we do not master those currents, if we cannot understand those currents, if we cannot figure out a way to deal with complex situations by looking at how others in history have dealt successfully or unsuccessfully with them, then we’ll make the same mistakes again. In this case, I believed it was a mistake, and that was proven because some months after I left command, of course, the Marines and soldiers and sailors had to go back into Fallujah and we lost hundreds more killed and wounded because the enemy had had time to restore their ammunition stocks and build bunkers inside homes. It was a very tough fight.

## CREATE CHAOS

**Robinson:** Your final posting was commander of CENTCOM, the United States Central Command, with responsibility for the Middle East and Central Asia, including Afghanistan and Iraq. Summing up your experience, you write, “During my three years at CENTCOM, American policy errors compounded the turmoil in the Middle East.” The greatest democracy on earth and the most powerful and sophisticated military forces in all of human history, and we made things worse. This is infuriating, heartbreaking, baffling.

At the tactical level, your book is thrilling and heartening. The story of you as a young man becoming a leader; the story of the courage and discipline of ordinary troops. The idea that the United States can still field troops like that in the twenty-first century is staggering.

Against that, on the strategic side, what are we doing in the world with these brilliant troops, all this marvelous equipment, and leaders as thoroughly versed as

you? And here we have what we think are the lessons of Vietnam, and in Tora Bora it's half-measures; in Fallujah it appears that the civilian leaders call it wrong again and again; and at the strategic level when you're at CENTCOM, it's Iran, Afghanistan, Iraq: screwing up every single one of them.

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***“We’re more and more teaching history in niche components, which I’m not against at all, but we’d better remember there are larger currents at work in the world.”***

**Mattis:** The Western democracies—including America—have a strategic deficit right now. We don't teach enough military history in our universities. I don't believe strategy is taught well at all. There is this draw of young patriots into our armed forces: young people who look beyond the hot political rhetoric and rally to the flag. They are eighteen to twenty years old, serving under sergeants and lieutenants who are twenty-two, twenty-three, twenty-four. They're willing to put it all on the line, and we owe them a good strategy. We owe them a strong policy that defends America and a strategy to carry it out. I think at the higher levels what we have in today's information age is a sense that they really know what's going on in the front lines, because they see these pictures on the news or they can immediately pick up the phone and listen to conversations down below. But there needs to be a division of labor, where once the strategy is determined, then there's a feedback loop to keep the political leaders fully informed. There should be no surprises. But you take your hands off the

steering wheel and you turn that over to the young officers on the battlefield who have been trained and educated to carry out those responsibilities.

Another point you bring up is the lessons learned. Why are we making the same mistakes? Part of it is the human condition. War is a fundamentally unpredictable phenomenon, and at times you just can't predict what can go wrong once you start out in this or that direction.

One of the wisest mentors I've had has written, don't ever tell your adversary what you will *not* do. And that is a guiding principle for me. In other words, if we are going to pull out of a fight, don't tell the enemy you're going to do that, because then they know when you're not going to fight any longer. Don't put yourself in a position where the enemy can simply wait you out.

Force the enemy onto the horns of a dilemma. Create chaos in the enemy's camp. Don't reassure them in advance, even if

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***“That is why it's called orders and not called likes.”***

you're not going to do something. In Iraq, we were reassuring the adversary by telling them we were going to pull out. Our intelligence community called it exactly right when they warned us, if you pull all your troops out, if you have no more influence over helping the Iraqi army defeat this enemy, then they are going to come back stronger than ever. And ISIS did exactly that. We had to reintroduce the troops once again. The thousands killed, the tens of thousands wounded, the millions forced into refugee status—we've seen the heartbreak of what happens when you make a bad strategic decision. So, you have to come to grips with reality. You cannot deny reality, or reality will feed you a very tough dose.

## **ON LEADERS AND READERS**

**Robinson:** When you were appointed NATO commander for transformation in 2007, you went on a kind of listening tour. And you write in *Call Sign Chaos*, “It struck me as odd that the generals and statesmen I focused on were all retired. In a country that . . . no longer teaches military history, it should have come as no surprise.”

You include in an appendix to *Call Sign Chaos* a list of the books that you have found most helpful in your career. It's a long list and it goes from the ancient world through standard histories of the Second World War and so forth. And I thought, looking at that list, that very few of those books show up in the history curriculum in any college or university in America today,

with the exceptions of the military academies. Does it concern you that civilian universities and colleges don't consider war a fit subject for study any longer?

**Mattis:** Yeah, it's perplexing when you realize the gravity of a decision in a democracy to go to war and to put our young men and women into that situation. You would want people who are very studied in the history of it. You can't simply grasp current events and fully understand them if you don't have a historical understanding. It's almost like we go to the medical schools and say: cancer is such an ugly thing that we're not going to study it. Well, the reality is there are ugly things in this world, and you've got to study them, especially if you want to try to prevent them or end them as early as possible. It's frustrating sometimes to realize that the people in oversight roles do not have the most basic understanding. We wouldn't have a reporter for example reporting on football who didn't understand the game, and yet it's not unusual to have reporters show up on the battlefield who have never been around a military organization. It's frustrating, but it's something that we simply have to roll up our sleeves and say we're going to solve.



***“Don't ever tell your adversary what you will not do.”***

That's one of the reasons I put the list of books in there. I wrote the book so that we can look at these problems and ask what's a better way to lead a country and perhaps prevent wars that don't need to be fought, or to end them quickly on our terms when they do need to be fought.

**Robinson:** George H. W. Bush is the last chief executive whom you treat in *Call Sign Chaos* as strategically sound. He was also the last chief executive who saw combat action himself. I saw a statistic the other day that only 1 percent of the population either has been in combat personally or knows someone who has. Ninety-nine percent have no clue of your business. Is that just fundamentally bad for democracy and, if it is, what on earth do we do about it?

**Mattis:** I don't think it's necessarily bad for democracy. I'm rather proud of the fact that the majority of American people are not intimately aware of what war is, because it's a pretty ugly thing.

**Robinson:** You're happy with a volunteer military force, for example. You don't want to reinstate a draft?

**Mattis:** I would caveat that by saying that I think it's a good idea that we look at a country a little bit like a bank. If you want to get something out of it, you need to put something into it. I don't think the military is right for everybody. We don't need that many people in the military, but I think young people should have to do *something*, whether it's the Peace Corps or Teach for America or some other way to volunteer and support the community. There should be something you do for more than just yourself, because as a World War II Marine put it, if a country is worth living in, it's worth fighting for and worth supporting. So, I think we need to do that. But one of the best presidents we ever had was Abraham Lincoln, and he was quite fond of saying the only military experience he had was fighting mosquitos when he was called up for an Indian war. So, I think it has to do with the degree of humility, the study of history, and team-building and the willingness to listen to people who may have good ideas—military and civilian. What we want is our diplomats solving most problems, and with a strong military that's properly organized, trained, and equipped and used appropriately, our diplomats stay

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***“I'm rather proud of the fact that the majority of American people are not intimately aware of what war is, because it's a pretty ugly thing.”***

in the lead of our foreign policy, as they should. We're not turning to the military every time there's something we disagree with in the world.

**Robinson:** One final quote from *Call Sign Chaos*: “My command challenge was to convey to my troops a seemingly contradictory message: ‘Be polite, be professional—but have a plan to kill everyone you meet.’” And that gets at something that has always puzzled me about you. We've known each other for six years now. It was your business to see and do and think about terrible things. And yet Jim Mattis is one of the most cheerful men I've ever known. How do you pull that off?

**Mattis:** Well, I think there are some books from history that tell you the only thing you control in this world is how you react to what goes on around you. I've lived around grim things for a long time, and combat itself will take the veneer of civilization right off you. But I've seen the very best of America. The most selfless young people—they're in their teens by and large—the ones who do the close combat, I've seen them keep their spirits up under the most difficult of circumstances. You just develop an attitude of gratitude when you're around people like this. People say, “thank you for your service.” Believe me, the country's worth

it, but I had what I consider the greatest honor possible to serve alongside these young people.

**Robinson:** Thank you for forty-four years of service, two years as a secretary of defense, and a pretty impressive life.

**Mattis:** You're worth it, Peter. ■







# *We Could Be Heroes*

**Over the centuries, even bitter enemies have sought common ground to support the common good. Let's revive America's civil majority.**

**By Michael J. Boskin**

In the past, Americans generally viewed those with whom they disagreed as wrongheaded, insensitive, beholden to particular economic interests, or driven by different values or cultural experiences. But today, the impulse to gain attention on social media, amplified by a 24/7 news cycle, has produced a discourse of extreme defamation and scorched-earth tactics aimed at destroying one's opponents.

We desperately need a broad movement to stand up against this type of political discourse. American history is replete with examples of people who worked together to solve—or at least defuse—serious problems, often against great odds and at significant personal risk. But the gradual demise of fact-based history in schools seems to have deprived many Americans of the common ground and optimism needed to work through challenges in the same way they once did.

## **Key points**

- » Americans have been robbed of the common ground and optimism needed to work through challenges.
- » In years past, even flawed leaders could unite to benefit the American people.
- » Loud voices in the media and on the Internet should not be allowed to destroy the idea of cooperative progress.

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## COOPERATION, EVEN NOW

Consider race relations. Here, most Americans will be familiar with the main historical landmarks. In 1863, President Abraham Lincoln signed the Emancipation Proclamation. In 1954, the Supreme Court handed down its decision in *Brown v. Board of Education*, declaring the principle of “separate but equal” unconstitutional and putting an end to school segregation. The following decade, the civil rights movement gained steam under the leadership of Martin Luther King Jr.; in 1965, President Lyndon Johnson signed the Voting Rights Act, which was followed by the Fair Housing Act in 1968.

We would also do well to consider the deeds performed by figures some might now regard as our opponents. For example, Calvin Coolidge, a Republican who served as president from 1923 to 1929, played a key role in advancing civil rights in the United States. And today, one can find a prominent bust of him on the campus of Howard University, a historically black university in Washington, DC. Whereas Woodrow Wilson, a supposedly progressive Democratic president, refused to support anti-lynching legislation and dismissed black federal employees from their jobs, Coolidge not only supported anti-lynching legislation but even joined demonstrations in support of the law. He also supported a medical school for African-Americans at a time when many Americans—shamefully—did not think African-Americans were capable of being doctors.

Similarly, John D. Rockefeller, the founder of Standard Oil and at one point the world’s richest man, paid off the debts of what would later become Spelman College—a beacon for African-American women.

For his part, President Richard Nixon significantly advanced the project of desegregation. Aided by my friend and current Hoover Institution colleague George P. Shultz, who was then serving as secretary of labor, Nixon organized biracial councils in Southern states to see that the *Brown* ruling was being honored. According to Daniel Patrick Moynihan, a Democratic senator from New York, Nixon’s enforcement of desegregation was his greatest domestic achievement. In the space of just six years, the fraction of African-American students in all-black Southern schools declined from 68 percent to 8 percent.

Seeing the good—even the great—in flawed figures like Johnson and Nixon can help us rediscover the perspective upon which productive cooperation is based. But we also need to reclaim a sense of national service. In my career as an economist, I have seen leaders suffer stinging defeats for putting the country’s interests above their own. President Ronald Reagan, for example, backed US Federal Reserve Chairman Paul Volcker’s efforts to rein in double-digit inflation, knowing full well that the resulting recession would cost the Republicans dearly in the 1982 midterm elections.

Likewise, President George H. W. Bush, facing huge Democratic congressional majorities, accepted short-run political peril to do long-run good. In order to clean up the saving-and-loan and developing-country-debt crises, manage the oil shock from the first Iraq war, and forge a budget compromise that controlled spending, he had to renege on his “no new taxes” pledge.

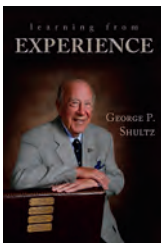
And just as Reagan had worked with Tip O’Neill, the Democratic speaker of the House, to save Social Security, so President Bill Clinton worked with Newt Gingrich, the Republican speaker, to balance the budget and reform welfare.

## LED BY THE IMPERFECT

Sometimes, heroes show up in surprising places. One such figure was Lane Kirkland, the late president of the AFL-CIO, America’s largest labor organization, who chaired the OECD’s Labor Policy Committee at the same time (1989–93) that I chaired its Economic Policy Committee. Shortly after the Berlin Wall fell, I joined a presidential mission to Poland to help with that country’s transition to a market economy. It was there that I first learned—and was told again by Lech Walesa, the co-founder of Solidarity, a few months later at the White House—that Kirkland had provided crucial support to the movement against communism. Over fierce opposition by leftists within the AFL-CIO, Kirkland had helped smuggle fax machines into Poland so that union members could communicate and coordinate their actions. I called Lane and said, “We may have our differences on economic policy, but bless you for what you did for the Poles.”

The next time you hear of some ugly deed committed by someone you regard as an opponent, take a minute to remember that most of us are capable of performing good—even heroic—deeds, too. Humankind is far from perfect; yet we have managed to make remarkable progress by working together. The loudest voices on the Internet and elsewhere should not be permitted to drown out that message. ■

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# Founders and Foundations

How to restore the teaching of US history to its rightful place.

By David Davenport and Gordon Lloyd

Given the myriad crises our country now confronts, who would have guessed that among them would be how we teach American history? Nevertheless, the content, presentation, and teaching of US history are in the news almost daily. Should statues honoring Civil War figures—at least those from the losing side—or former slaveholders be retained? Do we need to change the names of streets or buildings if they bear the names of historical figures that do not satisfy present moral or political sensibilities? Should history texts be rewritten to diminish their emphasis on our flawed heroes while increasing the teaching of racial, ethnic, and gender minorities? In

## Key points

- » Schools need to concentrate first on teaching history, not interpreting what that history means.
- » Revisionist views of history have become canon, and crowd out traditional views.
- » History classes have become politics by other means. This prevents many students from learning any history at all.
- » Students need preparation to become well-informed citizens.

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short, should we be about the business of erasing, rewriting, apologizing for, protecting against, knocking down, or covering up our history, as many have proposed?

A recent controversy over historic murals at George Washington High School in San Francisco presented a microcosm of the problems. A 1936 painting depicting the life of Washington shows two features that some found troublesome: white settlers standing over the body of a Native American and slaves working at Washington's estate. Some students, faculty, and parents said the mural was racist and offensive. Others said no, it tells the truth about that era and should be seen. Still others said that regardless of the historical questions, it is a work of art and should remain. One Washington High graduate, actor Danny Glover, said, "Art has to make us feel uncomfortable. That's what art does."

Initially the school board decided to do away with the mural, but after a hue and cry from many—including minority groups and artists—it reversed course and, by a one-vote margin, concluded it would cover them up at a cost of over \$600,000. The sense was that showing the art would traumatize students and others in the community, but that destroying it would go too far. At the root of the debate is whether such depictions are appropriate for learning from our history or, alternatively, whether history must be presented in a way that does not offend. (The battle over the mural continues: members of the alumni association of George Washington High School have filed suit over the school board's actions.)

What happens in the schools constitutes one part of the battle over American history, while elites are busily engaged on other fronts. The *New York Times* joined the battle by introducing "The 1619 Project," described as "a major initiative . . . to reframe the country's history, understanding 1619 as our true founding." The beginning of slavery in 1619 explains everything, including the brutality of American capitalism, said the *Times*, which promised to "publish essays demonstrating that nearly everything that has made America exceptional grew out of slavery." Meanwhile, back in California, the state school board proposed a draft ethnic studies curriculum that sought not just to celebrate the historic contributions of minorities but to "critique empire and its relationship to white supremacy, racism, patriarchy, cisheteropatriarchy, capitalism, ableism, anthropocentrism, and other forms of power and oppression at the intersection of our society." That is hardly the way to open a conversation about the historic contribution of ethnic groups.



[Taylor Jones—for the *Hoover Digest*]



## CAN WE MAKE SENSE OF THIS?

Why should the teaching of American history have become so controversial at this moment? Surely one factor is a shift in how we think about students themselves. For many years now, the term *helicopter parents* has described a heightened involvement by adults to keep careful watch over their kids, fearful that in this complex age their child will be left behind. A new term, *lawnmower parents*, seems to characterize the current age even better, since these adults now seek to mow down any and every obstacle that might stand in a child's path. Children are thought of as "snowflakes" who might melt if exposed to too much heat, including the fires of controversy or even criticism. Taking down murals and rewriting stories of an uncomfortable history becomes part of the strategy of coddling and protecting sensitive kids rather than letting them confront the difficulties of history and make sense of them for themselves, developing judgment and resilience for life.

Another important factor is the movement, begun several decades ago, to demythologize American history. Howard Zinn led this charge with his *People's History of the United States* (1980), a textbook that reveals the selfish motives and cruel actions of America's traditional heroes, while retelling America's narrative from the perspective of their victims. By Zinn's account, Columbus came to murder natives and steal gold, while the founders developed a constitutional republic that would protect their slaves and property. The counternarrative continues into modern times, when World War II was about "advancing the imperial interests of the United States" and the past fifty years were "a capitalistic encouragement of enormous fortunes alongside desperate poverty, a nationalistic acceptance of war, and preparations for war."

In the early going, *A People's History* was assigned by teachers as a supplement or counterpoint to traditional history textbooks. However, today it has sold over two million copies and has become, as education professor Sam Wineburg of Stanford University has said, "mainstream" and, in many circles, "the dominant narrative." One way to read the battle over American history, then, is a conflict between the traditional heroic view and Zinn's account of resistance. But it is no longer enough for Zinn's story to be presented as a counterpoint to the traditional view, allowing students to make their own choices. Zinn's disciples now feel the need to eliminate the heroic view and favorable understanding of American history altogether.

We live in a moment when many feel a need to throw out the baby of America's accomplishments with the bathwater of colonialism. Zinn's work presents not merely a counterpoint but a new orthodoxy.

In seeking to understand the current history wars, we might say that they have become politics by other means. American history has been afflicted by presentism, examining our past with twenty-first-century sensibilities and standards. If colonials owned slaves, for example, our present standards must cause us to reject them, even erase their names from our history. If a leader was on the wrong side of the Civil War, we may no longer honor him, despite any other accomplishments. Wineburg calls this “reading the present into the past.” Since we now find politics in every part of the curriculum—even in biology and art—we should not be surprised to find it in history class. Indeed, publishers sell very different history textbooks in conservative Texas than they do in liberal California.

## **RESCUING HISTORY**

All sides should be able to agree that we have been teaching history and civics poorly. In a recent report of the National Assessment of Educational Progress (NAEP, or “America’s report card”), only 18 percent of eighth-graders tested as proficient or better in American history while a mere 23 percent were proficient or better in government and civics. Only 1 to 2 percent tested as advanced in these subjects. The Woodrow Wilson National Fellowship Foundation reported in 2018 that only 36 percent of Americans could pass the US citizenship test, including questions about the ratification and provisions of the US Constitution, the participants in World War II, and other history basics. An Annenberg Public Policy Center study in 2017 reported that 75 percent of students did not know the three branches of government and 37 percent could not name one right in the First Amendment.

History and civics have been crowded out of the curriculum in many places by the heavy emphasis on STEM (science, technology, engineering, and math). Further, with few colleges requiring courses in American history and civics, and with schools of education teaching pedagogy and not content, many history teachers enter the classroom with very little understanding or enthusiasm about the subject. Perhaps worst of all are the textbooks that are boring at best and biased at their worst. They reduce exciting moments in American history to a few dry paragraphs and, in the case of Howard Zinn, they present a diatribe against the American ideal.

As a starting point, we should recognize that the purpose of teaching American history in K–12 education should be different from its treatment in a college course. Younger students need to learn the basics about our history and leave the interpretation for college courses. College is the time for

reading multiple approaches to historical narratives and sorting out a proper interpretation, but the lower grades should be about laying a proper base of understanding. Wineburg underscores that younger students “do not get the interpretive game [and] are just learning that claims must be judged not for their alignment with current issues of social justice but for the data they present and their ability to account for the unruly fibers of evidence that jut out from any interpretive frame.” We do students a disservice when adults carry their political battles onto the playing field of high school history classes.

A number of curriculum experts advocate the more promising approach of teaching students by using primary documents, not just textbooks. The Ashbrook Center in Ohio has trained and retrained thousands of teachers

to use primary documents—not just the Constitution and Declaration of Independence but speeches, letters, and other documents

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***We do students a disservice when adults carry their political battles onto the playing field of high school history.***

of the time—to re-create events and debates in our history. This engages students more actively than the passive reading of a textbook and invites them to understand history from the perspective of the participants, not just through the political lens of the twenty-first century. Teachers report greater excitement and understanding from the use of primary documents, as well as the prospect that students can draw their own conclusions. Several other curriculum efforts such as the DBQ Project and programs at Berkeley, Stanford, and Brown similarly put primary documents at the center of history teaching.

## **A NEW ACCOUNT**

There is even a new textbook, finally, in American history: Wilfred M. McClay’s *Land of Hope: An Invitation to the Great American Story* (Encounter Books, 2019). McClay succeeds in delivering an inspiring narrative of American history without rewriting, whitewashing, avoiding, or politicizing. Author Gordon S. Wood understood the value of such a narrative during, as he put it, “a time of severe partisanship that has infected many accounts of our nation’s past.” History, in McClay’s hands, is a compelling and hopeful narrative, not a collection of disputed facts and intrusive opinions.

Dare we further propose that another important objective in teaching American history should be to help students not only understand but also love their country and be prepared to serve as well-informed citizens?

The founders understood that a free republic would work only if informed citizens supported it and education was high on their agenda. More recently, President Reagan, in his farewell message, warned of the need to return the teaching of civics and history

to develop “an informed patriotism.” Sociologist James Loewen, author of *Lies My Teacher Told Me*, reminds us, “We aren’t just learning about the past to satisfy our curiosity—we are learning

about the past to do our jobs as Americans.” Wineburg agrees: “It is not popular to talk about in an era of identity politics, but history teaching in school has a civic purpose, not only a disciplinary purpose.”

We seem to engage in every possible approach to history except to learn from it. We seek to erase it, cover it over, topple it down, rewrite it, apologize for it, skip it—but not to put it out there to learn from it. The evidence suggests students are doing very little learning of history; given all the bad ways we present history, we should not be surprised. It’s time we returned to an understanding that history and civics are essential underpinnings for good citizenship and that teaching them includes, most assuredly, the basics but also an appreciation of one’s country and a willingness to be prepared to serve it. ■

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***Texts are busy erasing, rewriting, apologizing for, protecting against, knocking down, or covering up history.***

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# *From Berlin to Ground Zero*

**The “End of History” thesis saw a world at equilibrium. But when does the center ever hold?**

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*By Peter Berkowitz*

**T**he love of liberty has nourished our nation since before its founding. Yet classical liberalism, which ought to provide common ground for left and right in the United States, is under attack today by prominent elements of both.

The discontents to which the vilifications of classical liberalism are a response are neither imaginary nor frivolous. But the vilifications obscure the means for reducing the discontents.

A number of well-known progressive politicians suppose that socialism provides the answers to the economic and social injustices with which they believe America is rife. They do not speak of “central planning” and “a command economy”—much less bandy about such terms as alienation, class struggle, and the proletariat’s eventual triumph over the bourgeoisie. But led by Senator Bernie Sanders, who in 2016 made a decent run at wresting the Democratic presidential nomination from the establishment-anointed Hillary Clinton, and freshman representative Alexandria Ocasio-Cortez and her “Green New Deal,” the left has increasingly embraced socialist ideas.

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They want to direct the economy from Washington to correct the purported grievous misallocation of resources within the United States that stems, they believe, from the institutionalized privilege of white men. They also favor shifting authority from nations to international institutions to advance a global redistribution of wealth and power.

Meanwhile, noteworthy conservative intellectuals are keen to hitch their movement's wagon to nationalism to combat what they perceive as the misuse of cosmopolitan elites who scorn local traditions and love of country. These conservatives generally shrug off nationalism's long and stormy history; the variety of aspirations to which the planet's diverse peoples have dedicated their collective lives; and the propensity to plunder, conquest, and empire frequently bound up with nations' sense of their just deserts and appointed destiny. Paradoxically, nationalist conservatives downplay and sometimes despise the classically liberal traditions embodied in America's founding documents, manners and morals, and political culture. Apparently misinformed about the flexibility that fortifies American constitutional government, they presume that tempering free trade, and opposing open borders and transnational government, require the overthrow of classically liberal principles.

But is either socialism or nationalism an effective response to the challenges that confront liberal democracy in America? If taken seriously, do they require Americans to abandon liberal democracy? Or can the legitimate anxieties and objections of left and right be accommodated while remaining true to the principles of liberal democracy?

## **IS IT THE END?**

Just over thirty years ago in *The National Interest*, a young State Department official set off a worldwide debate by arguing that the “unabashed victory of economic and political liberalism” in the practical realm encouraged the philosophical conclusion that liberal democracy was reasonable and just because it reflected the unchanging realities, and satisfied the essential requirements, of human nature. If the sensational claim at the heart of Francis Fukuyama's “The End of History?” were correct, it would follow that all legitimate criticism of liberal democracy in America must be resolvable within the framework of liberal democracy.

With the Soviet Union, under the leadership of Mikhail Gorbachev, only the most prominent example of a wave of democratization sweeping the world in the 1970s and 1980s, observers of world affairs, Fukuyama wrote, “sense dimly that there is some larger process at work, a process that gives coherence and order to the daily headlines.” Notwithstanding the hedging question



mark in his title, that larger process, Fukuyama indicated, was “the end of history as such: that is, the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government.”

Fukuyama—three decades later the author of several important books of political analysis and a senior fellow at Stanford’s Freeman Spogli Institute for International Studies—could see perfectly well in the summer of 1989 that international conflict had not ended. And he did not suggest that

soon all nations would be holding free and fair elections and protecting individual rights. Rather, he contended that “there are powerful reasons for

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***Everywhere it was tried, communism crushed freedom and immiserated the masses.***

believing” that liberalism in the large sense—the notion that human beings are by nature free and equal and that legitimate governments protect universal rights based on the consent of the governed—“is the ideal that will govern the material world in the long run.”

Drawing on the interpretation of Hegel and Marx developed by Alexandre Kojève in a legendary set of Paris lectures delivered in the 1930s, Fukuyama argued that while any particular state’s fidelity to the principles of liberal democracy could be improved, the principles themselves could not. The spectacular failures of liberal democracy’s chief twentieth-century rivals, Fukuyama maintained, supported Kojève’s analysis.

Fascism seized on “the political weakness, materialism, anomie, and lack of community of the West as fundamental contradictions in liberal societies that could only be resolved by a strong state that forged a new ‘people’ on the basis of national exclusiveness.” But, Fukuyama writes, “Fascism was destroyed as a living ideology by World War II.”

Vastly more successful than fascism—and responsible for tens of millions of more deaths—communism insisted that capitalism could never overcome the class warfare between capital and labor. But everywhere it was tried, communism crushed freedom and immiserated the masses. Meanwhile, the protection of individual rights, the institutionalization of the rule of law, and the practice of democratic accountability enabled free societies to eliminate the worst excesses of unfettered capitalism, nourish equality, and promote general prosperity while greatly reducing grinding poverty.

The only other competitors to liberal democracy worth considering, argued Fukuyama, were religion and nationalism. “The rise of religious

fundamentalism in recent years within the Christian, Jewish, and Muslim traditions,” he acknowledged, reflected “a broad unhappiness with the impersonality and spiritual vacuity of liberal consumerist societies.” However, notwithstanding the emergence of political Islam, he argued that theocracy lacked universal appeal.

Although a powerful force in world affairs, nationalism too lacked universal appeal, at least as a governing ideology. “The vast majority of the world’s nationalist movements do not have a political program beyond the negative desire of independence from some other group or people, and do not offer anything like a comprehensive agenda for socioeconomic organization,” contended Fukuyama. In most cases, moreover, better representation within the framework of liberal democracy could satisfy nationalist demands.

Fukuyama concluded on a melancholy and aristocratic note. “The end of history will be a very sad

time,” he wrote. “The struggle for recognition, the willingness to risk one’s life for a purely abstract goal, the

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***It was never claimed that history guaranteed liberal democracy’s worldwide triumph.***

worldwide ideological struggle that called forth daring, courage, imagination, and idealism, will be replaced by economic calculation, the endless solving of technical problems, environmental concerns, and the satisfaction of sophisticated consumer demands. In the post-historical period, there will be neither art nor philosophy, just the perpetual caretaking of the museum of human history.”

## **THE TASK REMAINS**

The Berlin Wall fell just a few months after the publication of “The End of History?” The epic scenes of jubilant Germans from the East and West collaborating to dismantle the massive barricade that symbolized communist oppression—everyone knew the wall’s chief purpose was to keep East Germans in—heralded the complete collapse of communism in Eastern Europe. A little more than two years later, the Soviet Union dissolved itself. It appeared that world affairs were confirming Fukuyama’s thesis in real time.

But on September 11, 2001, radical Islam brought America’s “holiday from history”—to recall Charles Krauthammer’s incisive phrase—to a fiery end. Since then, authoritarian regimes rooted in distinct national traditions—Russia, China, and the Islamic Republic of Iran, in particular—have asserted claims to exercise hegemony in their regions and beyond. Meanwhile, waves

of left-wing radicalism and right-wing populism have shaken Western liberal democracies from within.

The resurgence of threats to liberal democracy—external and internal—does not refute Fukuyama’s principal thesis. The key claim was not that history guaranteed liberal democracy’s worldwide triumph but rather that

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***Free societies eliminated the worst excesses of unfettered capitalism, nourished equality, and promoted general prosperity while greatly reducing grinding poverty.***

concrete political developments had made manifest liberal democracy’s superior reasonableness and justness in comparison to all conceivable rivals.

The magnitude of the threats that have arisen

over the past thirty years, however, does suggest that Fukuyama overlooked the resilience of authoritarian political alternatives. And that he underestimated the internal tensions and destabilizing passions inhering in liberal democracy—among them, on the one hand, the impatience with formal equality under the law that issues in a desire for an all-encompassing equality and, on the other, the quest for community and the longing for the sacred.

Reconciling these tensions has preoccupied lovers of liberty since before the nation’s founding. It will remain a task for friends of freedom in America and abroad. ■

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# Legacies of the “Big Three”

**A grand alliance of the United States, the British empire, and the Soviet Union defeated Nazi Germany and imperial Japan. Three big historians, David Kennedy, Andrew Roberts, and Stephen Kotkin, on Roosevelt, Churchill, and Stalin.**

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**By Peter Robinson**

**Peter Robinson, Uncommon Knowledge:** This episode is dedicated to Franklin Delano Roosevelt, Winston Leonard Spencer Churchill, and Josef Vissarionovich Dzhugashvili—better known as Josef Stalin—the “big three” leaders who crushed Nazi Germany. At the beginning of the Second World War, what did Roosevelt, Churchill, and Stalin want? What national interests was each man pursuing? And what did these three men make of each other?

To discuss the big three we have David Kennedy, the author of *Freedom from Fear: The American People in Depression and War*, a classic work in which the central figure is of course, Franklin Roosevelt. We also have Andrew Roberts,

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WINSTON S. CHURCHILL



FRANKLIN D. ROOSEVELT



JOSEPH STALIN



CHIANG KAI-SHEK

a historian at the Hoover Institution and the author of *Churchill: Walking with Destiny*, recently published to unanimously rave reviews, and Stephen Kotkin, a historian at Princeton and senior fellow at the Hoover Institution. Stephen is the author of *Stalin: Paradoxes of Power* and *Stalin: Waiting for Hitler*. These are the first two volumes in his projected three-volume work on Stalin and his times.

On June 22, 1941, in violation of the Molotov–Ribbentrop pact, Adolf Hitler launches Operation Barbarossa, invading the Soviet Union with some four million troops. It's in response to this invasion that the grand alliance—the alliance among Britain, the United States, and the Soviet Union, emerges.

Britain immediately signs a mutual aid treaty with the Soviet Union.

President Roosevelt and Prime Minister Churchill meet in Canada to issue a declaration of war aims,

the Atlantic Charter, which Stalin, still in Moscow, immediately approves. The United States will not enter the war until the Japanese attack Pearl Harbor in December, the same month Hitler will declare war on the United States.

Roosevelt joins Churchill and Stalin in an exchange of cables that will continue throughout the war. What do they want? What national interests did each of the big three intend to pursue? Andrew Roberts writes of Churchill that the British empire was his creed. Churchill's interest then, Andrew, is to preserve the empire?

**Andrew Roberts:** Well first of all, of course, it was survival, just national survival. He'd spent eleven months under the threat of invasion from Germany, from the time of the retreat from Dunkirk onwards. And so, it was just a case of exhalation that Hitler had unleashed this massive invasion, the largest invasion in history. Three million men, one hundred and sixty divisions or so, cross into Russia, and that let him spot that of course Hitler was on to a two-front war. Britain, at least in the short term, was going to survive as an

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***“In the longer term, Churchill wanted to make sure that the Russians stayed in the war as long as possible and bled Germany dry.”***

***BIG THREE PLUS ONE: A poster (opposite page) shows British prime minister Winston Churchill, US president Franklin D. Roosevelt, Soviet leader Josef Stalin, and Chinese leader Chiang Kai-shek. Roosevelt and Churchill took pains to elevate Chiang into what was reckoned a “big four,” although Chiang would be toppled in the postwar years by Mao Zedong’s revolutionary forces. China still retains a permanent seat on the United Nations Security Council alongside Britain and the United States.*** [Poster Collection—Hoover Institution Archives]

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independent entity. In the longer term, Churchill wanted to make sure that the Russians stayed in the war as long as possible and bled Germany dry. And he wanted to ensure that the Americans, when they did finally come into the war in December 1941, were guided toward a Mediterranean strategy.

**Robinson:** We'll come to the Mediterranean strategy in a moment. David Kennedy, at the moment Operation Barbarossa begins, the United States is not at war. What does FDR want?

**David Kennedy:** I think I can summarize it most easily with reference to a familiar but often misunderstood phrase that Roosevelt would have understood deeply. From the pen of Woodrow Wilson and his war address on April 6, 1917: we seek to make the world safe for democracy. Notably, he did not say we seek to make the world democratic, but to create an international environment where those societies that had already organically established democratic practices and institutions could survive without becoming heavily militarized and disciplined to the way that a militarized society had to be. I think at the highest level of principle, that's what Roosevelt was saying.

**Robinson:** Stephen, I want to know Stalin's war aims in a moment. But first, how is it that Stalin is caught napping when Hitler double-crosses him and invades with almost four million men?

**Stephen Kotkin:** Stalin was prepared for the war. The Soviet Union actually had the largest military in the world, not even including those that it could still call up. It had the largest tank park. It had the largest airplane park. Hitler, of course, had arrayed this huge force along the frontier, but Stalin was led to believe by German disinformation that Hitler would not actually attack; he was only massing the troops to blackmail Stalin. Hitler wanted to gain Ukraine and other territorial concessions without having to fight, so the thinking went. Stalin was sitting in his office, waiting for an ultimatum, expecting to drag out negotiations. If he could drag them out past a certain date, he could be safe for another year while continuing his military buildup.

German disinformation fooled most of the intelligence services of the world. During the moment of the attack, Stalin was still waiting for the ultimatum, which is one reason he didn't give an order to fight back immediately.

**Robinson:** Now let's consider Stalin's war aims.

**Kotkin:** As with the UK, the Soviet Union's main war aim was survival.

No one had seen an invasion force like this. More than three thousand modern tanks. Motorized infantry right behind them. A huge attacking air

force, combined operations on the ground and in the air. From June 22, 1941, until December 1941, it was not clear that the Soviet Union was going to survive. Once survival became possible, then Stalin's war aims changed to aggrandizement. He wanted back all the territories lost in the revolution and civil war: the Baltic states, Poland, part of Romania known as Bessarabia. And, of course, in the Far East, those territories lost to Japan in earlier wars. So, survival, aggrandizement, and then, like any good Communist, projecting power to every corner of the earth.

**Robinson:** Once the United States is in the war, what is Roosevelt thinking? What are his war aims now?

**Kennedy:** While not giving up on the general, high-principled aim of making the world safe for democracy and opening up the world—keeping that in focus, we might see a tactical level. Roosevelt seeks to put American weight onto the scales to ensure the defeat of Germany and Japan at the least possible cost to the United States.

**Robinson:** We come now to the Mediterranean strategy. The central strategic question in Tehran was how and when the Western Allies would open the front in Western Europe, relieving pressure on the Soviets in the east. American military planners insist on devoting all resources to an invasion across the English Channel. Churchill has other ideas: for months, he will press the Americans for an operation in the eastern Mediterranean, perhaps pushing up through Italy, perhaps landing



[Taylor Jones—for the Hoover Digest]

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JAMES MONTGOMERY FLAGG

1944

**FORWARD:** Reprising one of his most famous persuasive icons, artist James Montgomery Flagg (1877–1960) juxtaposes his commanding Uncle Sam with a determined President Roosevelt in this 1944 campaign poster. FDR won reelection one last time in 1944. [Poster Collection—Hoover Institution Archives]



***HANDOFF:*** *Franklin D. Roosevelt died in April 1945, on the eve of Nazi Germany's surrender. He and his government had worked "to make the world safe for democracy," and the United States under new president Harry Truman would soon assume the dominant role in seeking to fulfill that goal in the postwar world.* [National Photo Company Collection—Library of Congress]

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near Trieste to advance through the Balkans to Vienna, perhaps advancing instead to Turkey.

***Roberts:*** You have to see the "Germany first" policy that was adopted at the beginning in its proper context. I think it's one of the great statesman-like moments of the twentieth century when Roosevelt and America come together with the British to go for Germany first. It's the Clausewitzian thing to do: you take out the stronger of your opponents. Europe gets roughly 70 percent of American resources, whereas the Japanese conflict in the Pacific gets about 30 percent.

What General George Marshall wanted to do as early as the fall of 1942 was to cross the channel and attack Germany, before we'd won the Battle of the Atlantic in August 1943—and also, crucially, before we'd won the war in



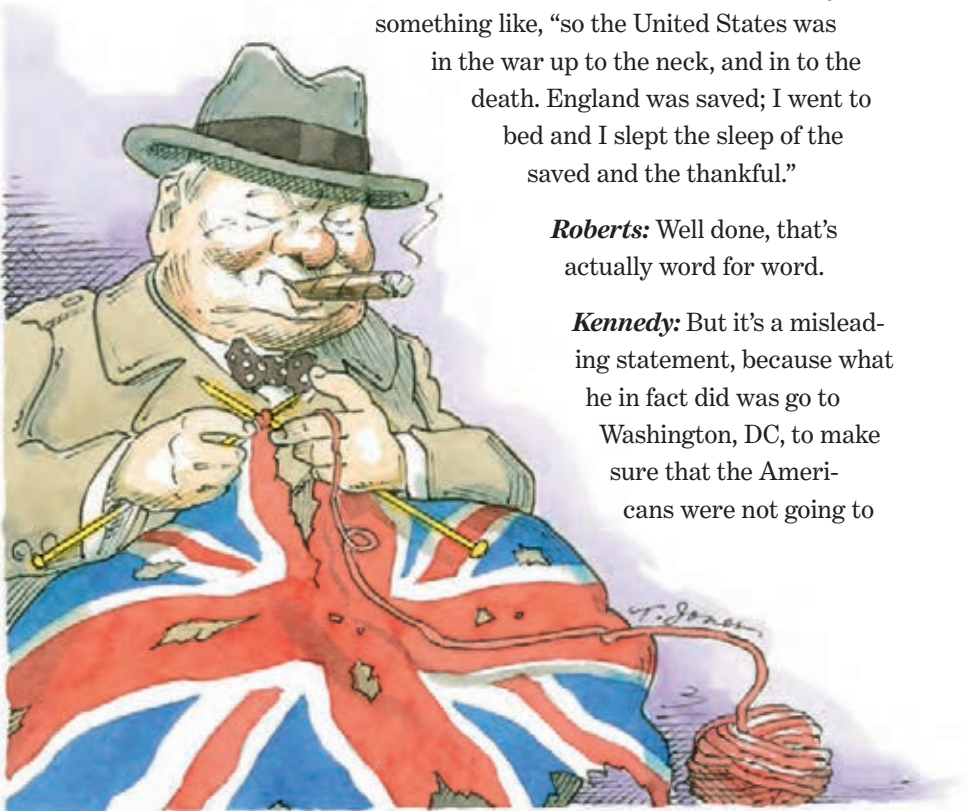
the air. That would have been disastrous. We'd have wound up with another Dunkirk evacuation on our hands. What General Alan Brooke, the chief of the Imperial General Staff, and Churchill did in many of those meetings was to persuade the Americans to adopt the Mediterranean strategy. That had been largely successful by the time of the fall of Rome on June 5, 1944. And the very next day the Allies crossed the English Channel.

What Churchill was trying to do by August 1944 was to keep as much of Eastern Europe as possible in the Western bloc, the Western sphere, and stop it from falling into the Soviet maw. Of course, the Americans quite rightly wanted the war to end as soon as possible. But the actual strategy of it and the tactics were well-nigh impossible. You had to go through something called the Ljubljana Gap, which isn't a gap. And the Germans proved again and again in the Italian campaign to be absolutely superb at defense and counterattack. My first day at university at Cambridge, my don told me that you must never use the word *inevitable* in history—except for German counterattack.

**Kennedy:** But you know that in Churchill's memoir, he tells us his state of mind at the moment he heard about the Pearl Harbor attack. And he says something like, "so the United States was in the war up to the neck, and in to the death. England was saved; I went to bed and I slept the sleep of the saved and the thankful."

**Roberts:** Well done, that's actually word for word.

**Kennedy:** But it's a misleading statement, because what he in fact did was go to Washington, DC, to make sure that the Americans were not going to



reverse the “Germany first” strategy and go hounding off in a war of revenge against the Japanese in the Pacific.

## **CULTIVATING COMRADE STALIN**

**Robinson:** Gentlemen, I return you to Tehran, where Franklin Roosevelt does something, to me, astonishing. We’ve got this debate raging between Churchill and the British general staff, and the American military planners. But now at Tehran, he turns to Stalin and says, what do you think? He lets Stalin in effect cast the deciding vote. What is Roosevelt doing there?

**Kennedy:** Because Roosevelt had promised the Russians that the West would mount a second front before the end of 1942.

**Roberts:** Quite irresponsibly.

**Kennedy:** Yes, that was a stupid thing to say, because it was impossible to fulfill that promise; we had no force of a size that would have had any consequential effect whatsoever. But Stalin is continuously and repeatedly begging for the West to open a front in the western side of Europe that would draw off at least forty German divisions from the eastern front, which was a charnel house. Roosevelt goes to Tehran expecting to have to mollify Stalin yet again about the fact that there is no second front as of late 1943. And just before he arrives in Tehran, there is an intelligence report from the military attaché at the Moscow embassy. He says maybe the Russians are no longer interested in a western second front because they now have the upper hand in the east, and if the West just delays the second front long enough, the Red Army can advance deeply into Western Europe. So, Roosevelt was afraid at Tehran that maybe the Russians had lost interest in the Western allies.

**Robinson:** And, Stephen Kotkin, what do you make of this dispute between these two?

**Kotkin:** American intelligence wasn’t always correct in its appraisals of Soviet motivations. Or even of Soviet capabilities. The reason Roosevelt promised Stalin the second front was because he wouldn’t promise to accept the pre-June 1941 Soviet borders. This involved Soviet annexation of countries that had been independent before the war. And so in lieu of accepting Stalin’s territorial aggrandizement, Roosevelt felt he had to promise something.

Stalin had won the Battle of Stalingrad in the winter of 1942–43. When people showed up in Tehran in November 1943, the momentum of the German offensive was over. However, the Germans still had a gigantic occupying army





## *Churchill's Message*

**COME THEN...** Let us to the Task, to the Battle and the Toil, each to our Part, each to our Station, fill the Armies, rule the Air, pour out the Munitions, strangle the U-boats, build the Ships, and honour the Brave. Let us go forward together in all parts of the Empire. There is not a week, nor a day, nor an hour to be lost.

***MEETING THE ENEMY:*** *Winston Churchill's oratory figured large in Britain's struggle against Nazi Germany. National survival was paramount in his mind, and he counted on American help to preserve the United Kingdom and Europe. But as the war progressed, Churchill also tried to keep as much of Europe as possible out of Stalin's hands.* [Poster Collection—Hoover Institution Archives]

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on Soviet territory and were not giving up. Stalin still felt at this point that the second front was necessary for him. I don't think the military attaché got this right. It was also a matter of promises made and promises broken; how much could Stalin trust or rely on the Allies? And how much would they betray him? The second front was an important test of whether the Allies were misleading him or he could rely on them.

When the Normandy invasion occurred in June 1944, there were approximately thirty German divisions deployed in the West. And there were more than 220 German divisions still deployed on Soviet territory. And that's June 1944, let alone November 1943. He needed the relief of the second front, and he was happy for the promise. But of course, the promise was not redeemed, yet again. The second part was delayed.

**Robinson:** We tend to think of Yalta as the place where Europe gets divided up. The postwar status of Europe gets discussed. David Kennedy corrected me a couple of weeks ago and said, no, there was a lot of discussion at Tehran, and important concessions, or at least acknowledgments of reality, took place at Tehran. In particular, Roosevelt has already recognized that the Soviets are going to be in possession of Poland.

The personal dynamics here: at Tehran, Roosevelt stays in the Soviet embassy. He rebuffs Churchill's efforts to have one-on-one meetings, but he has one-on-one meetings with Stalin. How would that have affected Stalin's calculations?

**Kotkin:** Roosevelt was cultivating Stalin. He was under the illusion that he needed to win over Stalin's trust, as opposed to Stalin's respect. He therefore attempted blatantly to make disparaging references to Churchill to ingratiate himself with Stalin. I don't think this affected the larger strategy very much, because events on the ground were very decisive. But it was a curious moment. Stalin was sizing them up. And like any one trained in Marxism-Leninism, he was looking for the contradictions, the tensions among the imperialists. So, he would exploit any differences between Churchill and Roosevelt.

## CROSSROADS AT YALTA

**Robinson:** The final meeting of the big three takes place at Yalta, February 4-11, 1945. The leaders meet in a rambling villa that Czar Nicholas II had built overlooking the Black Sea. The United States, the United Kingdom, and their allies have liberated all of France and Belgium and are preparing to cross the line into the German heartland. They will encounter resistance. In the east, the Red Army has already driven the Germans out of the Soviet Union and



***VICTORY?: Prime Minister Churchill sits in the garden of No. 10 Downing Street in May 1945 with his military chiefs of staff. Soon after, the wartime governing coalition collapsed and Churchill was ousted from office. Told by his wife, Clementine, that the loss might prove a blessing in disguise, Churchill replied, “From where I’m sitting, it seems quite remarkably well disguised.”*** [Imperial War Museums]

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all the way across Poland. As the big three confer, the Red Army is only some fifty miles from Berlin. Roosevelt wins a commitment from Stalin to participate in the United Nations. Stalin promises to enter the war against Japan within a few months of Germany’s defeat, and the leaders agree to divide Germany into zones of occupation. But perhaps the primary topic of discussion at Yalta is that country with the worst luck in the world: Poland. Historian Christopher Andrew: “Having already conceded Soviet dominance of Poland at Tehran, Roosevelt and Churchill make a belated attempt to secure the restoration of Polish democracy, and a guarantee of free elections.” Andrew Roberts, describe Churchill’s efforts.

***Roberts:*** Well, they were naive . . .

***Robinson:*** Really?



**NEW ALIGNMENTS:** *In spring 1949, Winston Churchill, shown here campaigning that year for the Conservatives in London, reflected on his famous “Iron Curtain” speech of 1946, in which he had warned of Soviet aggression. “Some time ago, you may possibly remember, I made a speech in Missouri at Fulton,” he said in a New York address. “I got into great trouble for that. But now, not so much. Now it is thought better of. . . . But what has brought this great change from the time when I was so scolded three years ago for what I said at Fulton? . . . No one could possibly have done it but Mr. Stalin.”* [Press Association]

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**Roberts:** Of course. They were naive in the best possible way.

As Stephen has pointed out, you have over a million Red Army soldiers in Poland at the time. The best that Churchill and FDR could possibly do is hope for the best. The other things you mentioned that they wanted—the United Nations organization and the declaration of war against Japan from Russia—were both considered very important. The best they could do was keep their fingers crossed. And when Stalin made his promises about the integrity and independence of Poland, which he did again and again at Yalta, they just had to—in this case, naively—believe him. And, of course, he was lying through his teeth.

**Kennedy:** I want to go back to the “facts on the ground”—not only a Marxist phrase, it’s a matter of realism. And again, Poland was already well under the





**СТАЛИН  
ВЕДЁТ НАС К ПОБЕДЕ!**

bus. In fact, I'd say behind the rear wheels of the bus, by the time all these events were falling out. There is little, practically speaking, that the Western allies could have done by the time of Yalta. And these are paper agreements. As Admiral Leahy, Roosevelt's chief of staff, said as they were leaving, "Mr. President, these agreements are so elastic, the Russians can stretch them all the way from Yalta to Washington, DC, without breaking the agreement." And Roosevelt said, "I know, Bill, but it's the best I can do for Poland at this time."

**Kotkin:** The focus on Yalta is understandable. But Hitler invaded the Soviet Union. In order for Nazi Germany to be defeated—unconditional surrender, which were the terms on offer—along with the fact that the Nazi regime and the Wehrmacht did not give up, it meant that somebody had to get all the way to Central Europe.

In 1938, Neville Chamberlain's critics were saying, "Stop appeasing Hitler, do the deal with Stalin, form an alliance, and go to war and defeat Hitler." Instead, as we know, Chamberlain appeased Hitler and came back from Munich having given away part of Czechoslovakia with no compensation. But Chamberlain wrote to one of his sisters, "If I do a deal with Stalin, and form a military alliance, and we go to war, we defeat Hitler. How do I get the communists out of central Europe?" Chamberlain was not a very effective leader, and he made many mistakes, but this *was* the question. If you are going to war against Hitler, you are going to end up with Stalin in a large part of Europe.

Now let's fast-forward to 1945. There was a debate in both the American and the British delegations of how to characterize the Soviet regime, and how to characterize Stalin personally. Many people thought that it wasn't communist anymore. It was more nationalist than communist; it had evolved. This was the argument that Ribbentrop had made to Hitler in 1939 to get Hitler to sign the Hitler–Stalin pact. Every time there was some nationalist outburst in the Soviet Union, Ribbentrop would run to Hitler and say, see, they're not really Judeo-Bolsheviks anymore, they're actually nationalists. Hitler didn't buy it, but many people in the Nazi regime did buy it. And many people inside the American and British delegations at Yalta wondered about

***ONWARD TO BERLIN: Posters such as this one (opposite page), which announces "Stalin leads us to victory," were among the heroic images of Josef Stalin and Soviet forces printed during what Russians call the Great Patriotic War. The Soviet Union did triumph against Nazi Germany, but at the cost of tens of millions of lives. Hoover senior fellow Stephen Kotkin points out, "The two long-term winners of the war are the Anglo-Americans on one side and China on the other."*** [Poster Collection—Hoover Institution Archives]



this too, because if Stalin was a nationalist, if he was just another czar like the czars in the past, maybe we could do deals with him. And maybe the post-war could be managed.

Remember, Stalin charmed them. He's very charming when he wants to be. He's a murderous, vicious tyrant who will kill you for nothing in cold blood. But they found him a rather interesting person, face to face. They also were charmed by the fact that he made occasional concessions, which meant that they wouldn't give up on a negotiating process with him. But what alternative did they have?

**Roberts:** I think it's also worth pointing out that the two things Stalin gave to FDR—declaration of war against Japan, three months after the defeat of Germany, and the building of the United Nations organization—were actually going to work in his favor as well. He would wind up being on the winning side against Japan, and especially if the United Nations organization was going to give Moscow a veto in the Security Council, that was going to work in his favor.

## EVERYTHING AFTER

**Robinson:** After Yalta, Roosevelt goes back home and gives a speech to a joint session of Congress in which he portrays the agreement as taking place in good faith: "I'm convinced that the agreement on Poland under the circumstances"—he does give himself a little clause of wiggle room there—"is the most hopeful agreement possible for a free, independent, and prosperous Polish state." Winston Churchill, reporting on Yalta to the House of Commons on February 27, 1945: "Are the Poles to be free as we in Britain and the United States or France are free or are they to become a mere projection of the Soviet state, forced to adopt a communist or totalitarian system? Most solemn declarations have been made by Marshal Stalin and the Soviet Union that the sovereign independence of Poland is to be maintained. The impression I brought back from the Crimea is that Marshal Stalin and the Soviet leaders wish to live in honorable friendship and equality with the Western



democracies. I feel that their word is their bond.” Andrew, are you entirely happy with that?

**Roberts:** Clearly, no. As I said earlier, he was naive. And we know that because when he came back to London to report to the cabinet, when I found in 2016 the verbatim accounts of the war cabinet meetings, he was saying exactly the same thing. He actually did believe that.

**Robinson:** In the last days of the war in Europe, spring 1945, the Americans and British are picking up their advance as they move into Germany and German resistance begins to collapse. In the east, the Red Army finds itself bogged down, at least in part because the Germans are aware of the brutality of the Red Army. Churchill communicates to Eisenhower on March 31: “Why should we not cross the Elbe and advance as far eastward as possible?” He tells Roosevelt on April 1: “I considered that from a political standpoint, we should march as far east into Germany as possible. And that should Berlin be in our grasp, we should certainly take it.” Churchill to Eisenhower on April 2: “I deem it highly important that we should shake hands with the Russians as far to the east as possible.” Now Churchill has just told Parliament a few months before that the Russians stand to their word. Now he’s saying we *must* beat them to these targets.

**Roberts:** Unfortunately, they’d already agreed to all these demarcation lines at the European Advisory



# DANSE CAUCASIENNE



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Commission long before that; in 1944, in fact. In order to push the borders of the free world as far east as possible, he knew that would involve a clash with the Soviet Union. It was just simply an attempt to rip up agreements that had already been signed with the Soviets. The Americans were never going to go for that. And I think he was making those statements more with an eye to history than to policy.

**Robinson:** Who won? Churchill wanted to defend the British empire. The British empire begins to unravel almost immediately. On that argument, Churchill failed. Roosevelt wanted to establish a new international order based on the United Nations. The United Nations becomes a platform for four decades for tin pot dictators. Our colleague here at the Hoover Institution, Niall Ferguson, writes, “The principal beneficiary of the Second World War was Stalin’s Soviet Union. The wartime alliance with Stalin for all its inevitability and strategic rationality was nevertheless an authentically Faustian pact.”

Here’s the other way of looking at it, as best I can tell. And Andrew Roberts is going to get the first crack at correcting me. Or describing the correct way to look at it. We began this conversation in June 1941, with the Germans pouring into the Soviet Union on three fronts. Britain’s in peril. We end with Hitler dead, Britain and all of Western Europe free, the United States in a position to lead a long and peaceful struggle. Stalin occupies Eastern Europe. But in the end, the Cold War would go the West’s way, not the Soviet Union’s. Churchill and FDR may have proven naive here and there. They may have made mistakes. But they won.

**Roberts:** Certainly, Churchill didn’t win personally in any way, because, of course, he was thrown out of office in July 1945. When his wife, Clementine, said that it might prove a blessing in disguise, Churchill replied, “Well, from where I’m sitting, it seems quite remarkably well disguised.” Britain was totally exhausted. We had spent one-third of our net assets on that struggle. They couldn’t, by the way, in my view, have been spent in a more honorable way than expiating the most evil regime the world’s ever seen. If you’re going to lose an empire, that’s the honorable way to do it, but we did lose it. And so,

***SOVIET STEEL: A satirical view of Stalin and his postwar ambitions (opposite page) appears in this 1950 French poster. It mocks the French Communist Party, portraying its leaders as musicians accompanying Stalin, who performs a Cossack sword dance as he impales China and the countries of Eastern Europe. The oval labeled “France” points to Stalin’s potential next victim.***

[Poster Collection—Hoover Institution Archives]





***STAY A WHILE: Amid scenes of devastation, a man stares at a poster of Stalin along the Unter den Linden boulevard in Berlin in 1945. East Berlin, and East Germany, remained under Soviet control for more than forty years afterward, in a Cold War standoff that did not end until German reunification in 1990.***

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it can't be Britain. For America, on the other hand, the next fifty to seventy years continued to be the "American century." If you make the mistake of ceding your primacy to China in the rest of this century, then that might be the end of the American century. But boy, did the Second World War start you off well.

**Kennedy:** Peter, with all respect to our colleague and my friend, Niall Ferguson, you've got a heavy burden of proof to carry if you want to argue that Stalin was the principal victor of World War II. Is losing twenty-five million Soviet people an acceptable price to pay for whatever outcome he achieved? He did achieve one big aim, the aggrandizement of the Soviet-dominated sphere, especially in Eastern Europe and Central Europe to an extent. I guess in that qualified way, you could say he was victorious. But I'm reminded of something that Stalin said directly to Franklin Roosevelt. He said, it seems that you Americans have decided to fight this war with American money and American machines and Russian men. And that was a cynical but absolutely accurate summary of one of the biggest dimensions of American grand strategy: to delay the second front in the cross-channel invasion by a year and to scale down the anticipated mobile force; to fight principally from the air and not have an occupation-scale force on the ground in Europe at war's conclusion.

But to return to your question, in my undergraduate classes especially I like beginning the discussion of the war with that question. The automatic answer is: well, *we* did. That's an acceptable answer. But if we mean which society paid the greatest price in blood and treasure for the ultimate outcome, it was not the United States. It was the Soviet Union, without a shadow of a doubt. Yet if we mean which belligerent emerged at the end of the conflict in the best position, and particularly in a better position than at the war's outset, that's the United States. The war lifts the United States out of the Depression, and it has the only intact large-scale industrial economy left on the planet. And it is in a position to exert hegemonic dominion over the international system and reshape the international system with new institutions like the International Monetary Fund, the World Bank, and so on.

So, the United States is unambiguously the winner, but it did not pay the greatest price.

**Kotkin:** Stalin didn't care about the lives, the twenty-seven million that he lost. If he sent a million of his enslaved collective farmers into battle, and they were encircled and killed, he would send another million of his enslaved collective farmers into battle or dip into his gulag labor camps for a couple hundred thousand, and send them to the front. That's how totalitarian regimes can fight. Democracies can't just say, oh, you know what, let's send a few hundred thousand of our boys to their death in order to take Prague before Stalin takes Prague. Democracies don't fight that way for a reason: because we're better. The Soviet Union fought that way, and we had to live with the consequences.



The two long-term winners of the war are the Anglo-Americans on one side and China on the other. China is a belligerent—the war starts there, not in Europe—and China emerges on the winning side. As we see today, they are clearly one of the big winners. Stalin wins the war and loses the peace. China and the United States win the war and the peace.

But we have the same difficulty understanding that today's Chinese regime is communist. They're communists; they're not nationalists. They're not charming. They're not going to be our friends and we're not going to win their trust. It's the same problem we had at Tehran and Yalta and Potsdam and afterwards, of wanting to look communism in the face, and make it go away and become something else evolving in a direction where we could work with it, a traditional nationalism. We've just lived through twenty years of this with the regime in Beijing. And now we've woken up and we've discovered that maybe this whole time it's been a communist regime. And maybe their values are different from our values. And maybe they treat their people differently from how we treat our people. So, they won the war too, but it's not clear that they're going to win the long-term peace. That's within our power to affect.

**Robinson:** Here we sit in the middle of a major university. The students have no memory of the Second World War. They have no memory of the Cold War. How can you make them understand why this matters?

**Kennedy:** I think there are enduring lessons of this whole sorry episode. Just to say the obvious, it is the most formative, cataclysmic, colossal event of the twentieth century. And it left a legacy for states and peoples that comes right

down to the present day, as Stephen has elegantly pointed out. But there's another larger set of lessons in here about what happens when an inter-

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***“The United States is unambiguously the winner, but it did not pay the greatest price.”***

national system that is supposed to keep the peace amongst nations breaks down, and how godawful the consequences of that can be. In particular, when a potential player with the weight and influence and moral values to try to maintain at least a semblance of international peace withdraws from the system. If we don't want to live in a world beset by monsters and tyrants, we need to be engaged.

**Roberts:** You're quite right about students not knowing about it. There was a very large survey of British teenagers a few years back, 20 percent of whom

thought Winston Churchill was a fictional character. Yet 47 percent of them thought Sherlock Holmes was a real person, and 53 percent of them thought that even Eleanor Rigby was a real person. So, we do have a problem.

I think what you said about American isolationism and the dangers of it is obviously very true.

And perhaps we've got something to learn about the setups from Bretton Woods to the United Nations. But really the

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***“Stalin wins the war and loses the peace. China and the United States win the war and the peace.”***

underlying point, I think, is that Western democracies must recognize that they cannot stop being strong, and they cannot stop spending money on defense. Because the world out there is a profoundly unpleasant place. This National Socialism in Nazi Germany, and essentially national communism in China, and God knows what you'd call it in Russia. . . . They genuinely are out to get you.

**Robinson:** Clare Boothe Luce used to say that history would accord even the greatest figure only one sentence. Abraham Lincoln freed the slaves. Gentlemen, this sentence will test your powers of concision. David Kennedy, Franklin Roosevelt—what one sentence should history accord him?

**Kennedy:** He positioned the United States to transform and lead the international system for the better part of a century after his death.

**Robinson:** Well done. Stephen, one sentence for Josef Stalin.

**Kotkin:** He created a superpower with feet of clay and lack of morals.

**Robinson:** Andrew, Churchill.

**Roberts:** Never gave in. ■





# *On to the Next Hundred Years*

**Herbert Hoover's namesake institution and its enduring ambition to satisfy intellectual hunger.**

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**By George H. Nash**

**I**n an unpublished autobiographical statement written sometime after World War I, Herbert Hoover declared: “There is little importance to men’s lives except the accomplishment they leave to posterity.” For Hoover the most accurately measured form of accomplishment was “the origination or administration of tangible institutions or constructed works.” And he concluded: “When all is said and done accomplishment is all that counts.”

True to his philosophy, Hoover spent most of his adult life creating and administering institutions, from business enterprises to the presidency of the United States. The result was a career of phenomenal accomplishment.

As a biographer of Mr. Hoover and a historian of American conservatism, I have been asked to reflect upon the historical significance of one of Hoover’s institutions: the one that bears his name and whose centennial we celebrate. As we ponder the great project that he launched a century ago, it is appropriate to begin by asking: Why did he decide to establish what we now call the Hoover Institution? What did he hope to achieve?

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*George H. Nash is a historian, lecturer, and authority on the life of Herbert Hoover. He is the editor of **The Crusade Years, 1933–1955: Herbert Hoover’s Lost Memoir of the New Deal Era and Its Aftermath** (Hoover Institution Press, 2013) and the author of a multivolume scholarly biography of Hoover.*

To understand how Hoover came to this decision, it is helpful to know something about the influences on his early life. He was born in 1874 in the little Quaker community of West Branch, Iowa. Before he was ten his parents had died. By the time he was twenty-one he had graduated from Stanford University (as a member of its Pioneer Class) and had entered his chosen profession of mining engineering. His rise to professional prominence was rapid. By the time he was forty he had worked in Australia, China, Burma, Russia, and Great Britain, among other places, and had traveled around the world five times.

By 1914 Hoover was at the pinnacle of his profession. Having fulfilled his early ambition of making a fortune by the time he was forty, he intended to leave London, where he had been living for a number of years, and go home to America, where he hoped to enter public life.

The eruption of World War I gave a new direction to Hoover's altruistic yearnings and utterly changed the course of his career. When the war broke out in Europe in August 1914, he, his wife Lou, and their two sons were still residing in London, the mining and finance capital of the world. Within a few months, as the armies

of contending nations bogged down in a bloody stalemate, Hoover founded and directed an institution of volunteers called the Commission

for Relief in Belgium (CRB). As a neutral organization respected by the European belligerents, the CRB procured, delivered, and oversaw the distribution of food to more than nine million desperate Belgian and French civilians caught between a German army of occupation and a British naval blockade. What appeared at first to be a brief, emergency relief mission evolved into a gigantic humanitarian enterprise without precedent in world history: the rescue of an entire nation under enemy occupation from the threat of starvation. The CRB's work lasted more than four years and catapulted Hoover to worldwide fame as a humanitarian.

When the United States entered the war in 1917, President Wilson appointed Hoover US food administrator, a governmental position in which he served with great success. When the war ended in late 1918, Wilson sent him back across the Atlantic, this time to feed starving Europe and facilitate its economic reconstruction, while Wilson and Allied leaders struggled to draft a peace treaty in Paris. As director-general of the American Relief

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***Herbert Hoover set out to systematically collect contemporary documents on the First World War before they were lost to history.***

Administration (ARA), Hoover organized the supply of food to suffering people in more than twenty nations, in the process helping to check the advance of communist revolution from the East. It was a herculean task. Tens of millions of people owed their lives to his exertions. It was later said of him that he was responsible for saving more lives than any other person in history.

## **FLEETING HISTORY**

It was in this context of war, revolution, and near-famine that Hoover made one of the most consequential decisions of his life. In late 1914 or early 1915 (as he later recalled), while on a journey across the English Channel on Belgian relief business, Hoover carried a copy of the autobiography of the eminent educator Andrew D. White. In it White described how, as a student in France in the 1850s, he had assembled a vast collection of pamphlets, manuscripts, and other “fugitive publications” from the era of the French Revolution: crucial source material for writing a history of that upheaval.

Reading this passage, Hoover realized (as he later remarked) that he himself was uniquely situated to “collect fugitive literature” on another world-shattering event: the titanic European conflict that he was witnessing at close range. He thereupon decided to undertake an audacious project similar to White’s: the systematic collecting of contemporary documents on the world war before they were lost to history.

Hoover was therefore probably in a receptive mood when in March 1915 he received a letter from professor of history E. D. Adams of Stanford University. Adams called Hoover’s attention to the historical importance of the Commission for Relief in Belgium and urged him to preserve its records and deposit them someday at his alma mater. Hoover enthusiastically replied that it would be a “fine idea” to store these records at Stanford. Curiously, though, he said nothing about his own plan to collect “fugitive literature” on the war, a plan he later said antedated Adams’s letter. Several times in the next four years Adams reminded Hoover of the professor’s interest in the CRB files, but Hoover evidently made no further comment or commitment.

Then, in 1919, with the war now over, what we might call the prehistory of Hoover’s project ended, and its institutional history began. On April 22, 1919, Hoover, in Paris, sent a terse cable to his wife in Palo Alto. He asked her to inform President Wilbur of Stanford and Professor Adams of its history department that if they kept the matter “entirely confidential” Hoover could “find the cost of sending at once [a] suitable mission to Europe to collect historical material on [the] war[,] provided that it does not exceed

fifty thousand dollars without further consideration.” Fifty thousand dollars: worth more than \$700,000 today.

It was a breathtaking offer, but Adams and others wondered: what exactly was Hoover driving at? Did he merely want someone to come to Europe and scoop up the CRB files and related material, or did he have some broader design? From Paris came back a second laconic Hoover cable: “My idea is simply [to] collect material on [the] war generally.” It was the first hint of the breadth of his ambition.

Within a few weeks Professor Adams was in Paris. With Hoover’s active support and \$50,000 of Hoover’s

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***During Hoover’s years abroad, he had not been a tourist. He had been an eyewitness to history.***

money to draw upon, the Stanford historian and a team of associates set out across the continent in quest of government publications, war propaganda, and other invaluable source material on the Great War. Before long a stupendous quantity of often irreplaceable documentation was on its way to Stanford University: the first wave in a cascade that has ebbed and flowed over the decades but has never fully stopped in one hundred years.

## **A DISTINCT IDENTITY**

Here we come to what, in historical perspective, is one of the peculiar features of Hoover’s project at its founding. At no time, apparently, in 1919 or for some years thereafter, did he put in writing in detail his motives for his benefaction or a master plan for its development. It was only in the 1930s that he first publicly mentioned his fortuitous reading of Andrew D. White’s autobiography in the early months of the war. So again the question arises: why? Why, of all the participants in the peace conference in 1919, was Hoover (in one historian’s words) “the only statesman in Paris to gather material on the war before it was too late”?

The answer, I think, lies in the contours of Hoover’s life as a globe-trotting mining engineer before the war.

During those years, he later said, he had not been a tourist. He had been an eyewitness to history and to the social dynamics of foreign civilizations. In China he had survived the Boxer Rebellion. In czarist Russia he had seen political prisoners bound in chains being herded onto railroad cars that would take them to Siberia. It was a sight that gave him nightmares. Then, in 1916, during one of his visits to German-occupied Belgium, German army officers took him to the Western Front to observe from behind German



lines the ongoing Battle of the Somme, in which hundreds of thousands of soldiers were wounded or died. “I saw that war in the raw,” he later wrote, “. . . probably more intimately than any other American.” This exposure to foreign societies, and then to war and social unrest, helped to awaken in him a historian’s sensibility.

This sensibility was linked to a second fact about Hoover: his insatiable intellectual curiosity and remarkably wide reading. He later calculated that he spent a total of two years of his life on ships at sea, mostly during his work

as a peripatetic mining engineer. During these long ocean voyages, he wrote, he “undertook a re-education of myself,” reading “literally several

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***Time and again in the years ahead, Hoover insisted on maintaining his collection’s distinct identity.***

thousand books” on history, politics, government, economics, and sociology. It made him unusually attentive to contemporary political and economic forces—much more so than many less-traveled men of affairs.

Third, Hoover was a man of enormous drive and ambition. The Great War came along at the very moment that he was redirecting his ambition from money-making toward public service. And what better beneficiary of his philanthropic impulses could there be for him in 1919 than what he called “the best place in the world”: Stanford University? By 1919, Hoover was Stanford’s first great success story and already the most influential member of its board of trustees, a position he would hold for nearly fifty years. In 1919 he began building his future home on the university campus. Stanford, then, would be the recipient of his newest benefaction.

Hoover had no elaborate blueprint for his archival endeavor in 1919. But he did hold two definite convictions about it that had profound consequences. From the outset he was less interested in the “military side” of the war than in problems of food administration and, more broadly, the social, economic, and political forces unleashed by the conflict. Even more important, in 1920 he offered his war history collection to Stanford on condition that it be (in the words of President Wilbur) “maintained and kept as a separate collection, kept upon separate stacks and with a separate room for its use.” The trustees accepted Hoover’s gift and his conditions.

Time and again in the years ahead, Hoover insisted on maintaining his collection’s distinct identity. He contended that “in upbuilding a collection of this kind we must have the psychology of a separate body of material. Its mere exhibition and the knowledge of it in its physical situation attracts to itself

valuable additions.” Clearly he intended his endeavor to grow. And grow it did, prodigiously—bolstered by generous financial contributions and donations of documents from its founder (including the CRB records that Professor Adams had wanted) and from sources to which Hoover had access beyond the campus.

Here we come to what, in historical perspective, is one of the most unusual features of Hoover’s undertaking—and evidence of his far-sightedness. The venture he launched in 1919 did not settle down into a static and conventional groove. Instead, he repeatedly enlarged its scope beyond its initial focus on the war years and their immediate aftermath. In 1933, for instance, at Hoover’s initiative, the range of collecting was broadened to encompass twenty-one new, post-1918 categories, including Hitlerism and the New Deal: a sign of his recognition of the war’s lengthening shadow over the twentieth century. Several years later, World War II was brought within the purview of document acquisition. By 1950 the archival holdings were more than double what they had been in 1939.

The archive’s relentless expansion was paralleled by another very revealing development: recurrent changes in the institution’s name. At first, in 1919 and 1920, it was known simply as the Hoover War Collection. In 1921, with the founder’s approval, it was officially renamed the Hoover War Library. In 1938, at Hoover’s urging, it became the Hoover Library on War, Revolution and Peace. In 1946, again at his urging, it became the Hoover Institute and Library on War, Revolution and Peace—a subtle sign of a larger objective that Hoover had begun to formulate.

The library’s unending acquisition of research material, the widening scope of its mission, and Hoover’s powerful influence over its financing and leadership soon brought the founder and his allies into conflict with the university’s head librarians. As the flood of documents from Europe poured into Stanford’s Green Library

and took up more and more space, the head librarians repeatedly attempted to curb the War Library’s growth

and concentrate on cataloguing the masses of material already acquired. Hoover would have none of it. He wrote on one occasion: “There will be a thousand years to catalogue this library but only ten years to acquire the most valuable of material.”

And so ensued a bitter, behind-the-scenes tug of war with the founder for control of the War Library’s direction and resources—a struggle that lasted

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***By 1950 the archival holdings were more than double what they had been in 1939.***

more than fifteen years. In the end, Hoover was triumphant, when his library acquired a badly needed building of its own: the Hoover Tower, which opened in 1941. Hoover consolidated his victory in 1946 when the university's trustees, on whose board he continued to sit, removed the Hoover Library from the university library's jurisdiction and made Hoover's creation "a separate division of Stanford University."

## **"VITAL HUMAN QUESTIONS"**

By the end of World War II, the Hoover Library was universally recognized as one of the foremost repositories in the world of priceless documentation on the First World War and its consequences. It was also on its way to becoming what it remains today: the leading repository outside of Russia of documentation on the Russian Revolution and the rise of world communism.

Increasingly, as the Cold War era began, Hoover sought ways to exploit what he saw as his library's tremendous potential for the civic education of the American people. Hoover had never wanted it to be what he called "a dead storage of documents." Instead, he told a friend in 1944 that he wanted it to become a "research center upon the most vital of all human questions—War, Revolution, and Peace." He was delighted in 1957 when the university trustees gave his creation the name it still has today: the Hoover Institution on War, Revolution and Peace. Now it would be similar in title to the Brook-

ings Institution and the Carnegie Institution, as Hoover himself observed.

But Hoover's groping for an explicit corporate rationale for his prestigious institution soon ran

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***Hoover once wrote, "There will be a thousand years to catalogue this library but only ten years to acquire the most valuable of material."***

into fierce ideological headwinds. By the late 1940s Stanford University's greatest living benefactor was no longer so widely perceived, as he had been in 1919, as a great humanitarian and nonpolitical figure. He was now a controversial former president of the United States, an outspoken critic of Franklin Roosevelt's legacy, and the strenuous conductor of what Hoover himself called a "crusade against collectivism."

Meanwhile, like most of American academia after World War II, the university that hosted his war library had begun gliding toward the political left. As the Cold War with the Soviet Union intensified and the McCarthy era roiled the nation, the ideological chasm between Stanford and its most famous alumnus widened.

To a growing number of Stanford faculty, Hoover was a meddlesome reactionary who was trying to convert an academic entity—the Hoover Institution—into a vehicle for a rabidly right-wing, anticommunist crusade. To Hoover, a gaggle of “fuzzy minded” intellectuals and “left wingers” on the faculty was scheming to take control of the institution’s research and publications and tilt its ideological balance forever to the left. Even more alarming to him was the fact that in the late 1940s and 1950s nearly every member of the Hoover

Institution’s administrative staff stood politically to the left—even far left—of center. As he neared the end of his life Hoover faced the dismal

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***The Hoover Institution performs what has been called the primary function of a think tank: to be a bridge between knowledge and power.***

prospect that the institution he had created and done more than anyone to sustain would be captured by professors hostile to his deepest values and aspirations for it.

In the late 1950s the decade-long, behind-the-scenes struggle between Hoover and his ideological foes on campus erupted into a climactic battle for control of the Hoover Institution. In the end, after protracted effort, Hoover prevailed. In 1959 the trustees voted to rescind their resolution of 1946, which had declared the institution to be “a separate division of Stanford University.” They also voted to revamp the Hoover Institution’s governing structure in a way that removed it from direct faculty control. From now on, they decreed, the institution would be “an independent institution within the frame of Stanford University.” That formulation is still in force today.

In 1962 Hoover offered Stanford an invaluable collection of his personal papers on condition that after his death his family foundation would have a formal role—amounting to a veto—in the selection process for future directors of the institution. The trustees accepted his gift and his terms. That arrangement, too, is still in effect today.

## **NEW MISSIONS**

Satisfied that his institution was secure from a takeover by his ideological opponents, Hoover in his final years worked to give it a new direction. He selected W. Glenn Campbell, a conservative economist working in Washington, DC, to be the institution’s director. At the university trustees’ request, Hoover composed a statement of the institution’s purposes in 1959. A condensed version of it remains the official mission statement today. Among





other things, Hoover declared that the “overall mission” of the institution was “to recall man’s endeavors to make and preserve peace, and to sustain for America the safeguards of the American way of life.” The institution, he added, “must constantly and dynamically point the road to peace, to personal freedom, and to the safeguards of the American system.” To put it another way, he wanted the institution, through its archives and its publications, to be a source of enlightenment to the nation in its Cold War struggle against collectivist ideologies.

In short order Campbell, with Hoover’s help until his death in 1964, transformed the Hoover Institution. Between 1960 and 1965 its annual operating budget quintupled. More important, Campbell expanded the institution’s focus from Cold War issues and twentieth-century international relations to include domestic policy studies—a shift codified in 1973 when the institution created a Domestic Public Policy Program. To put it succinctly, he gradually turned the institution into a multidisciplinary public-policy research center—in other words, a think tank.

Even more important, as we can now see in historical perspective, in his recruitment of scholars, vigorous anticommunism, commitment to free-market economics, and cultivation of a right-of-center donor base, Campbell unapologetically developed the institution into a high-level intellectual resource for the growing conservative intellectual and political community that coalesced in the 1960s and was moving from the realm of political theory to political practice. Under his leadership and that of his successors, John Raisian and Tom Gilligan, the Hoover Institution has performed what has been called the primary function of a think tank: “to act as a bridge between knowledge and power.” For more than half a century it has served this role with distinction.

In 1960, the institution’s staff included only six scholars. Today it has nearly two hundred. In 1960, the institution’s annual operating budget was less than \$400,000. Today it is about \$70 million.

During these years the institution has evolved on two parallel tracks. On the public policy side, Hoover scholars have made their mark in such fields as taxation and monetary policy, deregulation of industry, national security

***THE CHIEF: Herbert Hoover, shown with his dog, King Tut, had far-reaching goals for both himself and the institutions he led. Amid his many accomplishments, Hoover once wrote that the creation of the Hoover Institution was “probably my major contribution to American life.”*** [Theodore Horydczak—Library of Congress/National Photo Company Collection]

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studies, and education reform. On the archival side, the institution, with more than six thousand manuscript collections, remains unsurpassed as a repository of historical documentation on communism, American conservatism, and indeed most of the main currents of twentieth-century history.

Of the institution's more recent acquisitions, one to me stands out. Shortly after the collapse of the Soviet Union in 1991, the institution's deputy director, Charles Palm, successfully negotiated with the Russian authorities for the institution to gain access to and microfilm the vast and previously secret files of the Soviet Communist Party, as well as the records of the Soviet agency that administered the gulag. Today these extraordinary microfilmed records—more than eleven thousand reels of them, containing ten million documents—are safely here in the Hoover Institution for scholars the world over to study. I am told that if printed out and placed in a single stack, they would rise as high as fourteen Hoover Towers!

## INDEPENDENCE DAY

It is tempting to close by reciting the names of the many distinguished statesmen, scholars, archivists, donors, and others who have contributed to the Hoover Institution's achievements since its founding. It would be an impossible task in the space remaining. So permit me instead to identify briefly what I perceive to be two perennial issues that the institution may confront again in the years ahead.

First, the Hoover Institution is officially defined, in its governing documents, as "an independent institution within the frame of Stanford University." This at once raises the question: where does independence end and the frame begin? How much, and on what terms, should the Hoover Institution

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***In 1960, the institution's staff included only six scholars. Today it has nearly two hundred.***

be responsible to its host university as the institution pursues its own mission beyond the campus? In one form or another, these questions have

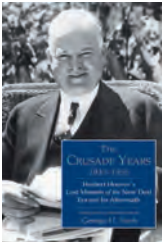
arisen repeatedly in the past one hundred years and have often led to conflict and controversy. In my judgment as a historian, this inherent structural tension is likely to persist for as long as the institution asserts its independence.

The second issue that the institution may face derives from its reputation as a predominantly right-of-center think tank in a predominantly left-of-center campus environment. Many times since Herbert Hoover's day the perceived ideological divide between the institution and the surrounding

academic community has been a source of friction, as well as apprehension at times on the part of the institution's supporters that its institutional identity may someday be at risk. If history is any guide, this ideological fault line, like the structural one, is unlikely to disappear. How these factors will shape the institution's existence as a library, a center for advanced study, and a think tank will, I suspect, be a defining issue for a long time to come.

I conclude by turning one last time to the founder. In 1959, in the midst of his effort to secure the institution's independence and refine its educational mission, Herbert Hoover wrote that the institution was "probably my major contribution to American life." It was a remarkable statement for a man whose accomplishments had included saving millions of people from the threat of starvation during and after a catastrophic war. But it shows how lofty his hopes were for the entity that bears his name. As the Hoover Institution celebrates its first century, let us rededicate ourselves to its success as its second century begins. For me and for countless others, this is a wonderful place. May it ever remain so. ■

### *Special to the Hoover Digest.*



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# On the Cover

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This poster captioned “Loor a los Héroes!” (Praise to the Heroes) lionized the air forces of Republican Spain as the Spanish Civil War intensified in the late 1930s. The poster was issued by the Confederación Nacional del Trabajo (CNT), a group of anarcho-syndicalist labor unions formed in 1910, active during the Second Republic and the civil war, and still part of Spanish political currents today. Perhaps in a sign of the infighting that would weaken the Republic on its way to collapse, the human-airplanes do not display the insignia of Republican Spain’s actual air forces. Instead, the flying heroes of the anarcho-syndicalists are a uniform red.

The Spanish Civil War flowed into larger currents that were reshaping, and would devastate, Europe. Republican forces, fighting for the government that overthrew the monarchy and ruled from 1931 to 1939, were backed and supplied by the Soviet Union. Foreign fighters, including the Abraham Lincoln Brigade of American volunteers, also took their side. But Nationalist leader General Francisco Franco, who had led a military coup against the Republic, had the power of fascist Germany and Italy behind him. When German and Italian planes bombed Guernica, the subject of the iconic Picasso painting, the world began to grasp how destructive air power would become in this conflict. The war ended in Nationalist triumph eighty-one years ago.

This poster image of muscular fliers appears to carry the message that Republican Spain had air power, too, and that Spain was not completely at the mercy of the fascist air attacks. While that was technically true, the Republican Air Force did not live up to its nickname of *La Gloriosa* (the Glorious One). Many of the aircraft procured from the Soviet Union and neutral France were slow, ungainly, and lightly armed compared to more modern German and Italian designs, the planes were often in poor repair, and air force leadership was weak. Soviet volunteer pilots fighting on the Republican side were somewhat successful, as Stalin used the Spanish war as a testing ground for new aircraft and to train pilots. Meanwhile, German forces were experimenting too, developing deadly new aircraft and bombing techniques that would be used to



horrific effect elsewhere in Europe. By the time the Republican forces surrendered on April 1, 1939, *La Gloriosa* was down to its last forty aircraft.

The human-shaped planes in the poster, reminiscent of Icarus, were the creation of Arturo Ballester Marco (1892–1981), an artist and illustrator born in Valencia. Along with movie posters, sheet music covers, and advertisements, he created a number of striking propaganda images for the CNT cause, including another that reassured viewers, “Aviation protects you.” There is no indication Ballester meant these images suggestive of Icarus to be ironic, although the doom of the winged figure is well known to any student of mythology. Ultimately the Republican Air Force could not withstand the heat of Hitler and Mussolini’s forces, and it melted away. ■

—Charles Lindsey



HOOVER INSTITUTION ON WAR, REVOLUTION AND PEACE

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