The Hoover Institution on War, Revolution and Peace was established at Stanford University in 1919 by Herbert Hoover, a member of Stanford's pioneer graduating class of 1895 and the thirty-first president of the United States. Created as a library and repository of documents, the Institution enters its second century with a dual identity: an active public policy research center and an internationally recognized library and archives.

The Institution's overarching goals are to:

» Understand the causes and consequences of economic, political, and social change

» Analyze the effects of government actions and public policies

» Use reasoned argument and intellectual rigor to generate ideas that nurture the formation of public policy and benefit society

Herbert Hoover's 1959 statement to the Board of Trustees of Stanford University continues to guide and define the Institution's mission in the twenty-first century:

This Institution supports the Constitution of the United States, its Bill of Rights, and its method of representative government. Both our social and economic systems are based on private enterprise, from which springs initiative and ingenuity. . . . Ours is a system where the Federal Government should undertake no governmental, social, or economic action, except where local government, or the people, cannot undertake it for themselves. . . . The overall mission of this Institution is, from its records, to recall the voice of experience against the making of war, and by the study of these records and their publication to recall man's endeavors to make and preserve peace, and to sustain for America the safeguards of the American way of life.

This Institution is not, and must not be, a mere library. But with these purposes as its goal, the Institution itself must constantly and dynamically point the road to peace, to personal freedom, and to the safeguards of the American system.

By collecting knowledge and generating ideas, the Hoover Institution seeks to improve the human condition with ideas that promote opportunity and prosperity, limit government intrusion into the lives of individuals, and secure and safeguard peace for all.
HOOVER DIGEST
RESEARCH + OPINION ON PUBLIC POLICY
WINTER 2021 • HOOVERDIGEST.ORG

THE HOOVER INSTITUTION
STANFORD UNIVERSITY
The Hoover Digest explores politics, economics, and history, guided by the scholars and researchers of the Hoover Institution, the public policy research center at Stanford University.

The opinions expressed in the Hoover Digest are those of the authors and do not necessarily reflect the opinions of the Hoover Institution, Stanford University, or their supporters. As a journal for the work of the scholars and researchers affiliated with the Hoover Institution, the Hoover Digest does not accept unsolicited manuscripts.

The Hoover Digest (ISSN 1088-5161) is published quarterly by the Hoover Institution on War, Revolution and Peace, 434 Galvez Mall, Stanford University, Stanford CA 94305-6003. Periodicals Postage Paid at Palo Alto CA and additional mailing offices.

POSTMASTER: Send address changes to the Hoover Digest, Hoover Press, 434 Galvez Mall, Stanford University, Stanford CA 94305-6003.

© 2021 by the Board of Trustees of the Leland Stanford Junior University

ON THE COVER

This Hungarian poster offers a biting satire of a communist trope: here the familiar “Red worker,” generally shown smashing capitalism with his sledgehammer, has accidentally smashed Hungary itself. The image refers to the implosion in 1919 of the Hungarian Soviet Republic, which ruled—under Lenin’s direct control—a mere 133 days. The communist regime, brutal and unpopular in the countryside, dissolved amid a welter of wars with neighboring nations. Further violence was to follow. See story, page 214.
HOOVER’S NEW LEADER

9  “We Need Really Good Answers”
New director Condoleezza Rice has her eye on both continuity and challenge—and how Hoover can help answer some of our most urgent questions. By Peter Robinson

THE ECONOMY

16  A Path to Economic Freedom
How to revive and strengthen our defenses of free market capitalism. By John B. Taylor

24  Don’t Go Overboard
A wave of pandemic debt threatens to overwhelm future generations. We must make sure they don’t drown. By Raghuram G. Rajan

29  Billion-Dollar Strawman
Protesters have been accusing Amazon mogul Jeff Bezos of being, well, rich. But he’s made the rest of us richer too. By Jesús Fernández-Villaverde and Lee E. Ohanian

33  The Fed: A Time for Vigilance
The central bank has great power. We need to make sure it exercises great responsibility—and great independence. By Kevin Warsh
No Trust-Busting Required
Accusations notwithstanding, the tech business is not a monopoly business. Competition, driven by innovation, is still the name of the game in tech. By David R. Henderson

Socialism’s False Promise
Socialism cannot satisfy people’s hunger for autonomy, dignity—or even food. But bitter new politics have revived this failed ideology and hidden its failings. By Ayaan Hirsi Ali

Real Power to the People
Only a liberal democracy can protect individuals and restrain rulers, and liberal democracy demands liberal education. By Peter Berkowitz

Unchecked, Unbalanced
For centuries, federal power has been expanding at the expense of states’ healthy, proper role—and of individual freedom. By John Yoo

Markets Defeat Malthus
Only free enterprise has the power to harmonize environmentalism with people’s needs—and to protect land, water, and air for future generations. By Terry L. Anderson
The world won’t recycle its way out of climate change. We need new and affordable sources of energy. **By Bjorn Lomborg**

**CHINA**

**No More Mr. Nice China**
Beijing’s “peaceful rise” no longer serves the country’s rulers. Instead they have adopted “sharp power.” **By Larry Diamond**

**Turmoil in the Home Waters**
Beijing isn’t seeking control over the high seas—where US fleets remain dominant—but over the “inner seas,” where dangerous clashes with other nations are likelier. **By Michael R. Auslin**

**EDUCATION**

**Charter Schools Rising**
Black and low-income students are making faster gains in charter schools than in traditional ones. **By David Griffith and Michael J. Petrilli**

**The Coronavirus Scar**
How can we reduce the lifelong learning losses many students have suffered? By making education’s “new normal” a better normal. **By Eric Hanushek and Ludger Woessmann**

**FOREIGN POLICY**

**Strategy for a New Age**
Why has US policy in the Middle East lost its way, and America its authority? Because we have failed to embrace our new role in an age of freedom. **By Charles Hill**
The Mideast, with No Illusions
In the Middle East, the United States can face its limitations, simplify its aims—and still represent a force for good. By Russell A. Berman

At Home in the Anglosphere
Post-Brexit Britain need not go it alone. A new federation with Canada, Australia, and New Zealand would create an economic superpower, an ally for the United States, and a bulwark against China. By Andrew Roberts

LAW

Checks, Balances, and Guardrails
The Constitution leaves the “how” of government largely to citizens’ wishes. Rule of law and individual rights shield us from political self-destruction. By Michael W. McConnell

Faithless Guardians
Federal oversight over land and development has kept Native American tribes in shackles. A recent legal ruling might loosen them. By Terry L. Anderson and Adam Crepelle

RACE RELATIONS

Self-Canceling Culture
“Systemic racism” is a myth and a dodge. By Harvey C. Mansfield
**How to Undo Racial Progress**

Reparations for black Americans would create a new class of victims *ex nihilo*—and violate every principle of justice. *By Richard A. Epstein*

**CALIFORNIA**

**California Leavin’**

Wildfire smoke comes and goes, but California’s haze of overregulation and high taxes never clears. Why businesses are getting out. *By Lee E. Ohanian*

**Going Dark**

Rolling electrical blackouts don’t just happen. They result from unwise commitments to solar and wind power. *By David R. Henderson*

**INTERVIEWS**

**“Afghanistan Will Never Be Denmark”**

Discussing his new book, *Battlegrounds*, Hoover fellow H. R. McMaster surveys the strategic landscape. *By Peter Robinson*

**America, “a Force for Good”**

Economics professor Glenn Loury sees not “systemic racism” but systemic problems—problems we can address without violence or attacks on American ideals. *By Russ Roberts*

**VALUES**

**Individuals in Action**

Is rugged individualism selfish? Far from it. It’s what moves good people to build their communities of virtue, without waiting for government to do it for them. *By David Davenport*
HISTORY AND CULTURE

178 *Then They Came for Hamilton...*
It’s a tough time to try to tell a balanced, complete, and (dare we say it?) inspiring story about American history. *By Michael J. Petrilli*

183 *Maleficent Marxism*
Bitter experience should have cured the world long, long ago of the virulent virus called Marxism. But the disease always finds new hosts. *By Bruce S. Thornton*

188 *Epidemics—Even of “Wokeness”—Do Subside*
America’s liberal tradition may, in the end, be the best medicine against the predations of an arrogant elite. *By Josef Joffe*

HOOVER ARCHIVES

196 *Mission to Baghdad*
Just as it might have done a hundred years ago, the Hoover Archives has rescued, protected, and restored a historical treasure. The beneficiaries include scholars, of course, but above all the people of Iraq. *By Haidar Hadi, Rayan Ghazal, Erik Lunde, and Jean McElwee Cannon*

214 *On the Cover*
“We Need Really Good Answers”

New director Condoleezza Rice has her eye on both continuity and challenge—and how Hoover can help answer some of our most urgent questions.

By Peter Robinson

The Hoover Institution’s new director, Condoleezza Rice, spoke with Hoover fellow Peter Robinson about Hoover’s mission in the twenty-first century, the role of think tanks in crafting public policy, and her views about the geopolitical situation regarding Russia and China. She also added her thoughts about the national conversation under way in the United States about racial relations and how we look back at the country’s founding and history.

Peter Robinson, Uncommon Knowledge: Why did you decide to take the position as eighth director of the Hoover Institution?

Condoleezza Rice: Before I decided to take the position as director, I asked myself, “Am I happy about the current state of America and the world?” The answer was no. Our world has serious challenges that keep piling up. These
problems include restrictions on basic individual freedoms and impediments to societal prosperity. Most important, in our nation, there are obstacles of providing its citizens equality of opportunity.

These challenges to the governance of free peoples suggest to me that we need really good answers to the problems we’re facing. We need solutions based on sound research, going where the data take us. I can think of no better place to provide this need in our society than the Hoover Institution, a public policy center based on the notion that free people, free markets, and prosperity and peace are to be sought, going all the way back to the wishes of President Hoover himself. If I can help lead and organize our fellowship around those objectives, then this seemed like a good time to do it.

Robinson: You had mentioned that one of the issues you would like to explore is America’s challenge of “late-stage capitalism.” What do you mean by this phrase?

Rice: I am using this phrase as a challenge to us to be provocative in our thinking about how to get to the core of what is currently ailing the greatest economic system that humankind has ever created. If people are incented for their labor and smartly mobilize resources and capital, the whole of society will be better off. I believe in free markets. I believe in free enterprise. I believe in the private sector. I believe in small government to make sure that the private sector is free to the degree that it can be to efficiently provide quality goods and services.

However, I also recognize that those who don’t believe in that are making some very serious charges about where capitalism is failing. If our answer is that “we’re actually growing the economy,” then they will say, “What about all of those people who are left out?”

What should be our answer to the following? “Capitalism is inherently unequal because markets will reward some people and not others.” We accept that premise. We don’t get angry because Yo-Yo Ma makes more money playing the cello than I would have made playing the piano. I don’t get mad because LeBron James makes more money than I would playing basketball.

What should actually grate against our sense of justice is inequality of access and opportunity. Today, there is what I would call a “politics of jealousy.” Many people feel that they are not getting a fair shake, and therefore they want to take from others no matter how hard they work or shape government in a manner that redistributes wealth and resources.
Robinson: One of the organizing questions you’ve discussed about Hoover’s role in the national policy conversation is, “What is America’s role in the world today?” Today’s dominant foreign policy issue is China. Why didn’t economic growth lead to democracy in China?

Rice: China has not faced a reckoning about the essential contradiction between economic well-being and political repression. Perhaps they never will. However, I will not yet concede that they will not eventually have to deal with that contradiction. Look at the way President Xi Jinping is behaving. We are seeing even more frantic attempts by the Chinese Communist Party to control the message about their political affairs. They are using the Internet as a means of political control, and issue social credits to people for complying with the party’s goals.

If Chinese citizens act in a manner that the party does not like, they don’t get points toward a ticket on a train that takes them to work. This is not
confident leadership. This is perhaps leadership that knows that there are inherent contradictions in their system of government.

The problem with authoritarians is that they know that there is no peaceful way to transition power in the system that they created. Whatever people say about how messy democracy can be, at least the countries that adopt this form of government change power peacefully. Authoritarians fear their own citizens and thus impose greater repression. Eventually something has to give, so I would not yet rule out the possibility of the liberalization of Chinese politics.

I remember Hu Jintao telling me when he was president that in one year China had 186,000 riots. These riots were caused because a party member expropriated a peasant’s land. China does not have a system of courts where issues like this could be adjudicated, so the peasant and his friends started riots. Today, the Chinese are studying whether or not they need a neutral court system where citizens can have recourse against the government. Now you start to see the camel’s nose under the tent, of expectations about property rights. I would not be surprised if Xi’s experiment with greater repression, with greater ideological purity, with going back to something that looks like the Little Red Book and the red ballet, is a sign that they’re actually worried.

Robinson: What can Hoover do to establish the intellectual groundwork of challenging a country of 1.3 billion people?

Rice: One of the things that I would like to see Hoover do is be true to its heritage by sourcing the treasures in our Library & Archives and supporting historical analysis that can inform policy issues. We have great historical materials. We have people who want to donate their papers to us because they know they will be preserved. The truth can be told from our more than six thousand collections that largely cover the history of the twentieth century.

Let’s start by really bringing the best young historians of China and India. History is being practiced in the academy in a way that’s not really very inspiring. History departments ask much narrower questions than in years past. When I was a young faculty member, I remember sitting at a first faculty meeting with Gabriel Almond, co-author of The Civic Culture, and
Seymour Martin Lipset, who had written *Political Man*. These were historians who explored big questions.

The Hoover Institution today also has great historians. However, we want to attract more historians who will ask big questions. Regarding China, let’s help to get the history straight.

One of our fellows, Larry Diamond, is taking the lead on a project called China’s Global Sharp Power. The Chinese Communist Party has effectively created a global narrative that favors their own ideals and ambitions. They are interfering in elections and promulgating falsehoods about America’s political affairs and policies.

**Robinson:** You wrote in an e-mail to the Hoover fellows and staff on your first day as director, September 1, 2020, “My life and career path have led me to this moment.” Why has it been that all of your life, whether it’s mastering figure skating and the piano, developing fluency in Russian, or serving in high levels of government and academia, you have been drawn to things that are difficult?

**Rice:** It kind of starts with how I grew up and watching my parents and the people surrounding them. If you grew up in segregated Birmingham, Alabama, when I did, there was hope on the horizon. Rosa Parks had already refused to sit in the back of the bus, and *Brown v. Board of Education* [1954] had already been decided in favor of desegregation of schools. Dwight D. Eisenhower had insisted on the integration of Central High School in Little Rock, Arkansas.

If you grew up in Birmingham when my parents and grandparents did, I don’t know how you woke up every morning and decided that despite the difficulties, you are going to raise a family, educate your children, put food on the table, go to church, and make the world better. But that’s what they did. I feel so fortunate to have landed where I am from where I came. I feel so grateful that I grew up in an America that was changing in ways that allowed me to reach my potential that my parents, mentors, and role models saw in me. I just don’t think I have an option to shrink from challenges. I also think that you’re better if you’re doing hard things.

One of the pieces of advice I give to students when they’re starting a major with me or whatever, I’d say, “Look, all of us love to do the things that we do...
well, and just keep doing them over and over, because it’s wonderfully affirm-
ing that I do that well. But if you never try to do things that are hard for you, then you will never understand and believe that you can overcome things that are hard for you.” I say, “If you love math, do more reading and writing. If you love reading and writing, do more math, challenge yourself every day, and you’re going to be better for it.”

This is also a message for the country as a whole. Just because something is hard doesn’t mean that it can’t be done. If that had been the case, the Unit-ed States of America would never have come into being. How did we defeat the greatest military power of the time when a third of George Washing-ton’s troops came down with smallpox on any given day? Do you think that wasn’t hard? People crossed the Continental Divide in covered wagons. Do you think that wasn’t hard? You think it wasn’t hard to survive a civil war, brother against brother, and come out a better, more perfect union? So yes, it’s really hard. But if you only do what is easy, you won’t achieve very much at all. I think I like to try to do things that are hard. I’m not always so good at them. I was not really that good of a figure skater, but I kept trying and working at it.

Robinson: You grew up under Jim Crow, and yet here you are director of the Hoover Institution, in which Herbert Hoover, when he founded the institu-
tion, stated as axiomatic the fundamental goodness of the United States and its founding institutions. What does Condoleezza Rice say to people who reject that premise? How does she explain why she believes the United States of America is still worth the trouble?

Rice: I say first and foremost that human beings aren’t perfect. The found-
ers were imperfect men. However, they gave us institutions that allowed us to become better. It is absolutely true that we have a birth defect of slavery. Do I wish that John Adams and others who refused to be slaveholders had won this score and we rejected slavery? Of course; my ancestors suffered as a result. My ancestors are both slaveowners and slaves themselves. I under-
stand the depth of that wound that was slavery.

What’s remarkable to me about this Constitution of the United States is that it once counted those slaves as three-fifths of a man in order to make the compromise to create the United States of America. And yet it would be the
courts and legislatures that are defined by that very Constitution where the descendants of slaves would appeal to and eventually find justice. Whether it’s the great civil rights legislation of the 1960s or the court cases that Thurgood Marshall and others won, like Brown v. Board of Education, the institutions were good enough to make progress on the most awful of wounds, slavery. That is a remarkable story in human history. That’s why I believe these institutions are not just worth preserving, they’re worth fighting for, and they’re worth using. They’re worth accessing, they’re worth insisting that they continue to bring that progress.

On the day when I stood in front of a portrait of Benjamin Franklin to take the oath of office as secretary of state—taking an oath, by the way, to that very Constitution that once counted our ancestors as three-fifths of a man—I stood there sworn in by a Jewish woman, Supreme Court Justice Ruth Bader Ginsburg. I remember thinking, what would old Ben have thought of this? Well, he couldn’t have imagined it. It was because people kept believing in the institutions and kept pushing the institutions. As someone said, we should expect the United States to be what it says it is, not anything different. That’s a much stronger grounding than if you never had those institutions in the first place.

Finally, I’ll just say that those of us who are fortunate enough to have made that progress that we have, owe it to those who keep fighting. I would say to all of those young people, don’t give up. The United States of America is a pretty remarkable experiment that’s still unfolding.}

“Just because something is hard doesn’t mean that it can’t be done.”

—HOOVER DIGEST • WINTER 2021

15
A Path to Economic Freedom

How to revive and strengthen our defenses of free market capitalism.

By John B. Taylor

In Choose Economic Freedom, a book George Shultz and I published last year, we explained why one must choose a path that opposes socialism. Economic freedom, or free market capitalism, the term of art used in the Hoover Institution’s important Human Prosperity Project, means a rule of law, predictable policies, reliance on markets, attention to incentives, and limitations on government. Socialism, on the other hand, means arbitrary government actions replace the rule of law, policy predictability is no virtue, central decrees can replace market prices, incentives matter little, and government does not need to be restrained.

Choosing economic freedom is difficult. Obstacles have arisen and will arise again, and policy makers must be on guard to remove them. Such impediments were common in the 1950s and 1960s and grew worse in the 1970s, subsiding under President Reagan’s obstacle-clearing policies. Today

we hear renewed calls for government interventions and restrictions. Some spring from the effects of the terrible coronavirus, but others began earlier: calls for occupational licensing, wage and price controls, and government interventions in trade and supply chains. Even the Business Roundtable weighed in two years ago with a statement calling on management to look at the interests of a broader set of stakeholders, a big change from its 1997 statement affirming that management’s principal duty is to stockholders.

Since the demise of the Soviet Union, real-world case studies showing the harms of excessive government intervention and central planning seem to have been forgotten. It’s understandable that students in my Economics 1 class at Stanford might not know about the harms of deviating from market principles: they were born long after the Soviet Union ceased to exist. “Why do we need to study market economics anymore?” they sometimes ask. “With artificial intelligence and machine learning, government can allocate people to the best jobs and make sure they get what they want.” Some students in Stanford’s MBA program even question the importance of profits. Teaching economic history has never been more important.

Two kinds of obstacles stand in the road to free market capitalism. First are claims that first principles of free market capitalism are wrong or do not work. Many made such claims in the 1940s and 1950s, when communist governments were taking hold and socialism was creeping in everywhere. Today these claims have been revived in criticism of free market capitalism as a way to improve standards of living. Second are obstacles to bringing ideas into action—political barriers to implementing the principles of economic freedom. This second set is evident in renewed calls by politically powerful vested interests for restrictions on school choice and for government interventions.

**RETURN TO FIRST PRINCIPLES**

How do we deal with doubts about the value of free market capitalism? Many economists tackled this problem in the past, and their work still stands. But we need to go further.

Milton Friedman wrote in 1994 in his introduction to the fiftieth anniversary edition of Friedrich Hayek’s *Road to Serfdom* that the book remained “essential reading for everyone seriously interested in politics in the broadest...
and least partisan sense, a book whose central message is timeless, applicable to a wide variety of concrete situations. In some ways, it is even more relevant to the United States today.
than it was when it created a sensation on its original publication in 1944.”

Hayek wrote:

Nothing distinguishes more clearly conditions in a free country from those in a country under arbitrary government than the observance in the former of the great principles known as the Rule of Law. Stripped of all technicalities, this means that government in all its actions is bound by rules fixed and announced beforehand—rules which make it possible to foresee with fair certainty . . . and to plan one’s individual affairs on the basis of this knowledge.
Hayek set out to contrast the benefits of market-determined prices and the incentives they provide with central planning and government-administered prices. In his 1945 *American Economic Review* article “The Use of Knowledge in Society,” he explained the value of markets, saying that

the “data” from which the economic calculus starts are never for the whole society “given” to a single mind which could work out the implications and can never be so given.

Milton Friedman, writing in the *New York Times* in 1994, said, “The bulk of the intellectual community almost automatically favors any expansion of government power so long as it is advertised as a way to protect individuals from big bad corporations, relieve poverty, protect the environment, or promote ‘equality’. . . . The intellectuals may have learned the words, but they do not yet have the tune.”

We can build on these ideas. I have long taught the basic Principles of Economics course at Stanford. It emphasizes the costs as well as the benefits of government programs, that government failure—not just market failure—is a reality, that there are private remedies to externalities, that the rule of law needs to be front and center if markets are to work, and that monetary and fiscal policy rules are good for both economic efficiency and liberty. I find it helpful to start with a series of participatory markets, or “double auctions,” based on the innovative work of Vernon Smith and Charles Plott. Here students see how buyers and sellers set prices in a market and how prices serve as signals and provide information. This approach automatically introduces ideas such as consumer surplus and profits. Only then comes the model of supply and demand to explain and interpret these outcomes. The approach reinforces the ideas in Hayek’s *American Economic Review* article, including the concept that prices cannot be set at the center.

With the Soviet Union a fading memory, the case studies many of us used to illustrate the harms of central planning are sometimes obscure to students. It helped, for example, to show a famous cartoon from the Soviet satirical magazine *Krokodil* mocking how a Soviet production plant could fulfill centrally imposed plans by producing one 500-pound nail instead of 500 one-pound nails. It’s important to update such stories and make them memorable for students, as David Henderson does in his *Joy of Freedom: An Economist’s Odyssey*.

There are also valuable new data sets that help communicate more widely the benefits of economic freedom: the Index of Economic Freedom, published by the Heritage Foundation; the Economic Freedom of the World index from
the Fraser Institute; and Doing Business, published by the World Bank. Research gives a powerful glimpse at what works and what doesn’t: good and bad economic outcomes correlate with good and bad policy.

**NOW TO ACT**

Even if we disproved all claims against the principles of economic freedom, there would still be obstacles to carrying them out. As I wrote in my book *First Principles*, “To get the job done, they [public officials] not only have to be clear about the principles but also have to explain them, fight for them, and then decide when and how much to compromise on them.” Or, as Friedman once wrote, “It is only a little overstated to say that we preach individualism and competitive capitalism, and practice socialism.” Here are a few of the successes and failures in removing such obstacles.

» Part of Milton and Rose Friedman’s *Free to Choose* focused on implementing the ideas of economic freedom through offering vouchers for students to attend alternative private or charter schools. “The perceived self-interest of the educational bureaucracy is the key obstacle to the introduction of market competition in schooling,” the Friedmans wrote. To confront and eventually remove that obstacle, they founded the Friedman Foundation for Educational Choice, now known as EdChoice. It advocates for, and provides data on, school choice programs around the United States. Results and practical information are provided in its book *The 123s of School Choice*.

» Milton Friedman’s *Capitalism and Freedom* argued for the importance of the international monetary system to the principles of economic freedom. He made the case for an international system with open capital markets; flexible exchange rates between countries or blocs, with no intervention; and rules-based monetary policy. Many obstacles exist to the implementation of such a system and are yet to be removed. In recent years, capital controls for developing countries have been supported by the International Monetary Fund. To some extent, these developments are a reaction to increased capital flow volatility caused by unconventional monetary policy actions, so they could naturally be removed by a return to rules-based policy. The 2018 report of the Eminent Persons Group on Global Financial Governance—on which I served—called for the eventual end of capital controls, and I hope the

---

**As Milton Friedman once lamented, “The intellectuals may have learned the words, but they do not yet have the tune.”**
recommendation will be helpful in their removal. One promising finding, in research I reported elsewhere, is that a global rules-based monetary system could emerge—in the fashion of Hayekian “spontaneous order”—if each central bank around the world simply followed its own rules-based monetary policy and was transparent and accountable about doing so.

> Another idea from *Capitalism and Freedom* is very specific: “Best is a flat-rate tax on income above an exemption.” Such a proposal would satisfy the principles of economic freedom, and the book clearly explains why. Despite bouts of tax reform around the world, we are still far from such a flat-tax system. Even so, the 2017 Tax Cuts and Jobs Act advanced reform, trimming the corporate tax rate from 35 percent to 21 percent, cutting the tax rate on small businesses, creating a territorial tax system, and expanding the tax base by reducing the federal deduction for state and local taxes. The changes reduce the cost of capital and thus should raise investment, productivity, and people’s incomes.

> “A veritable explosion in government regulatory activity . . . all have been antigrowth.” These phrases from *Free to Choose* are a rallying cry for obstacle removal. Removing regulations and relying on markets in a solid cost-benefit manner is clearly consistent with the principles of free market capitalism, yet there have been a host of impediments to reform, often from special interests that benefit from regulations. Again, keeping track of the obstacles removed and documenting the gains is essential if more obstacles are to be eliminated. Recent changes in regulatory activity in the United States suggest progress. The Congressional Review Act of 1996 has been used to eliminate regulations and the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 lifted the threshold for stress test regulation from $50 billion to $250 billion. Legislation such as the Financial Institution Bankruptcy Act (Chapter 14) is still needed to end bailouts and the “too big to fail” problem.

> “Defusing the Debt Explosion,” a chapter in *First Principles*, explains the need for a fiscal policy rule with budget balance over the cycle and suggests ways to reduce spending increases. These ideas have long been consistent with the principles of economic freedom and have taken various forms, including constitutional limits on the rate of government spending growth. But the obstacles appear immovable and have even been increasing: the growing federal spending and debt problems are nowhere near containment.
Yet as John Cogan, Daniel Heil, and I show (A Pro-Growth Fiscal Consolidation Plan for the United States, Hoover Institution, 2014), it’s not too late for a change in fiscal policy that slows the growth of federal government spending without increasing taxes.

STAYING THE COURSE

Many obstacles have stood in the way of free market capitalism. Some have been scaled down over the years—through recent reductions in tax rates and cuts in regulations, for example—but others remain in areas such as the growing deficit.

Meanwhile, the Covid-19 pandemic and the public health imperatives driving government policy bring fresh challenges. We must develop a strategy that does not override markets—one that focuses on removing barriers to free market capitalism and thus avoids socialism. This demands a special emphasis on the private sector and markets.

In short: keep markets free and open—and let new markets be created—and fight to remove the obstacles that could pave the way toward socialism.

“It is only a little overstated to say that we preach individualism and competitive capitalism, and practice socialism.”

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

New from the Hoover Institution Press is Strategies for Monetary Policy, edited by John H. Cochrane and John B. Taylor. To order, call (800) 888-4741 or visit www.hooverpress.org.
Don’t Go Overboard

A wave of pandemic debt threatens to overwhelm future generations. We must make sure they don’t drown.

By Raghuram G. Rajan

Advanced economies have spent enormous amounts providing pandemic relief to households and small- and medium-size businesses. The International Monetary Fund’s June outlook estimated that including fiscal measures and credit guarantees, spending reached approximately 20 percentage points of GDP. And still more government spending, and thus borrowing, will be needed by the time the pandemic is behind us.

Economists have argued that current low interest rates mean that sovereign debt remains sustainable at much higher levels than in the past. They are right, provided that nominal GDP growth returns to a reasonable level, interest rates stay low, and future governments limit their spending. Even if the first two assumptions hold true, the third behooves us to assess the quality of current spending.

In normal times, responsible governments aim for a balance over the course of the business cycle, repaying in upturns what they borrow in

Raghuram G. Rajan is a senior fellow at the Hoover Institution and the Katherine Dusak Miller Distinguished Service Professor of Finance at the University of Chicago’s Booth School.
downturns, with the cohorts that benefit during the first phase repaying during the second. There is, however, no chance that the massive debts accumulated during the current crisis will be repaid soon. Even with higher taxes on the rich—a policy that will meet with intense opposition and arguments against growth-stifling austerity—a large share of the accumulated debt will be passed on to future generations.

In the past, such debt was easier to repay. Because strong growth meant that each successive generation was richer, past debts shrank relative to incomes. Yet today, societal aging, low public investment, and tepid productivity growth all militate against our children being much richer than we are.

After all, we are already bequeathing to them two enormous challenges: looking after us when our entitlements run out of funding, and addressing climate change. Worse, having limited our investments in their health and education, we have left much of the next generation underequipped to lead productive lives.

**THINK OF THE FUTURE**

By further limiting the next generation’s ability to make public investments, the debt that we pass on will probably weigh down future incomes. And if we deplete overall borrowing capacity now, future generations will be unable to spend as needed if they encounter another “once in a century” catastrophe like the two we have experienced in the past twelve years. Intergenerational fairness should be as important as intrasocietal fairness for those alive today.

In practical terms, this means that the notion that anyone should be made whole because the pandemic “wasn’t their fault” immediately becomes untenable. While many countries do compensate uninsured homeowners hit by a localized flood or an earthquake, people in unaffected parts of the country pay willingly (through higher taxes) because they know that they would receive the same treatment. With a shock as large as the pandemic, this calculus no longer works. The burden
inevitably must fall on future generations, who obviously bear no responsibility for the pandemic or the response to it.

Therefore, we must target our spending carefully. As the pandemic and its consequences persist, we must shift to protecting workers, not every job. All laid-off workers should, of course, be provided a decent level of public assistance, certainly until overall employment starts to recover. It is morally right for a rich society to provide a safety net for all, and it is in everyone's interest that workers and their children retain—or even enhance—their capabilities during the pandemic.

Having done that, authorities should be more discriminating in the firms they support, allowing the market to do most of their job. For example, in normally flourishing neighborhoods, small businesses start up and shut down all the time. While failure is painful for the proprietor, there is little permanent damage to the economy. If there is sufficient demand for flowers when the economy recovers, a new florist can start up at the site of the

[Taylor Jones—for the Hoover Digest]
old one. Consequently, it is not cost-effective for the authorities to freeze the old florist in place by paying her landlord, her bank, and her workers indefinitely.

Similarly, authorities should not offer grants or subsidized loans so that distressed large businesses like airlines and hotel chains can retain their employees. These businesses will keep excess employees only as long as they get the subsidies. It will be far cheaper for the government to support laid-off workers through unemployment insurance than to pay employers to retain them indefinitely when their work has clearly disappeared.

TAILORED, NOT UNIVERSAL, PUBLIC HELP
Large corporations that need money to stay afloat can borrow from markets, made buoyant by central banks. If they are so indebted that no one will lend to them, they can restructure their debts in bankruptcy and get a fresh start.
In some situations, however, firms may be unable to deal with market forces unaided. In economically disadvantaged communities, where a few small hard-to-restart businesses are vital to community life, support is desirable for both economic and social reasons. Similarly, while markets treat large firms reasonably, midsize firms may find it harder to get funding even when viable. If an economically viable firm, employing one hundred workers, closes because it has had no revenue over much of the year, its specialized workers will be dispersed, its equipment will be sold in liquidation, and the norms and routines that enable it to function will be lost forever. Even if its exit leaves a big economic hole, a start-up would not easily step in and fill it.

But here, too, public support should not be a free lunch. Wherever possible, the government should ensure that existing capital, whether from bondholders or stockholders, absorbs a fair share of the losses before government support kicks in and the burden passes to future generations.

Finally, wherever possible, we should boost investment in the young as partial compensation for the debts we are leaving them. For example, we must spend to reopen public schools safely, and ensure the necessary facilities for students whose only option is distance learning.

Government spending is necessary today. But just because sovereign-debt markets have not yet reacted adversely to extremely high levels of borrowing and spending, we must not—for our children’s sake—throw caution to the wind.

Reprinted by permission of Project Syndicate (www.project-syndicate.org). © 2021 Project Syndicate Inc. All rights reserved.

Available from the Hoover Institution Press is Gambling with Other People’s Money: How Perverse Incentives Caused the Financial Crisis, by Russ Roberts. To order, call (800) 888-4741 or visit www.hooverpress.org.
Billion-Dollar Strawman

Protesters have been accusing Amazon mogul Jeff Bezos of being, well, rich. But he’s made the rest of us richer too.

By Jesús Fernández-Villaverde and Lee O. Ohanian

Jeff Bezos, founder of Amazon and owner of about 11 percent of Amazon stock, recently became the first person in history to be worth more than $200 billion. Bezos’s net worth has skyrocketed along with Amazon’s share price since the coronavirus pandemic began.

Bezos’s success, however, is not toasted in all quarters. Many despise Bezos for growing wealthier while many others are suffering during the pandemic. Protesters last fall even set up camp outside Bezos’s house with a guillotine, demanding that Bezos share his wealth and pay Amazon workers a $30 per hour minimum wage.

But the American economy would suffer enormously if we were to share Bezos’s wealth, either by guillotine coercion from the protesters outside Bezos’s house or through wealth taxes, such as those proposed by Senators Bernie Sanders and Elizabeth Warren.

Jesús Fernández-Villaverde is a professor of economics at the University of Pennsylvania. Lee E. Ohanian is a senior fellow at the Hoover Institution and a participant in Hoover’s Human Prosperity Project. He is a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA.
Bezos and other Amazon shareholders receive a tiny slice of each Amazon sale. Bezos’s implicit cut from your purchase is so small that you wouldn’t pay attention to it even if your bill were itemized. This is not how personal fortunes are made.

Instead, Bezos became wealthy by figuring out how to scale up his business model to seamlessly satisfy an insatiable global demand for online shopping. Amazon Prime had an estimated 112 million customers in the United States as of 2019, and in North America Amazon’s sales have increased about 42 percent since the pandemic began.

There is growing pressure to redistribute wealth from the uber-wealthy. But taxing entrepreneurial wealth reduces the incentives to create and grow new businesses. At high tax rates, this disincentive may be enough that Amazon might never have been born or have become the transformational business that it is today. This raises the question of which is more valuable: how much Amazon creates for Jeff Bezos, or how much Amazon creates for the rest of us?

It’s not even close. Suppose for a moment that Bezos’s net worth was taxed away and divvied up equally among all 330 million of us. Since this calculation is just for those in America, we take only the wealth Bezos acquired from Amazon’s domestic operations, which is about 60 percent. Dividing this $120 billion among all of us means a one-time payment of about $360 per person. After paying about 20 percent in federal and state income taxes and investing the after-tax proceeds at an expected return of 7 percent per year, this one-time windfall yields about $19.20 per year.

This pales in comparison to the value consumers and businesses receive from Amazon. First, 112 million Prime customers in the United States pay $119 per year, year in and year out, for their membership. That fee, which totals about $13.3 billion per year, is a bargain just by saving those consumers car expenses and shopping time.

But Amazon’s value is much higher than that. Think of the lives that were potentially saved by making it possible for consumers to shelter at home.
during the current pandemic, shop online, and receive their goods at their front door in just two days. Think of rural customers who can now order twelve million different products, many of which are not available from brick-and-mortar stores anywhere near them. Think of elderly and disabled individuals for whom conventional shopping is a huge burden. Think of consumers who easily comparison shop by checking prices on Amazon. Would we give all this up for an additional $19.20 per person per year?

Amazon has made Bezos the richest person in the world. But Amazon has created much more for the rest of us. Visionary entrepreneurs like Bezos are few and far between, and we desperately need more if our economy is to continue to flourish. To get more, we need to incentivize them to take huge risks and innovate with the hope that they too will create a new business that transforms society.

Without the next Jeff Bezos, we may miss out on a breakthrough green energy source, the next iPhone, or a cure for cancer, dementia, or heart disease. Unicorn creators become rich only by enriching society. Taxing their wealth means taxing ourselves, but at a much higher rate.

Reprinted by permission of The Hill (www.thehill.com). © 2021 Capitol Hill Publishing Corporation. All rights reserved.

Available from the Hoover Institution Press is Milton Friedman on Freedom: Selections from The Collected Works of Milton Friedman, edited by Robert Leeson and Charles G. Palm. To order, call (800) 888-4741 or visit www.hooverpress.org.
The Fed: A Time for Vigilance

The central bank has great power. We need to make sure it exercises great responsibility—and great independence.

By Kevin Warsh

America’s founding fathers had a very bad year. Their names sullied. Their likenesses defaced. The principles they pronounced attacked. Of greatest consequence, the institutions at the core of our republic have been tested.

Commentators tend to anthropomorphize the most prominent independent government institutions: the Roberts Court and the Powell Fed. The person atop is regularly glorified or vilified, yet the institution matters more than the person. Liberal democracy relies on the strength and resilience of long-standing entities, especially when popular sentiment is running hot and circumstances are grave. People in positions of power are flawed, the founders warned, so the institutions in our government must be robust, resilient, and responsible. Our finest institutions are well-designed, rich in tradition and humble in orientation. They must defend themselves against unexpected shocks that can harm them and those they are charged to serve.

Kevin Warsh is the Shepard Family Distinguished Visiting Fellow in economics at the Hoover Institution and a lecturer at Stanford University’s Graduate School of Business. He is a former member of the Federal Reserve Board.
The Supreme Court is an independent institution that has long faced political and social scrutiny. Its decisions, however divided and divisive, are the unquestioned law of the land. The court’s doctrine of stare decisis (deference to precedent) and the lengthy appellate process serve as bulwarks. Its foundation is laid firmly in Article III of the Constitution. And its powers are restrained by the Constitution’s six other articles.

The Federal Reserve rests on less settled ground, so its success and survival are less certain. America’s two prior experiments with an independent central bank failed. The Fed’s recent centennial celebration is only a mark of longevity, not a guarantee of permanence.

The Fed’s formal authority comes from a congressional statute. The real source of its power, however, is more diffuse and fleeting. Since Chairman Paul Volcker’s tenure (1979–87), the Fed has developed a strong institutional culture: an apolitical bearing, a resistance to whims, a durable record of ensuring price stability, and a strong sense of collegiality and mission. Its successes—whipping inflation in the Volcker era, encouraging a productivity surge in the Alan Greenspan era (1987–2006), responding with imagination and acuity to the financial crisis in the Ben Bernanke era (2006–14)—have enhanced its power.

Yet the Fed’s recent errors are equally clear. It came into the past two major shocks as surprised and ill-prepared as the economy it oversees. The Fed missed the decadelong window between the 2008 crisis and last year’s viral outbreak to prepare and reform. Its policies are predicated on a typical business cycle. Yet unanticipated shocks put the Fed at far greater distance from its employment and inflation objectives than normal downturns do. The Fed needs a robust ex ante plan to mitigate economic harm from major shocks.

Beginning in 2011, the Fed made a big institutional bet on a benign forecast. It wagered that the long period of relative prosperity would continue without another shock. The global financial crisis of 2008 would be the great aberration to the Great Moderation; the long period of relatively stable output and inflation would continue uninterrupted.

As recently as last January, Fed leaders assured the public that even if the economy weakened significantly, the policy mix of the 2008 crisis—rate cuts, purchases of Treasurys and agency securities, and forward guidance—would ensure financial and economic stability.

Then the pandemic hit. The economy collapsed and financial market prices followed. The Fed was on the precipice of losing its hard-earned credibility and vaunted status. With few good options, it was compelled to double down. It made low interest rates lower and its big balance sheet bigger.
That wasn’t enough. The 2008 playbook of shock and awe had become too routine to provide sufficient stimulus this time. So the Fed crossed red lines that had stood for a century. It backstopped private corporate bonds and public municipal securities, including some with dodgy prospects.

In his address at last summer’s Jackson Hole conference, Chairman Jerome Powell unveiled the conclusions of the Fed’s new policy regime: Inflation has been running too low for a decade. Monetary policy has long been too tight. The monetary spigot must be opened wider to get to a higher average inflation rate.

If the economy does well, I expect the Fed will expand significantly the scale, scope, and duration of its asset purchases. If the economy weakens or financial markets fall, the Fed will do even more. This is what political scientists call path dependency. When an institution sticks to a path for so long, it finds its options limited, detours difficult, and exits infeasible.

The Fed is on a one-way path to a larger role in our economy and government. On the current trajectory, the Bank of Japan might be the model for
Fed policy: a large buyer of public stocks and an indistinguishable partner with fiscal authorities. The unimaginable can become the inevitable.

What has been the response to Fed flexing? Most on Wall Street are thrilled. They quite like stimulus for all seasons and all reasons. The Fed will buy assets others don’t and pay prices others won’t. Even if the central bank were to pull back its support for corporate and municipal bonds, traders believe it would step up again in a pinch.

Main Street is rightly more circumspect about the Fed’s largess. Interest-rate cuts have a much more direct and significant effect on the real economy than the latest Fed machinations do. But there is no room left to cut interest rates. And Main Street firms are receiving far less fiscal and monetary support than Wall Street.

Bipartisan majorities in Congress are praising the Fed’s expanded role. The Fed’s growing purchases of the government’s expanding debt lower the costs of fiscal spending. Powell’s apolitical demeanor and relationship-building efforts with lawmakers have provided the institution with substantial leeway. But elected representatives can be fickle. If the previous crisis is a guide, the recriminations will come once the panic recedes.

For now, the Fed sits atop the commanding heights of the economy—its growing authority unquestioned, its pride manifest. But over time, citizens in a constitutional system tend to grow wary of omnipotent institutions.

The Fed is exercising understandable but unprecedented power at an ahistorical moment. Without vigilance, it will risk morphing into a general-purpose government agency. America cannot afford to have its central bank lose its independence, gravitas, and record of success. To paraphrase Ben Franklin on the institutional challenge: a central bank, if you can keep it.

Reprinted by permission of the Wall Street Journal. © 2021 Dow Jones & Co. All rights reserved.
No Trust-Busting Required

Accusations notwithstanding, the tech business is not a monopoly business. Competition, driven by innovation, is still the name of the game in tech.

By David R. Henderson

Almost five years ago, President Obama’s Council of Economic Advisers (CEA) worried that competition in American industries was declining and hinted at increasing antitrust enforcement. Since then, a number of authors have taken up the antitrust cause, arguing that not just tech but also other major sectors of the US economy are too concentrated and less competitive than they should be. Even Fox News Channel’s Tucker Carlson has jumped on the tech-monopoly bandwagon.

Are these authors and commentators right? What is their evidence? More fundamentally, what do the words monopoly, market power, and competition mean, and what monopolies or forms of market power should we worry about? Also, when we do worry about monopoly or market power, what are the appropriate policies to deal with it?

It turns out that economists over the past two hundred years have carefully considered many of these issues. Unfortunately, some of their insights have been lost, and one main reason is that many of those who worry about monopoly have a static, rather than a dynamic, view of competition.

David R. Henderson is a research fellow at the Hoover Institution and an emeritus professor of economics at the Naval Postgraduate School in Monterey.
A brief note on the terms. First, monopoly and market power. The former, as “mono-” implies, refers to an industry in which there is only one firm. Yet most economists, including this author, don’t use the term in that strict sense. Most economists today use the term “monopoly” as a synonym for “market power.” To say that a firm has market power is to say that the firm could raise the price of its product by, say, 1 percent, and not have its sales fall to zero. Of course, that’s true of most firms. Even if your small local convenience store raised its prices by 1 percent, its sales would not vanish. There are only a few markets in which firms have no market power, and they tend to be in agriculture. The largest producer of wheat in the United States, if it raised its price by 1 percent above the spot market price on the commodities exchange, would sell no wheat.

How about competition? Here modern economists go back and forth between two quite different meanings. In the 1920s, economists started using competition to mean what they called perfect competition. Under these conditions, every company produces exactly the same product as every other company in the industry, no company spends a cent on advertising because every buyer is assumed to be perfectly informed already, and all companies charge the same price to the penny. When I first learned this concept in an introductory economics class at the University of Winnipeg in 1970, perfect competition didn’t seem to me to be perfect at all. It just seemed boring.

Fortunately, economists also use the term competition to mean what most non-economists mean by it. Firms compete when they figure out ways to cut costs and then take business from their rivals by cutting prices, giving some of the gains from the cost cut to consumers. They compete when they introduce new products, when they provide service along with their products, when they advertise, and when they enter new markets, to name only a few. Ask an economist over a beer if such activities are forms of competition and the odds are high that he or she will say yes.

HOW DOES YOUR COMPANY GROW?
Now to the issue. In the above-referenced Council of Economic Advisers report from April 2016, the economists used a conventional measure of monopoly and market power—share of revenue earned by the fifty largest firms in various industries. They showed that in a number of industries, that share rose substantially between 1997 and 2012, implying increased industrial concentration. Why does that statistic matter? The usual argument is that the more concentrated an industry, the easier it is for its firms to collude.
STRIKING IT RICH: As one economist noted, John D. Rockefeller’s oil trust “did not charge high prices because it had 90 percent of the market. It got 90 percent of the refined oil market by charging low prices.” [George M. Edmondson (1866–1948)]
But there are two major problems with that measure. I’ll illustrate the first one by highlighting an industry referenced in the CEA report. A table in the report shows that the top fifty firms in the second-largest US industry, retail trade, earned $1.56 trillion in revenue in 2012. Their share of revenue increased from 25.7 percent of industry revenues in 1997 to 36.9 percent, an increase of 11.2 percentage points.

Did any major change in retail trade happen between 1997 and 2012? Yes. It was called Amazon. Before Amazon became important, what typically mattered for you as a retail customer was the amount of competition in your local market. So, if you lived in San Francisco and wanted a lawn chair, you might go to Sears (remember them?), Home Depot, or your local hardware store. But after Amazon came into being, you had another major choice: saving a lot of time traveling from store to store and, instead, sitting at your desk or kitchen table, or even lounging on your old lawn chair, and ordering from home. Not only did you save time but also the odds are that you got a lower price. In short, Amazon made the relevant market for you much more competitive. And it did that even while, at times, wiping out local competitors.

The second problem with using increased concentration as a measure of monopoly is that it ignores how the firms with an increasing share of revenues got there. Consider Amazon again. There is no doubt that a major factor in the increasing revenue share of the top fifty retail firms between 1997 and 2012 is the growth of Amazon. Did Amazon get to that point by charging high prices? Not at all. It got there with innovation that slashed retailing costs and then by sharing much of the cost reduction with consumers.

The point is that Amazon became such a major player by innovating. And its market share is a reward for innovation. Other companies in other industries got large market shares for innovating also and did better than Amazon on the earnings front. Their large profits are their reward for innovating. My UCLA mentor Harold Demsetz made this point in a 1973 article in the Journal of Law and Economics and economist Tim Bresnahan did the same with newer data in a 1989 chapter in a book on industrial organization.
Competition is dynamic. The great early-twentieth-century Harvard economist Joseph Schumpeter put it well. In his 1942 classic, *Capitalism, Socialism, and Democracy*, Schumpeter wrote:

But in capitalist reality as distinguished from its textbook picture, it is not that kind of competition [DRH note: he’s referring to “perfect competition”] which counts but the competition from the new commodity, the new technology, the new source of supply, the new type of organization (the largest-scale unit of control for instance)—competition which commands a decisive cost or quality advantage and which strikes not at the margins of the profits and the outputs of existing firms but at their foundations and their very lives.

Indeed. Schumpeter summed it up by writing that omitting this kind of dynamic competition was “like Hamlet without the Danish prince.”

Many economists, including University of Chicago economist and Hoover fellow Raghuram G. Rajan in his recent book *The Third Pillar*, point to John D. Rockefeller’s Standard Oil of New Jersey as an example of a monopoly that was out of control and needed to be reined in by antitrust. But what’s left out is what University of Chicago economist Lester G. Telser noted in his 1987 book, *A Theory of Efficient Cooperation and Competition*: “The oil trust [Standard Oil of New Jersey] did not charge high prices because it had 90 percent of the market. It got 90 percent of the refined oil market by charging low prices.”

What about the fear many people have had, especially for the tech sector, that those who get a head start gain from what economists call “network effects”? The idea is that if, say, 100 million people sign up for Facebook, the next person will sign up because of the network already there. The argument is plausible in theory but fails badly in practice. Consider MySpace. In early February 2007, MySpace had 153.5 million users. Victor Keegan of the *Guardian* (“Will MySpace Ever Lose Its Monopoly?”) seemed to think it would only grow. It shrank. What replaced it? Facebook. So much for the overwhelming power of network effects. It’s not that network effects don’t matter. They do. But innovations strike at the foundations and very lives of firms that thought they had solid network effects.

**GOVERNMENTS CAN FOSTER MONOPOLIES**

Which brings us to the tech sector. In a hearing last July before the House Judiciary Committee, Republicans and Democrats stepped up to show both their ignorance about and their hostility towards the tech sector. One view
that seemed widely held by both Republicans and Democrats is that companies in the tech sector are monopolies. Fortunately, economist Alec Stapp, Director of Technology Policy at the Progressive Policy Institute, has punctured the dominant myths about big tech and antitrust. His analysis is a tour de force and I won’t try to replicate it here. But I will highlight his finding that the big tech companies are not monopolies. He noted, for instance, that Facebook has 23 percent of the US digital advertising market and Google has 29 percent. Those two also fiercely compete with each other.

Does my analysis mean that all is well in the world of competition? Not at all. There are serious lapses in competition, but most of them are due to government policy.

I referred earlier to how most economists use the term “monopoly.” But there’s an older tradition that the late University of Chicago economist George Stigler discussed in his article “Monopoly” in The Concise Encyclopaedia of Economics. In this tradition, monopoly refers to an industry in which the government forcibly restrains competition.

Governments in the United States limit competition in four main ways: restrictions on entry into an industry, tariffs and import quotas, regulation that appears neutral but is not, and patents and copyrights.

Consider restrictions on entry. Government does so in two main ways: with regulations that require government permission for firms to enter and with occupational licensing regulations that require individuals to get permission to enter a profession. An example of the first is certificate of need (CON) regulation that gives existing medical firms standing to argue against competition from new hospitals and clinics. Among the most extreme such laws are those in Illinois. In his 2008 book, Code Red, Northwestern University health economist David Dranove pointed out one unintended but totally predictable result of Illinois’s CON laws: Illinois hospitals are located where Illinoisans lived in the 1950s. What an apt acronym: those laws really are a con. Indeed, they played a role in former Illinois governor Rod Blagojevich’s becoming a con himself.

Another government-imposed restriction of competition is protectionism in the form of tariffs and import quotas. The whole point of such restrictions is to limit competition. The US economy is less competitive than it would be if we had completely free trade.
The third way governments restrict competition is with regulations that appear neutral but limit competition through economies of scale in compliance. A given regulation might cause a firm with $10 billion in sales to spend $10 million to help it comply. That expenditure is one-thousandth of sales. But to comply with that same regulation, a firm with only $100 million in sales might need to spend $1 million. That’s one-hundredth of sales, which is ten times as much as the large firm’s expense. This can force out small firms, making an industry less competitive than otherwise. Indeed, in my 1976 PhD dissertation, I showed that this was exactly what happened with the coal industry in the late 1960s and early 1970s.

As for patents and copyrights, let me note two things. First, there is a large controversy among economists about whether these are a good idea. The best argument for them is that they create an incentive to innovate. But, as I point out in “Patents,” in the first edition of The Concise Encyclopedia of Economics, there are some downsides. One is that many inventions would have happened without patents and so the monopolies that patents create in those cases are unnecessary. Another is that the prospect of a patent can divert innovators away from unpatentable innovations to patentable ones. The second thing to note is that in a world with the Food and Drug Administration regulating the flow of new drugs, we would have almost zero new drugs without patents.

Is competition alive and well in the United States? In the areas where government allows it, yes. In areas where the government restricts competition, no. ■

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.
Socialism’s False Promise

Socialism cannot satisfy people’s hunger for autonomy, dignity—or even food. But bitter new politics have revived this failed ideology and hidden its failings.

By Ayaan Hirsi Ali

Many Americans—particularly but not exclusively the young—remain intrigued by socialism. Indeed, a 2019 survey found that socialism is as popular as capitalism among young American adults. Well-known political figures such as Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez describe themselves as “democratic socialists” and advocate tens of trillions of dollars in new spending programs along with a massive expansion of state power over citizens’ lives. In academic circles, too, the debate surrounding the merits of socialism continues.

Key points

» No system offers better opportunities for the downtrodden than democratic capitalism.

» In today’s neosocialism, nothing matters but the tribe: a person is either oppressive or oppressed.

» For decades, economic socialism inflicted extraordinary misery on hundreds of millions of people.

» A capitalist system is constantly in motion—adapting to satisfy the wants and needs of millions of diverse individuals.

Ayaan Hirsi Ali is a research fellow at the Hoover Institution and the founder of the AHA Foundation.
A little less than thirty years after the Soviet Union was formally dissolved, capitalism is nearly everywhere on the defensive, both in academia and in the realm of public discourse. Yet no system offers better opportunities for the downtrodden to rise and improve their living standards than democratic capitalism.

The socialism of the twentieth century was primarily economic in orientation: it rejected capitalism and favored state control over the economy. Individuals had to submit to central economic planning. Conceptually, this socialism did not see individual human beings as having inherent dignity. Instead, it divided society into two clashing, competing classes: the group that was economically oppressive (the capitalists) and the group that was economically oppressed (the workers). In this worldview, individualism as a concept became not merely meaningless but suspect.

The neosocialism that I see taking root today also rejects capitalism as a system, and, just as in the socialism of old, the individual and his own moral contributions are devalued. What matters, once again, is the group (the collective tribe) to which an individual belongs. Again, these collective groups are either oppressive or oppressed, and an individual’s moral worth is determined by looking at the group or groups to which he belongs.

Capitalism, with its emphasis on individualism, meritocracy, and color-blindness, is not compatible with this worldview. Much of today’s debate is therefore being waged on grounds not of the efficiency or inefficiency of capitalism but of capitalism’s alleged immorality. One of today’s most influential public voices, Robin DiAngelo, author of *White Fragility*, rejects capitalism as follows: “Capitalism is so bound up with racism . . . capitalism is dependent on inequality, on an underclass. If the model is profit over everything else, you’re not going to look at your policies to see what is most racially equitable.”

I aim to defend the superiority of democratic capitalism over both the old socialism and neosocialism—not only for its economic efficiency, but also for its moral superiority and the possibilities it provides for humans to flourish. I caution young Americans that before they embrace neosocialism, they...
consider carefully not only its superficial attractions but also its fundamental drawbacks. Those who value individualism, meritocracy, and equality of opportunity will find these things in a capitalist system, as long as it provides educational opportunities to all.

MEMORIES OF A SOCIALIST ILLUSION
To me, socialism is more than just an academic concept. When I was around six or seven years old, I lived in Mogadishu, Somalia, with my mother. Much of her daily life consisted of standing in line for hours on end to receive the daily ration of food allotted by the government. At the time, the Somalian state, if one can call it that, had implemented Marxist economics, to the extent that this was possible. To every family the state apportioned a certain quantity of food: sugar, flour, oil, and so on. In the government rations, there was hardly any meat or eggs, as these were deemed to be luxury goods. A
person received what the authorities decided was strictly necessary, not what the person wanted.

My first experience of socialism was, therefore, one of enduring long lines in the hot sun, without shelter. My mother and grandmother felt a sense of bafflement, indignity, and powerlessness as a result of this daily grind. But in terms of power relationships, the lines served an important function: they emphasized the powerlessness of the individual and the power of the collective over even the smallest food rations. The recipient had no control over what she would be handed. You had to obey political authorities to receive anything at all, however modest. This was the Marxist form of order.

“Scientific” socialism as implemented by Somalia’s government did not result in equality and justice. On the contrary, it was the people with the strongest political connections to the government and to influential clans who were most empowered. A system that claimed to empower the marginalized and dispossessed showed an astonishing lack of compassion for precisely the least-connected people. Somalia’s communist regime brutally repressed dissidents, as did other authoritarian socialist regimes of the twentieth century. Yet in school, my fellow students and I sang songs of praise for the system, surrounded by large pictures of Marx, Lenin, and Siad Barre.

Today this type of orthodox socialism still appears to have its defenders, despite the fact that it failed in Somalia just as it has failed more recently in Venezuela, a once-rich country now engulfed in hunger and chaos because of similar pathologies of corruption and inefficiency that arose inevitably from state control of economic life.

**WHY SOCIALISM FAILS**

Broadly speaking, socialism typically refers to the ownership of things in common, rather than private ownership; it has been defined as “a form of social organization that prioritizes the common ownership of property and the collective control of economic production.” Quite optimistically, Michael Newman argues in *Socialism: A Very Short Introduction* that “the most fundamental characteristic of socialism is its commitment to the creation of an egalitarian society.” Some early socialists were more anarchist or individualist than others, but all these thinkers favored a reorganization of society along what they believed would be more equitable lines.

Generally, socialists of all persuasions share a critical view of industrial capitalism and its emphasis on private property, but socialists have differed (both in the nineteenth century and today) on the proposed remedy. Therefore, as Roger Scruton reminds us, the work of socialists is more frequently
distinguished by its critique of capitalism than by its detailed description of what socialism should look like and how it should work. Among revolutionary socialists, socialism as it existed in the Soviet Union is frequently theorized as a transitional state, ultimately culminating in a communist utopia.

For decades, theory aside, economic socialism inflicted extraordinary misery on hundreds of millions of people in Eastern Europe and the former Soviet republics. The puzzle confronting us in 2020 is why, with so much empirical evidence on the rise and fall of authoritarian socialism, there is even a conversation on this topic, other than classroom discussions meant to inform students about some of the darkest pages of human history.

Socialists lost the broad economic argument in the twentieth century because socialist systems (command economies) did not work. Why? In a capitalist economy, market prices, in a framework of private property, coordinate economic activity. Companies use prices to see which goods, products, and services are needed and where, at what time, and in what quantities. Firms compete, on the basis of market prices, to deliver these goods as efficiently as possible. Firms that miscalculate run the risk of bankruptcy. The most efficient and competitive firms—those that best meet the needs of the public—survive and thrive.

In a socialist system, however, there are no market pricing signals. This creates chaos throughout the economy. Economists in the West who participated in the “socialist calculation debate” of the 1920s and 1930s, including Friedrich Hayek, predicted this crucial flaw in socialism theoretically before it became painfully clear empirically. In a socialist system, unlike in a market system, orders to produce come from the top, frequently in the form of quotas. Yet in the absence of a market pricing mechanism to determine profit and loss, poorly performing organizations tend to persist under socialism: there is no bankruptcy to cull them. The public good suffers as a result. Crucially, in the absence of genuine private property, there may be little incentive to work hard if one cannot keep the fruits of one’s labor. Why cultivate a field carefully if you cannot benefit from the harvest?

Although socialism is capable of centrally driven technological innovation, in the absence of market pricing signals a socialist system cannot distribute technological or scientific blessings to the mass of the people in a way that increases their living standards in a sustained way.

**In the socialist worldview, both now and in the past, individualism is not merely meaningless but suspect.**
Socialist systems are command economies that tell people to obey central economic plans, even if they have other ideas. Under socialism, you may wish to start a business, or you may have an idea for a new technology—too bad. You must do as you are told. Authoritarian socialism does not adapt to your wishes. As a result, a “black economy” of smuggled goods frequently arises to meet the real needs that the central plan fails to fulfill.

**HUMAN ACTIVITY IN MOTION**

Unlike socialist societies, societies with political freedom, alongside a capitalist or free enterprise system in the economic realm, have a prodigious capacity to adapt. A capitalist system is constantly in motion to satisfy the wants and needs of millions of diverse individuals. Every day a capitalist system balances trial and error to evaluate new technologies, new ways of doing things, new ways of improving technologies, and new ways of running businesses.

Because of competition, a business under capitalism survives only to the extent it offers consumers a product they want or need at a reasonable price, whether cars, food, lumber, or clothing. And this is true even for hospital systems and medical providers, which vie for the business of patients for, say, safe and successful surgeries. Under a system of crony capitalism, businesses may rely on improper political connections to create cumbersome regulations that block competition. However, in a country with a functioning rule of law, a free press, and an informed public, and where corrupt officials are prosecuted, intense scrutiny of such practices can mitigate this systemic risk.

Pure laissez-faire capitalism is a thing of the past. In centuries past during the early phases of industrialization there were indeed inhumane working conditions, ones that should not be forgotten. People worked in unsafe spaces. Over time, however, capitalist societies adapted and introduced safety measures, sickness benefits, pensions, and other forms of social insurance. New technologies reduced risks for workers. Social reformers pressed political leaders to abolish child labor; and universal education was introduced. The wealth created by the capitalist system made these reforms easier to implement. Working conditions in socialist countries were frequently more brutal, with fewer worker protections and environmental safeguards.
Admittedly, nothing is perfect. In the capitalist economy today, there are, for example, recurring questions surrounding working conditions in sweatshop factories and warehouses as well as in the gig economy. That is precisely where the agility and nimbleness of societies built on a system of free enterprise come in: such societies are able to adapt, and they do so.

**SILENCED BY THE WOKE**

Social democracy as it exists in the Scandinavian countries accepts the core premises of capitalism (the existence of corporations, private property, the free price mechanism, and a stable currency) alongside a relatively high level of taxation to finance redistributive social welfare programs. Crucially, social democrats accept freedom of expression, free and fair elections, the existence of political opposition, freedom of the press, and the rule of law. Scandinavian social democracy is not, however, what today’s American neosocialists desire to impose, some claims to the contrary notwithstanding. They condemn “the system” and say that it must go.

But speaking broadly, the debate on socialism has already happened, and one would think it had been long since resolved. Authoritarian socialism, in its quest for utopia, has been a human catastrophe with an immense death toll. Millions died for the cause, and millions more were killed, tortured, imprisoned, and impoverished. The names Mao Zedong, Pol Pot, and Josef Stalin evoke in those who survived their prison camps and killing fields the same revulsion as a figure such as Adolf Hitler. All of this has been well documented, particularly after the Soviet Union fell and researchers got a glimpse of Communist Party archives.

Authoritarian socialism is lethal because it brooks no dissent. In every implementation of authoritarian socialism, individual freedom has been irrevocably compromised for a utopian and unattainable collective idea. The sheer number of failed socialist experiments raises unavoidable questions about politics, economics, justice, and human nature. Socialist grievance narratives, their claims to be helping the downtrodden, only made people’s lives more miserable. Why was this doomed enterprise so often attempted?

The neosocialism of 2021 has shifted gears from the more economically focused socialism of the twentieth century. Now it is enmeshed with the ideas of postmodernism and identity politics. This type of socialism rejects...
capitalism as immoral, along with notions of national borders and national sovereignty. It condemns American history, emphasizing only the darkest pages of the US experience, not the ideals to which the founding fathers aspired or which drew so many immigrants of all backgrounds over the years. “Woke” socialism is thus distinct from the socialism of Karl Marx and Friedrich Engels, which was heavily focused on economics and the workers’ struggle.

Neosocialism carries an ostensible moral appeal for young people who may know little about history or the nature of socialism, or who are disenchanted with the current state of the world.

Nevertheless, although the new socialism differs from the Marxism of old, there are similarities. Once again, individual humans matter less than structural considerations in the effort to achieve a utopia—which, being unattainable, is never achieved.

The Marxism of old divided all people into two categories: the oppressors (the bourgeoisie who controlled the means of production) and the oppressed (the workers or proletariat). It did not matter how nice, kind, or charitable a person was individually; if he belonged to the bourgeoisie, he was condemned on the basis of his class identity. In a communist revolution, he was the enemy, against whom all means were justified. A similar division appears in the woke politics of the late twentieth and early twenty-first centuries. People are viewed not as individuals to be judged on their own merits but as members of either oppressive or oppressed tribes. Nothing matters but some intrinsic identity of the person, frequently an immutable characteristic such as race. These concepts have flowed outward from academic institutions and law schools to become embraced by celebrities, political figures, and protesters.

I fear it will not be possible to defend capitalism, either intellectually or morally, in this climate of increasing orthodoxy that marginalizes or silences dissenting voices. As woke intolerance spreads ever further into universities, newsrooms, and even large corporations that are fearful of diverging from the new orthodoxy, capitalism as a set of ideas will be increasingly on the defensive, in spite of its moral and economic accomplishments.

The adherents of neosocialism have now racialized their worldview to such an extent that all white Americans have become morally suspect, while non-whites are presented as victims of their exploitation. I posit, to the contrary,
that the new socialists are the true racists and exploiters. They misrepresent American and Western history. They exploit immigrants, ethnic minorities, women, members of the LGBTQ community, and children, and they poison young, impressionable minds through indoctrination, distortions of reality, and empty promises. What have they achieved? More often than not, they hurt the very people they claim to be helping.

Democratic capitalism, in the framework of the rule of law and respect for individual rights, has benefited billions of human beings. It allows for gradual, incremental progress to remedy legitimate grievances as they arise. Until a better alternative can credibly be proposed, these are the institutions that we should celebrate—and defend. ■

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is Three Tweets to Midnight: Effects of the Global Information Ecosystem on the Risk of Nuclear Conflict, edited by Harold A. Trinkunas, Herbert S. Lin, and Benjamin Loehrke. To order, call (800) 888-4741 or visit www.hooverpress.org.
Real Power to the People

Only a liberal democracy can protect individuals and restrain rulers, and liberal democracy demands liberal education.

By Peter Berkowitz

Why did communism fail, and liberal democracy prosper?

In the nineteenth century, Marxism responded to genuine problems afflicting emerging liberal democracy and free market capitalism. Factory owners exploited workers—men, women, and children—by subjecting them to debilitating working conditions and exhausting hours while paying meager wages. Notwithstanding the element of justice in this critique, Marxism—along with the many less

Key points

» Marx failed to reckon either with the passions and interests that motivate human beings or the limits of human knowledge.

» Marx also was blind to government self-correction: that is, the ways in which good government can advance individual freedom and equality.

» Liberal democracies both limit and empower the people.

» Liberal democracies also aim to protect freedom from the passions and prejudices of the people.

Peter Berkowitz is the Tad and Dianne Taube Senior Fellow (on leave) at the Hoover Institution. He is a participant in Hoover’s Human Prosperity Project and a member of Hoover’s task forces on foreign policy and grand strategy, and military history. He directs the State Department’s Policy Planning Staff and is the executive secretary of the department’s Commission on Unalienable Rights.
influential varieties of socialism—suffered from several fundamental flaws.

First, Karl Marx wildly underestimated the self-correcting powers of liberal democracies and free markets. He and his legions of followers failed to grasp the capacity of liberal democracies to acknowledge injustice, reform institutions to better serve the public interest, and pass laws that would bring the reality of political and economic life more in line with the promise of individual rights and equal citizenship. In addition, Marxism did not appreciate the amazing productive forces unleashed by capitalism. Free enterprise has not immiserated the working class, as Marx insisted it must. To the contrary, undergirded by private property and the rule of law, free markets have proved history’s greatest antidote to poverty and have around the world raised basic expectations and norms concerning the material prerequisites of a decent life to levels unimaginable in Marx’s time and even a few generations ago.

Second, Marx presumed to possess final and incontrovertible knowledge about the necessary unfolding of human affairs from the earliest forms of civilization to the present. In reality, Marx produced, and Marxists have routinely embraced, a one-dimensional account of history based exclusively on the conflict between oppressors and oppressed, as if no other factors influenced morality, economics, and politics. The one-dimensionality of Marx’s analysis is bound up with its reductionism. Marxist history proceeds as if tradition, culture, faith, and justice were irrelevant, except as components of a code that, when properly deciphered, exposes the deceptions by which the powerful perpetuate the bondage of the weak.

Third, Marx succumbed to the utopian spirit. Despite his voluminous writings, he gave scant attention to the structure of politics or the habits and institutions that would organize the economy in the era that he maintained would follow the overcoming of liberal democracy and capitalism. He assumed that social and political disharmony of every sort would vanish after the setting aside of rights, the dissipation of religion, and the abolition of private property.

This extravagant conceit was in no small measure a consequence of his failure to reckon with the variety of passions and interests that motivate human beings, the rootedness of persons in particular traditions and community, the
limits of human knowledge, and the institutional arrangements that enable
government to advance the public's interest in individual freedom and human
equality.

**A SYSTEM TO SECURE FREEDOM**

In each of these respects liberal democracy has demonstrated its manifest
superiority. First, liberal democracies both limit and empower the people.
Government's protection of individual rights sets boundaries on what majori-
ties through their elected representatives can authorize even as the ground-
ing of legitimate exercises of power in the consent of the governed gives
majorities solid legitimacy and wide scope to enact laws that serve the public
interest in accordance with changing circumstances and the people's chang-
ing understanding of that interest.

Second, liberal democracy does not rest on a theory of history but rather
on a conviction about human beings—that all are born free and equal and
that rights inhere in each and every human being. Instead of reducing ideas
to expressions of economic relations, liberal democracy affirms that eco-
nomic relations should reflect the idea of individual freedom. Government
secures individual rights by, in the first place, protecting private property
and religious freedom. The state leaves the preponderance of decisions about
work and consumption as well as religious belief and practice in the hands of
individuals who, whatever the imperfections in their understanding, are likely
to grasp their own interests better than would government bureaucrats.

Third, liberal democracy is grounded in the anti-utopian premise that the
tendency to abuse power is fairly evenly distributed among human beings.
This does not negate the belief in fundamental rights that all persons share
or obviate the need for decent character in citizens and office holders. From
the perspective of liberal democracy, each is equally free. Each is a mix of
wants and needs, appetites and longings, fears and hopes that frequently
distort judgment and defeat reason. And each is capable of acquiring at least
a basic mixture of the virtues of freedom. Because of its understanding of
the multiple dimensions of human nature, liberal democracy attaches great
importance to the design of political institutions. The aim is to secure free-
dom from the passions and prejudices of the people as well as those of their
elected representatives. Good institutional design does this by playing the
passions and prejudices off against one another while providing incentives
for the exercise of reason, deliberation, and judgment.

Why are these basic notions about Marxism and liberal democracy so
poorly understood today?
SUBVERTING THE UNIVERSITIES

In *The Road to Serfdom*, Friedrich Hayek suggests that a concerted attack on liberty of thought and discussion is a crucial step in the institutionalization of the central planning essential to socialism. To consolidate support for the one true state-approved economic plan, it is necessary to ensure that a uniform view prevails among the citizenry: “The most effective way of making everybody serve the single system of ends toward which the social plan is directed is to make everybody believe in those ends.”

This requires, among other things, that universities—eventually the entire educational system—abandon the traditional goal of liberal education, which is to transmit knowledge, cultivate independent thinking, and encourage the disinterested pursuit of truth. Instead, institutions of higher education must be conscripted into the cause. That involves the transformation of colleges and universities into giant propaganda machines for the inculcation and reaffirmation of the officially approved views.

The condition of higher education in America suggests that that transformation is well under way. It is increasingly rare for colleges and universities to teach students the principles of individual liberty, limited government, and free markets along with the major criticisms of them, thereby both imparting knowledge to students and fostering their ability to think for themselves. Instead, our institutions of higher education often nurture a haughty and ill-informed enthusiasm for socialism and an ignorant disdain for political and economic freedom.

In doing so, higher education today builds on dogmas increasingly inculcated at earlier stages. Take, for example, California, which is the most populous state in America and, if it were a sovereign nation, would boast the fifth-largest economy in the world. Last year, the state’s Department of Education released a draft “Ethnic Studies Model Curriculum” prepared by teachers, scholars, and administrators. Suffused with social science jargon and dedicated to a highly partisan social justice agenda, the model curriculum named capitalism as a “form of power and oppression” and associated it with such sins as “patriarchy,” “racism,” and “ableism.”

The fashionable terminology builds on long-standing charges against the free-market system: capitalism rewards greed and selfishness, divides people...
into oppressed and oppressor classes, fosters atomized individuals, erodes community, and produces massive and obscene forms of inequality. Apparently, California’s experts did not see the point of including in the curriculum the other side of the argument.

To continue to enjoy the blessings of political and economic freedom, it will be crucial to recover the practice of liberal education. ■

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is Constitutional Conservatism: Liberty, Self-Government, and Political Moderation, by Peter Berkowitz. To order, call (800) 888-4741 or visit www.hooverpress.org.
Unchecked, Unbalanced

For centuries, federal power has been expanding at the expense of states’ healthy, proper role—and of individual freedom.

By John Yoo

American history shows that federalism initially went too far in its protection of states. Slavery made plain the most obvious flaw in the Constitution’s original design—it failed to provide a minimum protection for individual rights against states as well as the federal government. Slavery deprived a specific race, brought to the United States from Africa, of the same rights enjoyed by the majority of Americans. The Constitution gave slave states a political advantage with the rule that slaves counted as three-fifths for purposes of allocating House seats. The Civil War brought slavery to an end, and the Fourteenth Amendment’s guarantees—privileges and immunities, equal protection, and due process against the states—sought to end the discrimination upon which slavery was built.

It would take, however, another century for the civil rights movement to force the United States to live up to the promise of the Reconstruction

John Yoo is a visiting fellow at the Hoover Institution, the Emanuel S. Heller Professor of Law at the University of California, Berkeley, and a visiting scholar at the American Enterprise Institute. He also is a participant in Hoover’s Human Prosperity Project and the co-host of the Hoover Institution podcast The Pacific Century (https://www.hoover.org/publications/pacific-century). Yoo’s latest book is Defender in Chief: Donald Trump’s Fight for Presidential Power (St. Martin’s Press, 2020).
amendments. Eventually, Congress would pass the 1964 Civil Rights Act, which prohibited racial discrimination in employment and education, and the 1965 Voting Rights Act, which barred racial discrimination in elections, to end the era of Jim Crow. These civil rights acts greatly extended the reach of federal power at the expense of the states. States could no longer use their police powers to engage in discrimination on the basis of race. But they also furthered federalism’s original purpose in forcing the national and state governments to compete to expand individual liberty.

**FEDERAL OVERREACH**

In the area of economic regulation, however, the national government so expanded its power that it undermined the decentralizing elements of federalism. Unlike the end of slavery, the broadening of federal power did not produce any corresponding expansion in individual freedoms. It was the Great Depression, in which the economy contracted by about 27 percent and unemployment reached a quarter of the workforce, that prompted the United States to experiment with socialist-type government. Upon the inauguration of Franklin D. Roosevelt in 1933, Congress enacted a series of laws—the National Industrial Recovery Act (NIRA) and the Agricultural Adjustment Act (AAA) chief among them—that granted the president extraordinary powers to manage the economy. Under the NIRA, for example, federal agencies issued industry-wide codes of conduct to govern production and employment levels. The AAA gave the administration the power to dictate the crops that farmers could plant. Using these laws, the Roosevelt administration sought to reverse falling prices by setting prices, limiting production, and reducing competition.

Initially, the Supreme Court sought to maintain the historical limits on national power. It invalidated the first New Deal as beyond Congress’s powers under the commerce clause, which gives Congress the power to “regulate Commerce . . . among the several States.” Federal laws controlling all aspects of economic production violated Supreme Court precedents that held that the commerce clause could not reach manufacturing or agriculture that occurred within a single state. The court matched these limits on the reach of federal regulatory power with a robust protection for economic rights. Until the Great Depression, the court had held that neither the federal nor state governments could override contracts or regulate business in a way that infringed on the rights of free labor—under *Lochner v. New York* (1905), the court generally struck down minimum-wage and maximum-hour laws. Following these precedents, the court greeted the early New Deal laws with suspicion and struck the NIRA and the AAA down.
Roosevelt’s subsequent threat to add six additional justices to the Supreme Court eliminated the judiciary’s resistance to the New Deal and opened the floodgates to federal control of the economy. In *West Coast Hotel Co. v. Parish* (1937), a 5-4 court upheld a state minimum-wage law. In *NLRB v. Jones & Laughlin Steel Corp.* (1937), the same 5-4 majority upheld the National Labor Relations Act’s regulation of unions throughout the country. After this “switch in time that saved nine,” the Supreme Court would not invalidate a federal law as beyond the reach of the commerce clause for the next six decades. Perhaps the ultimate expression of federal control of the economy came in *Wickard v. Filburn* (1942), in which a now unanimous court of FDR appointees upheld a federal law that barred a farmer from growing wheat on his own farm for his own personal consumption.

With virtually no limit on the commerce clause, Congress used its economic regulatory power to steadily concentrate power in Washington. It enacted a series of laws governing workplace conditions, employment terms, and labor-management relations. It created regulatory agencies to govern entire industries, such as the Federal Communications Commission, or entire markets, such as the Securities and Exchange Commission.

But Congress did not stop at economic regulation. In the 1960s and 1970s, it turned the commerce clause to social regulation. It enacted a host of civil rights laws, federal crimes, and protections for the environment. By the end of the twentieth century, the court would suggest that the commerce clause could not justify the control of purely noncommercial activity, such as violent crime. But in 2005, it still turned away a challenge to the federal prohibition on the sale of marijuana, even when grown in a back yard and given as a gift between friends.

Despite the far reach of the commerce clause, Congress has shied away from direct control of many traditional local matters, such as education and welfare. States still enjoy primary authority over the laws that regulate most matters of everyday life, such as the rules of property and contract, accidents, family, and crime. State governments still operate their own independent executive, legislative, and judicial branches, and they collectively far outstrip the federal government in numbers of law enforcement officers and resources. The New York Police Department, for example, has more sworn officers than the Federal Bureau of Investigation has employees. Even when the federal government has...
exclusive authority over a subject, such as immigration, it must depend on the cooperation of state officials to fully execute national policy.

Because the framers hardwired decentralization into the constitutional system, the federal government has had to resort to financial enticement to expand its influence into these areas of state control. Perhaps one of the greatest threats to federalism has been the spending clause, which gives Congress the power “to provide for the common Defence and general Welfare of the United States.” Thanks to the great financial resources made available by the Sixteenth Amendment creating the income tax, Congress can offer states large sums of money—but with strings attached. The federal government offers states matching health care funds, but only if states follow Medicare and Medicaid guidelines; it makes education grants to schools, but only if they obey federal mandates; it supports state welfare programs, but only those that comply with federal regulations. While the Constitution’s decentralized framework remains, the federal government has sought to overcome it with the “sinews of power”—money.

**RESTORING BALANCE**

These expansions of the federal government through direct regulation under the commerce clause or by the indirect influence of federal dollars threaten a concentration of power that could make socialism possible.

Such vast federal expansion discards the benefits of local, decentralized government and undermines the checking function of the states. This makes the recent effort of the Supreme Court to stop the Affordable Care Act (popularly known as ObamaCare) of such interest. ObamaCare took a major step toward the socialization of health care, which accounts for more than 18 percent of the American economy, with Medicare and Medicaid constituting about 40 percent of the total. Critics challenged several elements of the law, such as its requirement that all adults purchase health insurance or pay a penalty, and its denial of Medicaid funds to states that refused to expand their health care programs in line with ObamaCare requirements.

In *NFIB v. Sebelius* (2012), the court held that the commerce clause did not give the federal government the power to force unwilling individuals to purchase products. It also found that the federal government could not offer so much money that states were “coerced” into participating in federal programs. But it also found that the federal government could use its power of taxation to sanction individuals who refused to purchase insurance.

*Sebelius*, when combined with other, less prominent cases shoring up the sovereignty of state governments, shows that the Supreme Court seems intent on restoring some balance to federalism. As legal scholars have
argued, other elements of the federal government share this interest in defending state interests, most obviously the Senate, with its equal representation by state. But even other, more popular elements of the federal government will pay due attention to federalism. The Electoral College process for selecting the president gives a slight advantage to federalism by giving each state electoral votes equal to its number of senators and members of the House rather than using direct popular election. As the 2000 and 2016 elections demonstrated, the state practice of awarding all electoral votes to the winner of its election gives presidential candidates the political incentive to assemble a coalition of states, rather than just campaign in the most populous cities. The Constitution even creates the most popularly accountable branch of the federal government, the House of Representatives, by awarding seats by state, rather than proportionally by national political party support.

These developments show that the United States of 2020 does not enjoy the decentralized government envisioned in 1788. Centralization may have become inevitable with the nationalization of the economy, the rise of the United States in world affairs, and subsequent globalization. But we can still see the benefits of decentralization in federalism’s instrumental advantages of experimentation, diversity, and competition in government. Decentralization still remains in the independent existence of the state governments and their advantages in resources and closeness to the people.

What may suffer, as the commerce and spending clauses steadily advance, is the dynamic between the national and state governments. That system of mutual checks and balances, the framers believed, would constrain the state and result in freedom and liberty. History does not suggest that such an outcome would benefit the American experiment in self-government or its people.

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Markets Defeat Malthus

Only free enterprise has the power to harmonize environmentalism with people’s needs—and to protect land, water, and air for future generations.

By Terry L. Anderson

Environmentalism might have been born when the Reverend Thomas Malthus penned *An Essay on the Principle of Population* in 1798. Therein he postulated that humans would continue to reproduce until the population demands exceed their ability to produce food, after which famine, disease, and pestilence would check population growth in what has come to be called a “Malthusian trap.” His postulate continues to permeate environmental thinking. For example, in the 1970s, the Club of Rome, armed with data and computers, predicted precise years when we would reach the limits of the world’s resources. Its predictions

**Key points**

» Malthus’s prediction that population would outrun food supply has not come to pass. But environmental pessimism persists.

» Many environmental regulations have actually thwarted environmental and economic progress.

» Human ingenuity is adding to both prosperity and a better environment.

» Property rights give everyone a stake in the environment.

*Terry L. Anderson* is the John and Jean De Nault Senior Fellow at the Hoover Institution and participates in Hoover’s Human Prosperity Project. He is past president of the Property and Environment Research Center in Bozeman, Montana, and a professor emeritus at Montana State University.
of disaster for humankind called for regulations to restrict use and consumption of resources and thereby restrict economic progress.

Even though we have avoided Malthus’s trap, this pessimism persists, cloaked in romantic views of nature without human beings. Henry David Thoreau’s Walden provided a romantic, transcendental view from his window and John Muir used wilderness as his
environmental pulpit. Both were not sanguine about human beings’ ability to respect and preserve nature. In the twentieth century, Aldo Leopold’s *A Sand County Almanac* continued the romantic tradition of the nineteenth century, calling for a “land ethic” to encourage resource stewardship.

Malthus’s ghost set the stage for modern environmental policies with books such as Rachel Carson’s *Silent Spring* (1962) and Paul and Anne Ehrlich’s *The Population Bomb* (1968). Like earlier predictions, the books forecast famine, pestilence, and wild-species endangerment if humanity fails to limit population growth and resource use.

*Silent Spring* and *The Population Bomb* then set the stage for the environmental move-
ment that gave us a welter of legislation based on the premise that private individuals and companies will not be good environmental stewards. Thus, according to this thinking, command and control at the federal level is necessary to ensure environmental quality. The classic example of the need for regulation, in this case the Clean Water Act, was the Cuyahoga River fire in 1969, allegedly caused by chemicals in the water but actually resulting from a railroad spark that ignited logs and other debris that had accumulated at a trestle.

Certainly, some environmental regulations have had a positive effect on the environment. For example, endangered species such as the bald eagle are no longer shot or poisoned, and populations of bald eagles have increased enough for them to be reclassified from “endangered” to “least concerned.” Similarly, sulfur emissions have been reduced significantly to reduce the threat of “acid rain.”

But the record of environmental regulation is not an upward trend. To the contrary, many regulations—be they environmental, energy, trade, health and safety, and so on—have thwarted environmental and economic progress.

My book *Political Environmentalism: Going behind the Green Curtain* (Hoover Institution Press, 2000) documents several examples. The Endangered Species Act has succeeded in protecting iconic species such as the grizzly bear, whales, and the bald eagle, but it has also made many species the enemy in a war of “shoot, shovel, and shut up.” Recall the spotted owl that was the poster child of protectionists wanting to stop logging in the Pacific Northwest in the late 1990s. Listing the spotted owl as endangered virtually halted logging in almost all national forests, but it also stopped private forest-land owners from wanting the owls on their property. It also encouraged, through higher timber prices, more logging on private lands.

Fishery management focused on season, catch, and equipment regulations led to more intensive fishing during the season, greater bycatch (fish that weren’t targeted for markets, but were killed in the process), and fewer, but bigger and more efficient boats. As a result, such regulated fisheries declined rather than improved.

The hundred-year-old Jones Act, which prohibits foreign ships from carrying goods from one US port to another, has regulated US marine shipping in ways that have increased greenhouse gas emissions. The US commercial fleet is powered by engines that are far less efficient and produce higher emissions than those of less regulated foreign fleets. And because of the reduced efficiency, it takes more ships to carry the same goods. As University of Chicago economist Casey Mulligan reports, “A sizable amount of the
DOOMSAYER: Thomas Robert Malthus (1766–1834) argued in his Essay on the Principle of Population that population growth would inevitably outrun any increase in the food supply. Society has evaded his “Malthusian trap,” but such thinking still pervades environmental discourse. [John Linnell (1792–1882) — Creative Commons]
cargo that, without the Jones Act, would be shipped on coastal waters ends up on trucks congesting our highways and polluting our atmosphere, especially near large cities where many people live and breathe.”

**GIVE CREDIT TO INGENUITY**

Despite the detrimental effects of regulations and the doom and gloom from environmentalists, all the evidence suggests, as the Beatles song put it, “it’s getting better all the time” and the improvement is closely linked to human ingenuity, prosperity, and economic growth.

One of the more systematic analyses of the relationship between prosperity and the environment is the Environmental Sustainability Index (ESI) developed by the joint efforts of the World Economic Forum, the Yale University Center for Environmental Law and Policy, and the Columbia University Center for International Earth Science Information Network. The group measured 145 nations based on twenty indicators and sixty-eight related variables to place a sustainability score on each nation.

The most significant findings derived from the ESI study compare each nation’s ESI score with its gross domestic product (GDP) per capita and show a strong positive relationship between wealth and environmental quality. The data follow the pattern of what economists call the environmental Kuznets curve: generally, environmental quality declines in the early stages of growth and then increases after a certain threshold, where the turning point varies with the environmental goods in question. As incomes rise, people shift their focus from obtaining the basic necessities of life to other goods and services. For a person living at subsistence, setting aside land for wildlife or reducing carbon emissions to reduce the potential for global warming is unfathomable. With higher incomes, people demand cleaner water, cleaner air, and other ecosystem services. And the higher demand for environmental amenities stimulates environmental entrepreneurship.

Whether economic growth occurs, and whether it is positively correlated with environmental quality, depends mainly on the institutions—especially secure property rights and the rule of law—in each country. Economic growth creates the conditions for environmental improvement by raising the demand for improved environmental quality and makes the resources

---

**Listing the spotted owl as endangered actually encouraged, through higher timber prices, more logging on private lands.**
available for supplying it. Whether environmental quality improvements materialize or not, when, and how, depends critically on government policies, social institutions, and the completeness and functioning of markets.

Institutions that promote democratic governments are a prerequisite for sustainable development and enhanced environmental quality. Where democracy dwells, constituencies for environmental protection can afford to exist—without people fearing arrest or prosecution. The democratization of thirty-plus countries in the past thirty-five years has dramatically improved the prospects for environmental protection. In the other direction, dictatorships and warlords still burden people and environments in many parts of the world such as China and much of Africa.

Seth W. Norton calculated the statistical relationship between various freedom indexes and environmental improvements. His results show that institutions—especially property rights and the rule of law—are key to human well-being and environmental quality. Countries with lower freedom index scores, mainly founded on socialism, have both less environmental quality and less prosperity. Consider Venezuela, one of the world’s more repressed economies. It ranks only above North Korea in the Heritage Foundation’s freedom index. It has one of the ten most biodiverse environments in the world and was a prosperous nation at the beginning of the twenty-first century. After decades of socialism, however, environmental quality has declined along with prosperity. It has the third-highest deforestation rate in South America, sewage pollution in its water supplies, soil degradation, and urban pollution.

**FREE MARKET ENVIRONMENTALISM**

Property rights and markets provide the foundation for “free market environmentalism.” This combination connects self-interest to resource stewardship by compelling resource owners to account for the costs and benefits of their actions and facilitate market transactions that create efficiency-enhancing gains from trade. To be sure, some people may act with enlightened self-interest if they are motivated by Aldo Leopold’s land ethic. However, good intentions are often not enough to produce good results, which is why Leopold, the pragmatic environmentalist, also declared that “conservation will ultimately boil down to rewarding the private landowner who conserves the public interest.”
Markets based on secure property rights provide a decentralized system for enhancing the value of resources. They generate information in the form of prices that give demanders and suppliers objective measures of subjective values. Resource stewardship will occur as long as private owners are rewarded for the benefits they generate from resource use while being held accountable for any costs they create.

Governments play a critical role in clearly specifying and recording ownership claims, establishing liability rules, and adjudicating disputed property rights. That said, well-defined and enforced property rights impose discipline on resource owners by holding them accountable for the damage they do to others and rewarding them for improving resource use. Property rights give owners an incentive to protect the value of their environmental assets and also align self-interest with society’s environmental interests.

Trade encourages owners to consider not only their own values in decisions about natural resource use but also the values of others who are willing to pay for the use of the resource. For example, where water has a higher value left instream, environmental groups have negotiated with diverters—framers and municipalities—to leave more water for fish and wildlife.

Transferable fishing quotas have given fishermen a stake in ocean fishery management and efficiently improved fish stocks and allowable catches. When such rights are transferable in the marketplace, owners, be they individuals, corporations, nonprofits, or communal groups, have an incentive to evaluate long-term trade-offs since their wealth is at stake.

Market forces based on demand and supply of environmental goods and services stimulate human ingenuity to find ways to cope with natural resource constraints. Producers improve productivity and find substitutes to conserve in the face of resource scarcity, while consumers reduce consumption and redirect their purchases in response to changing prices.

Free market environmentalism also embraces the free enterprise market system as a proven engine for economic growth, which, in turn, is an important driver of environmental quality. Free enterprise leads to new technology, and innovation that stimulates growth in other sectors can be applied to the environment, thus reducing the cost of producing environmental quality.
Perhaps the hardest environmental issue to deal with using markets is climate change. The benefits of reducing the rise in global temperatures are diffuse across the world and across time; the benefits accrue over dozens or hundreds of years; and the costs accrue and are concentrated on companies that produce hydrocarbons and economies that depend on them. Couple this with the impossibility of defining and enforcing property rights to the atmosphere, and market solutions seem impossible.

The good news is that asset and financial markets are already responding to climate change. Increased rainfall raises the value of land for crops, lower snowfall reduces the value of ski resorts, rising sea levels and storm surge lower the value of beachfront properties. As a result of shifts like these, asset owners and investors facing higher variance in their returns are adapting. As the late Hoover senior fellow Edward Lazear wrote in a Wall Street Journal article, “economic incentives will induce people who are setting up new households, businesses, and farms to move to areas that are less severely harmed by warming temperatures.”

**TENDING THE WORLD’S GARDEN**

Markets, like Mother Nature, hold no guarantees, but then no institution, private or public, does. Similarly, forces in the human world are complex and difficult to model and predict. There are individual responses to what Friedrich Hayek called the “special circumstances of time and place.” In assessing the success of any human response to those circumstances, we must always recall that nature and people are dynamic, and ask whether and how people will respond. Both nature and humans have shown remarkable resilience. As science writer Emma Marris puts it, we live in a “rambunctious garden” that seems to survive despite human action.

Can human action make the “rambunctious garden” even more “uncontrollably exuberant”? This would require a system capable of determining what the human demands are for environmental goods and services, and what natural capabilities there are for meeting them. It would depend on getting the incentives right to collect information on both sides of this equation.

The central theme of free market environmentalism is that property rights and markets do this. Property rights create incentives for owners to know
what they have, know what environmental goods they can produce, and know what demands there are for environmental resources. Environmental markets create information on all of these dimensions in the form of prices.

If human action can be linked to our dynamic natural environment through property rights, markets, and prices, the rambunctious garden will not just survive, it will thrive. Free market environmentalism offers optimism for future generations. ■

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is Political Environmentalism: Going behind the Green Curtain, edited by Terry L. Anderson. To order, call (800) 888-4741 or visit www.hooverpress.org.
Green Power

The world won’t recycle its way out of climate change. We need new and affordable sources of energy.

By Bjorn Lomborg

For decades, climate activists have exhorted people in the wealthy West to change their personal behavior to cut carbon emissions. We have been told to drive less, to stop flying and, in general, to reduce consumption—all in the name of saving the planet from ever higher temperatures.

The Covid-19 pandemic has now achieved these goals, at least temporarily. With the enormous reduction in global economic activity, it has been as if people around the world suddenly decided to heed the activists and curtail their travel and consumption. Largely as a result of the crisis, the International Energy Agency recently concluded that global carbon dioxide emissions “are expected to...”

Key points

» The pandemic slashed carbon dioxide emissions, but even that huge drop would bring only an infinitesimal change in global temperature by century’s end.

» The popular view that changing consumption will have a meaningful effect on climate change is not realistic.

» Suffering big losses in GDP to avoid smaller losses is a bad way to help.

» When green energy is costly, societies focus on more pressing problems. Cheaper green energy is the solution.

Bjorn Lomborg is a visiting fellow at the Hoover Institution, president of the Copenhagen Consensus Center, and a visiting professor at Copenhagen Business School. His latest book is False Alarm: How Climate Change Panic Costs Us Trillions, Hurts the Poor, and Fails to Fix the Planet (Basic Books, 2020).
decline by 8 percent in 2020, or almost 2.6 [billion tons], to levels of ten years ago.”

It’s an unprecedented and impressive drop in emissions—by far the biggest year-to-year reduction since World War II. Unfortunately, it will have almost no discernible impact on climate change. Glen Peters, the research director at the Center for International Climate Research in Norway, estimates that by 2100, this year’s enormous reduction will bring down global temperatures by less than one five-hundredth of a degree Fahrenheit.

This is because, of course, the reduction will last only for this year and has come at immense economic and human costs. Most people are eager for the world economy to revive. New data published in the journal Nature show that China’s emissions returned to pre-pandemic levels in mid-May, and the United States, India, European Union, and most of the rest of the world will likely soon follow suit.

As this unexpected and painful experiment with radical emission cuts suggests, the popular idea that changing our patterns of consumption will have a meaningful effect on climate change is not realistic. People still have to eat, to heat, and to travel, and the familiar pleasures that so many in the West enjoy remain aspirations for the billions of people who make do with much less.

**EMPTY GESTURES**

Sadly, the vast majority of the actions that individuals can take in the service of reducing emissions—and certainly all of those that are achievable without entirely disrupting everyday life—make little practical difference. That’s true even if all of us do them. The United Kingdom’s former chief climate scientist, the late David MacKay, once wrote of carbon-cutting efforts: “Don’t be distracted by the myth that ‘every little bit helps.’ If everyone does a little, we’ll achieve only a little.”

Why is that the case? In the first place, the cuts are typically small—from, say, unplugging a phone charger or turning off the lights. And when they are more significant, they save us money, producing what behavioral economists call the “rebound effect”: when we save some cash by being more energy efficient, we spend the savings elsewhere, often in ways that lead to other emissions.

The most comprehensive study on this phenomenon was published in the Journal of Cleaner Production in 2018. Researchers looked at a large number of different ways for individuals to cut emissions in Norway. They estimated not only the initial reduction in emissions but also how emissions would increase because of spending the saved money on other things.
TURNING POINT: Turbines are anchored in the Thorntonbank Wind Farm, on the Belgian part of the North Sea. A revolution in green energy, not the insignificant but economically destructive steps currently being pursued, is the only meaningful way to address climate change. [Hans Hillewaert—Creative Commons]
Cutting food waste, for instance, lowers emissions but also reduces our grocery bill. The researchers found that the extra money would probably be spent on other goods and services whose carbon footprint canceled out the entire emissions reduction. Carpooling made more of a difference, with the cost savings leading to only 32 percent of the emissions reduction being lost. Sometimes, however, the rebound effect leaves us worse off overall. Someone who walks instead of taking the train, which doesn’t emit much carbon dioxide, saves a lot of money and uses it on other more carbon-intensive things. Across a wide range of activities, the study estimated that 59 percent of the emissions savings from “virtuous” behavior are lost to the rebound effect.

Another problem with restricting our behavior for environmental reasons is that, as in many areas of life, when we do something “good,” we allow ourselves to do something “bad” as a reward. This tendency is known as “moral licensing.”

A 2015 study published in the journal *Social Influence* found that people who have just donated to an environmental charity were less likely to behave in environmentally friendly ways afterward, likely because they felt they had now “done their bit.” A study presented to the Annual Conference of the Agricultural Economics Society in 2012 analyzed British shopping behavior and found that the more consumers purchase energy-saving lightbulbs, use eco-bags, or reuse their own bags, the more likely their weekly shopping is to contain red meat and bottled water, whose carbon footprints are sizable.

The lockdown economy of the past year has made consumption less discretionary, more a matter of basic needs. We should expect old habits to return as economies revive. But this unexpected experiment with less consumption and lower emissions does put the challenge in perspective. Even with the dramatic drop in economic activity in recent months, the world will still emit about 35 billion tons of carbon in 2020. Achieving global “net zero” emissions in three decades, as a growing number of activists and politicians advocate, would require the equivalent of a series of ongoing and ever-tightening lockdowns until 2050.

Climate change is a real problem with substantial and growing overall negative impacts toward the end of the century, and those who are serious
about it, from across the political and ideological spectrum, know that trying to change patterns of consumption is not nearly enough. Much more important will be developing a range of cheaper, cleaner energy sources.

**REAL ANSWERS**

But in addressing the problem in all its complexity, we cannot ignore the inevitable trade-offs for human welfare. William Nordhaus of Yale, who in 2018 was awarded the Nobel Prize in economics for work in climate economics, has tabulated all the estimates of climate-related economic damages from the UN Intergovernmental Panel on Climate Change and peer-reviewed studies to determine the total impact of different levels of global temperature increases. He found that by 2050, the net negative impact of unmitigated climate change—that is, with current emissions trends unabated—is equivalent to losing about 1 percent of global GDP every year. By 2100 the loss will be about 4 percent of global GDP a year.

For comparison, what would it cost to reach net zero by 2050, through cutting emissions and mandating new energy sources? So far, only one country, New Zealand, has commissioned an independent estimate. It turns out the optimistic cost is a whopping 16 percent of GDP each year by 2050. That projected figure exceeds what New Zealand spends today on social security, welfare, health, education, police, courts, defense, environment, and every other part of government combined.

As this simple comparison suggests, suffering a 16 percent loss of GDP to reduce a problem estimated to cost 1 percent or even 4 percent of GDP is a bad way to help. That is especially true for the many parts of the world that are still in the early stages of economic development and which desperately need growth to improve the lives of their impoverished populations.

Even with the dramatic drop in economic activity in recent months, the world will still emit about 35 billion tons of carbon in 2020.

Does that mean we simply give up on combating climate change? Not at all. Perhaps the smartest policy move would be to dramatically increase investment in green energy research and development. When green energy is costly, societies with many other pressing issues can’t afford the trillions to make that radical transition. If innovation can bring the price of green energy down below that of fossil fuels, everyone would want to switch.
Currently the United States and other rich countries spend very little on green innovation and waste trillions on inefficient feel-good policies like boosting this or that favored behavior or technology, from electric cars and solar panels to biofuels. The Covid-19 pandemic has highlighted the inadequacy of this piecemeal approach. What the world’s climate—and the world’s people—really need is an energy revolution.

*Adapted from False Alarm: How Climate Change Panic Costs Us Trillions, Hurts the Poor, and Fails to Fix the Planet, by Bjorn Lomborg (Basic Books, 2020). © 2020 by Bjorn Lomborg.*
No More Mr. Nice China

Beijing’s “peaceful rise” no longer serves the country’s rulers. Instead they have adopted “sharp power.”

By Larry Diamond

The deteriorating relationship between the world’s two superpowers—the United States and China—is now entering a period of grave danger. An emboldened Chinese Communist Party (CCP) is now on the move in Asia and globally. Increasingly, its behavior constitutes a threat to peace and security in Asia and the core national interests of the United States. Whether the United States and its allies exhibit the strategy and resolve to meet this threat will be the single most important determinant of world order in the coming decade.

Key points

» China’s behavior threatens peace and security in Asia and the core interests of the United States.
» Beijing’s repressive strategy toward Hong Kong is how it seeks to secure dominance over all of Asia.
» Taiwan is at risk. Beijing now senses there may be no way to lure Taiwan into the communist fold.
» History stresses the folly of trying to appease an authoritarian aggressor.

Larry Diamond is a senior fellow at the Hoover Institution and the chair of a new Hoover research project, China’s Global Sharp Power. He is also a senior fellow at the Freeman Spogli Institute for International Studies and a Bass University Fellow in Undergraduate Education at Stanford University, where he is a professor by courtesy of political science and sociology.
Over social media and through its multibillion-dollar global propaganda machine, China now spreads the message in multiple languages, around the clock, that democracy is an inferior system of government to China’s efficient dictatorship; that China is a peaceful, selfless, and generous rising power, seeking merely to “help a world in need”; and that the United States epitomizes the inability of democracies to cope effectively with the coronavirus—even though the CCP’s negligence helped unleash the pandemic on the world.

But the image of “benevolence” and “harmony” that the Chinese Communist Party-State is trying to promote through its overt and covert global media operations is belied by its brutal subjugation of its Uighur Muslim population in Xinjiang—a crime against humanity; by its assault on civil liberties and the rule of law in Hong Kong; by “sharp power” tactics to penetrate, corrupt, and co-opt democratic institutions around the world; by its neocolonial exploitation of debt diplomacy and political corruption to swindle developing countries out of their critical infrastructure and natural resources; by the breathtaking pace of its military expansion and modernization, aided by the most audacious, comprehensive, and sustained campaign of technology theft in global history; and by its increasing military adventurism and belligerence in Asia, particularly in the South China Sea.

We have arrived at a critical juncture in world history. In 2013, the Financial Times’ David Pilling observed, “Deng Xiaoping was fond of quoting the ancient Chinese proverb ‘Tao guang yang hui,’ which is generally rendered: ‘Hide your brightness, bide your time.’ ” For two generations of American scholars and policy makers, the hopeful interpretation of this phrase was that China would have a peaceful rise to great-power status, becoming what former deputy secretary of state Robert Zoellick termed “a responsible stakeholder” in global affairs. But as Orville Schell, one of America’s premier China watchers, concluded in a recent magisterial survey of nearly half a century of America’s “engagement policy” with China, it “died tragically in 2020 due to neglect.”

There were plenty of mistakes on the American side, but the key cause of death was that the strategy no longer served the interests of China’s Communist Party-State, and of its leader, Xi Jinping, the most powerful Chinese leader since Mao Zedong. And this is not simply because Xi is a more domestically ruthless and globally ambitious leader than any other of the post-Mao era. It is also because engagement—which, as Schell notes, never delivered equivalence and reciprocity from the Chinese side—had outlived its usefulness. In his prescient essay eight years ago, Pilling added about Deng’s phrase, “The idea was to keep China’s capabilities secret until the moment
was right to reveal them.” Now, Chinese leaders seem to believe that moment has arrived.

**LOWERING THE BOOM ON HONG KONG**

Recent developments signal a new authoritarian bravado and belligerence on China’s part. The three most worrisome aspects of this are the betrayal of Beijing’s commitment to Hong Kong’s autonomy; the escalating pace of Chinese militarization and muscle-flexing in the South China Sea; and the growing existential challenge to the freedom and security of Asia’s most liberal democracy, Taiwan.

On June 30, China finally lowered the boom on Hong Kong, adopting the draconian national security law that it had announced but not detailed the previous month. The new law gives the government in Beijing carte blanche
to arrest anyone in Hong Kong it claims is committing acts of “secession,” “subversion,” “terrorism,” or “collusion with foreign powers.” The language is so broad it can apply to anyone (even abroad) advocating for the civil and political rights of Hong Kongers, as guaranteed both in international charters and in the 1984 Sino-British Joint Declaration. Procedurally, this delivers the death knell to the rule of law in Hong Kong, since it will be enforced by a secretive committee, dominated by the Beijing authorities, whose decisions “shall not be amenable to judicial review.” And just so the people of Hong Kong do not misjudge what they are up against if they continue to try to exercise what were once their rights of free expression, penalties for violating the law can include life in prison. The day after the law went into effect, ten Hong Kongers were arrested under its provisions (including a fifteen-year-old girl), and an additional 360 were taken into custody as new protests erupted.

Fear now stalks what has been one of Asia’s most vibrant cities. The police no longer need search warrants to monitor suspects or seize their assets. Activists are deleting their Twitter accounts and writers their posted articles from news sites. Booksellers confess to being afraid that their customers could be government spies. And, the New York Times reports, “A museum that commemorates the 1989 Tiananmen Square massacre is rushing to digitize its archives, afraid its artifacts could be seized.”

To be sure, Hong Kong’s brave democrats are not simply bowing in the face of Beijing’s bullying. More than six hundred thousand people turned out in July for a remarkably disciplined and well-staged primary election organized by the pro-democracy camp to choose its candidates for the September Legislative Council elections. The vote took place in defiance of official warnings that it might violate the new national security law. Protests continue, and pro-democracy activists vow to carry on the struggle at the ballot box and on the streets. But tactics must now be more creative and oblique (blank posters now sometimes stand in place of explicit statements of resistance). A few opposition figures have already left, and as the vise tightens, more people will emigrate.

Beijing’s strategy is to instill fear, demoralize opposition, compel submission, co-opt the wavering, and gradually increase repression until Hong Kongers fall silent.
Kong’s robust society realizes that resistance is futile. But this is not simply Beijing’s strategy for Hong Kong. It is the means by which it seeks to secure dominance over all of Asia.

**THREATS AT SEA**

Having finally secured (or so they believe) Hong Kong’s submission, China’s Communist leaders now look to the South China Sea as their next conquest. A quick look at the map of China’s “Nine-Dash Line” reveals the absurdity of its claims to sovereignty over 85 percent of these waters—which are rich in fishing and mineral rights, as well as in geopolitical leverage (with an estimated one-third of all global shipping passing through). Most of the Nine-Dash Line veers far from Chinese land deep into the proximity of Vietnam, Malaysia, Indonesia, and the Philippines—as the Permanent Court of Arbitration in The Hague recognized in 2016 when it upheld the case brought by the Philippines against China’s expansive claims. Nevertheless, China has spent the past several years militarizing the sea—in part by creating islands from dredged sand and then converting them into military bases.

As Robert Manning and Patrick Cronin have observed, China has also been seeking “to coerce its maritime neighbors to abandon their claims and territorial rights under international law and irrevocably alter the status quo.” Increasingly, China harasses fishing boats from the four other countries (sinking a Vietnamese fishing boat in disputed waters in April) and threatens oil and gas projects in waters that lie within the exclusive economic zones of Malaysia and Vietnam. Although the Obama administration backed the ruling in The Hague as “final and binding,” a more vigorous American posture is needed. Last summer, after the United States dismissed China’s territorial claims in the region as “completely unlawful,” two American aircraft carriers sailed with their strike groups into the South China Sea. These are the kinds of actions that are needed—and will be needed more—to deter and contain China’s aggressive intent.

For it is not just Hong Kong and the rich, strategic waters of the South China Sea over which Beijing is determined to extend its dominance. It is also Taiwan, which Chinese leaders have always claimed is a renegade province that must be reunited with the mainland. Every Chinese leader since Mao has vowed to achieve this. But in the post-Deng era of “hiding strength
and biding time,” no ruler seriously contemplated using force to resolve the question (absent a grave provocation from Taiwan, such as a declaration of independence). That may now be changing, for three reasons.

» The era of China’s Communist leaders “biding their time” on the global stage is over. Now they seek to upend the postwar liberal order, to remake international institutions and norms, and to restructure the balance of power in Asia and beyond.

» In contrast to his two predecessors, who left power after the limit of their two five-year presidential terms, Xi has done away with term limits and plans to rule for life. Thus, he can no longer pass the Taiwan “problem” on to his successor, while claiming to have inched China’s prospects forward. For his domestic legitimacy, and to realize his ambitions for China’s global rise, he must “recover” Taiwan.

» Xi may now realize that tactics of penetration, propaganda, corruption, and co-optation will not pluck Taiwan into the lap of the party. That scenario looks illusory in the wake of the crushing defeat of the Kuomintang’s Beijing-friendly presidential candidate, Han Kuo-yu, in Taiwan’s January 2020 presidential election (and then Han’s ignominious recall by the voters from his position as mayor of Kaohsiung). The CCP must now sense that no amount of money, misinformation, infiltration, or coercion is going to lure Taiwan into the political arms of the Communist Party—and certainly not after the party has shown “one country, two systems” to be a grotesque fraud.

For these reasons, the coming years will present the greatest challenge to peace and security in Asia since the Vietnam War. Indeed, a more sobering historical analogy may be more warranted. In their important and insightful Foreign Affairs essay asking, “Is Taiwan the Next Hong Kong?” two former National Security Council senior directors for Asia, Michael Green and Evan Medeiros (who served, respectively, Presidents George W. Bush and Barack Obama), warn of the danger of “creeping irredentism.” When Vladimir Putin “decided to invade Ukraine and annex Crimea in 2014, he was drawing on lessons from his 2008 invasion of Georgia,” they write. The lack of a decisive Western response to the latter “created a permissive environment for the former.” China’s leaders, they warn, will weigh the US response on Hong Kong when they consider “future aggression in Asia.” Already, they have
begun dropping the “peaceful” part of “peaceful unification” in some of their public speeches about the future of Taiwan.

There is an even darker historical parallel: Hitler’s seizure of the whole of Czechoslovakia, obliterating the September 1938 Munich Agreement just as Xi negated the Sino-British Joint Declaration promising Hong Kong autonomy through 2047. One of America’s most respected China scholars recently told me, “I look at Hong Kong now as Czechoslovakia, and an assault on Taiwan would be the equivalent of Hitler’s invasion of Poland.”

Wishful thinkers thought Hitler would be satisfied with part of Czechoslovakia (the Sudetenland). And then all of Czechoslovakia. But then he invaded Poland, and the rest was the history of the most destructive war in human history.

There is a reason why the Munich Agreement has ever since been synonymous with international appeasement and blunder. There is no more important historical lesson than the folly of appeasing an authoritarian aggressor. This is what is at stake now in East Asia. That is why it so important for the United States to stand resolute in support of Hong Kong’s autonomy and democratic rights; why we must impose serious sanctions on Chinese and Hong Kong leaders who are responsible for the assault on those rights; why we must work with our allies throughout the Indo-Pacific region to counter Chinese bullying and intimidation and ensure open sea lanes and peaceful resolution of disputes; and why we must leave no doubt in the minds of China’s leaders that we will, in the words of John F. Kennedy, “pay any price” and “bear any burden . . . in order to assure the survival and success of liberty” in this vitally important part of the globe. □

Reprinted by permission of The American Interest. © 2021 The American Interest LLC. All rights reserved. Read cutting-edge research into China conducted by a new Hoover Institution project, China’s Global Sharp Power (https://www.hoover.org/research-teams/chinas-global-sharp-power-project).

Available from the Hoover Institution Press is China’s Influence and American Interests: Promoting Constructive Vigilance, edited by Larry Diamond and Orville Schell. To order, call (800) 888-4741 or visit www.hooverpress.org.
Turmoil in the Home Waters

Beijing isn’t seeking control over the high seas—where US fleets remain dominant—but over the “inner seas,” where dangerous clashes with other nations are likelier.

By Michael R. Auslin

Faced with China’s expansion in East Asia over the past decade, US policy makers have attempted to reassure allies over American commitments, maintain a constant presence in the waters of the Indo-Pacific region, and ensure a superiority of US force in the region should an armed conflict break out. Yet bedeviled by distance, global commitments, and an increasingly capable Chinese military, Washington risks being forced over time into a predominantly reactive stance, attempting to still the shifting tides of the balance of power until the dangers associated with maintaining its traditional position become too onerous to accept.

The question of upholding both American promises and interests is not a light one. As Walter Lippmann admonished in *US Foreign Policy: Shield of the Republic* (1943), foreign commitments must be brought into balance with national power. Writing, like the geopolitical analyst Nicholas Spykman,

during the dark days of World War II, he asserted that an imbalance was a direct cause of war. Lippmann scathingly faulted US foreign policy in the Pacific from 1899 to 1942 with failing to recognize the imbalance between US commitments and its power in relation to the rise of Japan. Since 1945, however, except for a limited challenge by the Soviet Union, America has not had a credible challenger in the Pacific. Not since Vietnam nearly a half-century ago—which was the last time it brought localized power to bear on the Asiatic rimland—has Washington had to ensure that its Asian commitments and its power were in balance.

America now faces a credible challenger for local control. This challenger may not yet be able to defeat the full force of US power today, but it is gaining in power. More important, that challenger has identified control of the Asiatic Mediterranean as its goal and is acting to permanently change the geopolitical balance, such as through the island-building campaign. Thus, Washington is at risk of failing to meet this challenge in two respects: in ensuring that its commitments and its power in the region are in balance, and in appropriately recognizing the full scope of the challenge and its holistic nature.

The concern in Washington over China's capabilities and intentions is a belated recognition of these facts. Policy makers are now increasingly worried that American power is not commensurate to US commitments, especially if the commitment is understood as the continued stability of the marginal seas and ensuring that no one power controls them. From that perspective, Washington's alliance structures ironically may be secondary to the primacy of control of the marginal seas; losing that control would make fulfilling alliance commitments even more difficult or costly.

Effectively responding to China's challenge requires adopting a larger geostrategic picture of the entire Indo-Pacific region and America's position in it. To do so, it is useful to exhume a concept discussed briefly during the 1940s: that of the integrated strategic space of East Asia's “inner seas,” or what was called the “Asiatic Mediterranean.” The utility of this concept will make clear that the geopolitical challenge the United States and its allies and partners face is an emerging struggle for control for the entire common maritime space of eastern Asia. It is helpful briefly to review the evolution of geopolitical thought in relation to this region if Washington is to adopt such an approach.

The struggle for control of the inner seas is often the first step to a larger contest, which may erupt years later.
WHO CONTROLS THE “RIMLANDS”?  

The academic field of geopolitics began with Halford Mackinder and his oft-quoted, oft-misunderstood “heartland” thesis. Mackinder’s famous 1904 article, “The Geographical Pivot of History,” in fact discusses only briefly the idea of the heartland, essentially steppe Eurasia, as the ultimate goal of any world power. Mackinder may have written “whoever controls the heartland controls the world,” but his real insight was into the struggle over the “rimlands” that both guard and give access to the heartland. The rimlands properly include the European peninsula of the Eurasian landmass, as well as the littoral areas of Asia and the Middle East. As Wess Mitchell and Jakub Grygiel have recently reminded us in The Unquiet Frontier, it is the rimlands that both Vladimir Putin and China seem to be trying to contest today.

Four decades after Mackinder’s original thesis, during the darkest days of World War II, the Yale geopolitical thinker Nicholas Spykman returned to the rimland thesis and further modified it to take into account recent great-power warfare in the twentieth century. In a posthumously published
book, *The Geography of the Peace* (1944), Spykman provided the insight that it is in the rimlands that the real struggle for mastery has taken place. More important, he argued that attaining control of the “marginal” or “inner” seas adjacent to the rimlands, bordered by the offshore “outer crescent” of island nations like Great Britain and Japan, was the prerequisite to dominating the rimlands. Thus, according to Spykman, the most crucial waterways for global power were the North Sea and the Mediterranean in Europe, the Persian Gulf and littoral waters of the western Indian Ocean in the Middle East, and the East and South China Seas, along with the Yellow Sea, in Asia.

Spykman’s claims put a new twist on Alfred Thayer Mahan’s assertion that control of the high seas was the great goal of the maritime powers. Instead of looking at the vast global maritime highway, like Mahan, Spykman instead concentrated on the areas where the majority of the global population lived, where production was most concentrated, and where trade was most intensely conducted. In a 1943 *Foreign Affairs* article, “The Round World and the Winning of the Peace,” Mackinder himself had already modified his earlier position. Mackinder, like Spykman, now emphasized the importance of the rimlands and their marginal seas. The great naval battles of World War II, except for the Battle of the Atlantic, the Coral Sea, and Midway, were in fact fought largely in the inner seas of Europe and Asia.

Control of the inner seas was not a new military concept. It explains the decades-long war waged by the British Royal Navy against Napoleon’s ships in the English Channel and French littoral waters, as well as the Imperial Japanese Navy’s reduction of the Chinese and Russian fleets in the Yellow Sea in both 1894 and 1904, giving it control of access to Korea and China. As both these examples also point out, the struggle for control of the inner seas is often the first step to a larger contest over the rimlands, and this maritime-based competition can last years before a move is made on land or the issue is decided by opposing armies.

Technological advances since the Great War had come fully to fruition by the 1940s, and Spykman struggled to expand his thesis to incorporate the most modern type of combat: aerial warfare. Command of the skies and the ability to effect devastating results on the ground from the air became a feasible military capability only in World War II. The ferocious aerial warfare of the Battle of Britain was one example of the

**Not since the Vietnam era has Washington had to ensure that its Asian commitments and its power were in balance.**
struggle for the inner seas being expanded to the realm of aerospace. Indeed, due to the limitations of the 1940s-era aircraft, aerial warfare was almost wholly restricted to the littoral and rimlands regions. The objective, however, remained the same: control the maritime/aerial commons that give access to the rimlands.

Yet World War II was the last major war where command of the sea, whether the high or inner seas, was a strategic necessity. In the post–World War II era, the United States dominated the oceans and most of the skies, except over the Soviet bloc. The new era required a new geopolitical concept, and Spykman’s thesis was modified by the Harvard political scientist Samuel Huntington. Prior Eurasian struggles for mastery had taken place among Eurasian powers. Now, when the balance of global military might be held by a nation in a different hemisphere, how could the idea of maintaining geopolitical control fit traditional models?

Huntington provided an answer in his well-known 1954 article in the US Naval Institute’s Proceedings. “National Policy and the Transoceanic Navy”
recapped the eras of US naval strategy and argued that, in the modern era, the power of the US Navy would be employed over transoceanic range, but for the same goals. Huntington presciently saw that naval power in the post–World War II era would be used almost solely for effecting land-based struggles in the rimland (and he could have made the same argument about the US Air Force). Huntington's insight helped explain MacArthur's landing at Inchon in 1950, US carrier-based air operations against North Vietnam, the air and amphibious operations of the 1991 Gulf War, and the Iraq War two decades later. No longer was naval power concerned with command of the sea, since the United States had it uncontested, except perhaps in the submarine race with the Soviets during the Cold War.

**CHINA'S GOALS COME INTO FOCUS**

Today, America has lost a conscious understanding of the strategic importance of the inner seas, at a moment when it faces the greatest challenge to its control of them since 1945. Washington focuses serially on one area when a problem crops up, and then returns to a posture of benign neglect after taking short-term tactical action. It should instead acknowledge the matter bluntly: China is contesting for control, not of the high seas like Germany in World War I or Japan in World War II, but of the marginal seas and skies of Asia, even while the United States remains dominant on the high seas of the Pacific.

Acknowledging this fact not only clarifies our understanding of Chinese military activity in the region but also maps out the area under risk: the Asiatic Mediterranean. The integrated waters of the Sea of Japan, the Yellow Sea, and the East China Sea, and South China Sea, are as vital to the history, identity, and trade of eastern Asia as the Mediterranean is to Europe. While it is geographically a stretch to connect the Asiatic Mediterranean to the Indian Ocean, the passageways between the two remain among the world's most vital waterways, through which one-third of global trade passes in the form of over seventy thousand ships per year moving into the Asiatic Mediterranean. The great factories and workshops of China, Japan, South Korea, Taiwan, Vietnam, and others, on which the global trading network depends, are located along the littoral of the Asiatic Mediterranean. It forms the hinge between maritime Eurasia and the entire Western

---

*World War II was the last major war where command of the sea was a strategic necessity.*
Hemisphere. To return to Spykman’s formulation, control of the Asiatic Mediterranean means control of Asia.

The challenge posed by China is thus twofold. It threatens the maritime freedom of the Asiatic Mediterranean, and thus ultimately of Asia’s productive and trading capacities. It also is positioning China to have a preponderance of power that can be brought against Asia’s rimlands, as well as against what Spykman called the “outer crescent,” which, in Asia, includes Japan, the Philippines, Indonesia, and Australia. These rimlands and the outer crescent, it should be remembered, are uniquely comprised of continental, peninsular, and archipelagic landforms. Japan’s control of Korea and Formosa (Taiwan) in the 1930s facilitated its invasion of China, which found its greatest success in the rimland, and became enmeshed in a quagmire only when it attempted to extend towards China’s heartland or out into the trackless Pacific.

China today is attaining the capability to threaten Japan and Southeast Asia, not solely from the homeland, but from its expeditionary bases in the inner seas. From this perspective, the air defense identification zone that Beijing established in the East China Sea in November 2013 is another element in its attempt to establish control over the inner skies of Asia. Only by conceiving of the strategic environment in this expansive, integrated sense—as the Asiatic Mediterranean—can we fully understand, appreciate, and respond to China’s long-term challenge.

America needs to recover its appreciation of the strategic importance of Asia’s inner seas and rimlands if it is to come up with a realistic strategy to preserve both its power and its influence in the Indo-Pacific.
region. Losing one part of the Asiatic Mediterranean will certainly cause allies and partners in other parts to consider either severing ties with the United States or declaring neutrality, so as to preserve their own freedom of action. A geopolitically isolated United States is an operationally weakened United States. Being pushed out of one sea will require the US military to expend national treasure to fight its way back in.

The better course of action is to keep the Asiatic Mediterranean whole, balanced, and stable. Only then can America be certain that the vital rimlands of Asia will remain free from conflict. To paraphrase Benjamin Franklin, the Asiatic Mediterranean must certainly hang together, or it will assuredly hang separately.

*Control of the “Asiatic Mediterranean” means control of Asia.*

Adapted from Asia’s New Geopolitics: Essays on Reshaping the Indo-Pacific, by Michael R. Auslin (Hoover Institution Press, 2020). © 2020 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.
Charter Schools Rising

Black and low-income students are making faster gains in charter schools than in traditional ones.

By David Griffith and Michael J. Petrilli

A decade ago, the charter school movement was moving from strength to strength. As student enrollment surged and new schools opened in cities across the country, America’s first black president provided much-needed political cover from teachers’ union attacks. Yet today, with public support fading and enrollment stalling nationwide—and with Democratic politicians from Elizabeth Warren to Joe Biden disregarding, downplaying, or publicly disavowing the charter movement—the situation for America’s charter schools has become virtually unrecognizable.

This is a strange state of affairs, given the ever-growing and almost universally positive research base on urban charter schools. On average, students in these schools—and black and Latino students in particular—learn more than their peers in traditional public schools and go on to have greater success in college and beyond. Moreover, these gains have not come at the expense of traditional public schools or their students. In fact, as charter schools have replicated and expanded, surrounding school systems have usually improved as well.

David Griffith is a senior research and policy associate at the Thomas B. Fordham Institute. Michael J. Petrilli is a visiting fellow at the Hoover Institution and the president of the Thomas B. Fordham Institute.
To be sure, the research is not as positive for charter schools operating outside of the nation’s urban centers. Furthermore, multiple studies suggest that Internet-based schools, along with programs serving mostly middle-class students, perform worse than their district counterparts, at least on traditional test-score-based measures. But charter schools needn’t work everywhere to be of service to society. And, contrary to much of the public rhetoric, the evidence makes a compelling case for expanding charter schools in urban areas—especially in major cities like New York, Los Angeles, Chicago, Miami, Houston, Atlanta, and San Francisco, where their market share is still relatively modest. Indeed, encouraging such an expansion may be the single most important step we can take to improve the lives of low-income and minority children in America’s most underserved urban communities.

It’s a particularly cruel irony that many within the Democratic Party—with its historic legacy of standing up for needy urban families—have turned against a policy that could so dramatically improve the lives of their constituents. But despite some Democrats’ about-face on charter schools, it is imperative that America’s dispirited education reformers not throw in the towel just yet. Although the political climate may now entail a serious fight over charter schools in the coming years, the benefits of such schools make them well worth the effort.

**THE EVIDENCE ON URBAN CHARTERS**

In general, the most rigorous studies of charter schools rely on data from the randomized admissions lotteries that are conducted when individual schools are oversubscribed, which ensure that research resembles a natural experiment.

With few exceptions, these lottery-based studies have found that attending oversubscribed charter schools is associated with higher achievement in reading and math—especially in large, human-capital-rich cities such as Boston, Chicago, and New York City.

If all charter schools were so effective, there would be little to debate. But unfortunately, charter schools that are popular enough to make use of admissions lotteries are likely atypical. Consequently, although studies may tell us something important about the schools in question—and, perhaps, about the potential gains associated with the policies and practices that allow them to do their work—this research can tell us little about the overall performance of urban charter schools.

In an effort to overcome this limitation, many recent studies have used a statistical technique known as “matching” to compare the academic
trajectories of students in charter schools to students in traditional public schools with similar characteristics and levels of academic achievement. A 2012 study that used matching found that students in Milwaukee charter schools made more progress in English language arts (ELA) and math than otherwise similar students in traditional public schools, as did a more recent study in Los Angeles.

Although there are many approaches to matching, perhaps the best known is the virtual control record (VCR) method developed by the Center for Research on Education Outcomes (CREDO) at Stanford University. CREDO has used the VCR method in recent years to generate an extensive collection of national, state, and city-specific estimates of the “charter effect.” In a 2015 analysis of charter performance in 41 urban locations, for instance, CREDO estimated that students who attended a charter school in these cities gained an average of 28 days of learning in ELA and 40 days of learning in math per year. (For the purposes of this discussion, 180 days of learning can be thought of as the progress the average American student makes in the average school year.) Students who enrolled in an urban charter school for at least four years gained a total of 72 days of learning in ELA and 108 days—over half a year’s worth of learning—in math.

Notably, these gains were concentrated among low-income black and Latino students. Nationally, ELA and math achievement gaps between white students and black and Latino students are roughly two grade levels. So, while most charter schools aren’t erasing racial achievement gaps, the average urban charter is putting a sizable dent in them.

Since the goal of public education is to serve all students effectively, one key question is whether the success of students in charter schools comes at the expense of their peers in traditional public schools. Yet contrary to the assumptions of many charter school opponents, there is little evidence that this is the case.

In fact, most of the “spillover” effects that charter schools have on the traditional public schools in their vicinity appear positive—or at worst, neutral. A recent review of the literature on this question identified nine studies that found positive effects, three that found negative effects, two that found mixed effects, and ten that found no effects whatsoever.

Logically, if urban charter schools have a positive effect on their own students’ achievement and a neutral or positive effect on other students’
achievement, it follows that their overall effect on student achievement must be positive. In other words, at least when it comes to charter schools in America's biggest cities, a rising tide really does lift all boats.

**RACIAL INTEGRATION**

In the absence of any compelling evidence that charter schools’ well-established benefits for low-income and minority students come at the expense of students in traditional public schools, the claim that charter schools exacerbate segregation is perhaps opponents’ most potent line of attack. And though, as of yet, the evidence is neither dramatic nor conclusive, there is some limited evidence to support this argument.

In a recent literature review, researchers identified ten studies of charter schools and racial integration, including two that found they increased integration, five that found no significant effect, and three that found that they decreased integration (i.e., increased or at least preserved segregation).

For some charter skeptics, even the faintest hint of “resegregation” on any level is intolerable. While this objection to charter schools is understandable, an overemphasis on this dimension of their impact risks missing the forest for the trees.

First, it’s important to recognize that American schools are already highly segregated and have been so for the many decades of traditional public school hegemony. Thus, it’s not as if charter schools are derailing an otherwise successful program of racial integration.

Second, much of the most concerning segregation takes place within outwardly diverse schools. For example, if math or other subjects are tracked, pre-existing achievement gaps can and do lead to highly segregated classrooms, even within schools that look integrated on paper.

Third, some research suggests that because it decouples housing and education markets, expanding school choice makes it more likely that white parents will move into “racially segregated urban communities.” In other words, even if charter schools do lead to slightly less diverse schools in some places, their arrival may mean that neighborhoods become more diverse.

Finally, it’s simply a fact that many “racially isolated” charter schools achieve exceptional results for the minority students they serve. At the end of the day, the argument that charter programs will resegregate America’s
schools misses the profound difference between policies of enforced segregation and those that empower black and Latino families to opt out of a system designed by and for the white majority. Parents who choose all-black or all-Latino charter schools that defy society’s expectations of failure are hardly modern-day Bull Connors.

**IMPROVEMENTS OVER TIME**

Collectively, the research makes a compelling case for expanding charter schools in urban areas. Yet that case would be incomplete without a final, critical, and frequently overlooked point: charter schools (and urban charter schools in particular) have improved since the movement’s inception—even as their numbers have increased—and will probably keep improving in the coming years.

Although the causes behind this improvement are complex, it stands to reason that it’s at least partly attributable to the inevitable learning process that occurs whenever a new idea is introduced. As skeptics are quick to note, “charter schools” often feels like an unhelpfully broad category. Fortunately, thanks to nearly two decades of research, we know quite a bit about what sorts of charter schools work best, for whom, and under what circumstances. Another landmark CREDO study (and other research) tells us that nonprofit “charter management organizations” (CMOs) are, on average, higher performing than for-profit networks or independent “mom-and-pop” charter schools. And numerous studies suggest that “no excuses” schools have had a particularly positive effect on black students’ achievement. Finally, as noted previously, we know that charter schools in urban areas outperform those in rural and suburban districts, especially when it comes to serving black and Latino students.

Though it’s unlikely to convince the critics, one obvious implication of all this research is that we should allow high-performing CMOs like KIPP, Success Academy, and IDEA to expand their footprints in major urban areas. And, in fact, that’s more or less what has been happening in places where charter schools in general have been allowed to grow. Since 2015, the share of newly created charter schools run by for-profit entities has fallen from 20 percent to around 10 percent, while the share of new schools run by CMOs has increased to 40 percent.

The signs that states and localities are learning from one another’s experiences are everywhere. At least half a dozen cities have now adopted common applications that make it easier for parents to choose from and apply to multiple schools. Or take Texas, which historically has had a relatively low-performing charter sector. In 2013, the Lone Star State boosted funding for its charter schools while also moving to close its lowest performers.
After the law’s passage, CREDO’s estimate of Texas charter schools’ effect on math learning went from negative seventeen days per year in 2013 to positive seventeen days per year in 2015, with even larger gains for poor students and the state’s ever-expanding Latino population.

This improvement is too recent to be reflected in CREDO’s national estimates, as are the widely recognized improvements in several other states’ charter sectors. But the more important point is that even after twenty-five years of “learning” on the part of both states and localities, charter school policy in most places is far from optimal. Additionally, a 2018 study found that, once the cost of facilities and other unavoidable expenses was taken into account, charter schools received 27 percent—or about $6,000—less per pupil than traditional public schools. And in more than a dozen major urban districts, it has been estimated that charter schools receive anywhere from 25–50 percent less revenue per pupil than traditional public schools. In other words, urban charter schools are achieving their remarkable results despite spending far less money per pupil than their district counterparts. If and when legislators begin funding charter schools more equitably, one can only imagine the levels of success they—and their students—will achieve.

RENEWING THE PROMISE

In recent decades, education reformers have experimented with numerous approaches to boosting the achievement of disadvantaged children of color—from reducing class sizes to insisting that teachers receive “national board certification” to investing heavily in failing schools. Yet ultimately, most of these ideas were abandoned because they were politically untenable or, in hindsight, unscaleable or ill-conceived. In contrast, the case for charter schools has only strengthened over time—and the experiences of places like New Orleans, Newark, and the District of Columbia suggest we have only begun to realize their potential.

Precisely why urban charter schools work so well for students of color is difficult to say. In theory, freedom from district bureaucracies and teachers’ union contracts should allow them to make better hiring decisions, appropriately reward strong performance, and let go of ineffective teachers when necessary. But it’s also possible that more intense competition between schools encourages them to make better use of their resources. Or perhaps the periodic...
closure of low-performing charter schools leads to a gradual improvement in quality. Or maybe allowing more school choice improves the “match” between students and schools in ways that disproportionately benefit at-risk students. Since research supports each of these theories, the best possible answer to the question of causal mechanisms may simply be “all of the above.”

Despite what many may have heard, the growth of charter schools is not out of control. To the contrary, where growth has been permitted, it is completely under the control of disadvantaged populations that can now exercise their right to pursue a better education. And despite the overheated rhetoric that dominates public conversation, the truth is that charter schools enroll a modest percentage of students in most major cities. In New York City, for instance, they enroll just one in five black students and one in ten Latino students. Yet at the start of the 2019–20 school year, nearly fifty thousand families in the Big Apple were denied a place in a charter school.

Nationally, roughly one-quarter of black students and perhaps one in six Latino students in urban districts attend a charter school. So how much progress could we make by expanding charter market share for these groups? Although any concrete estimate is subject to criticism, our back-of-the-envelope arithmetic suggests that moving from 25 percent to 50 percent charter market share in urban areas could cut the achievement gap in half for at least 2.5 million black and Latino students in the coming decade. And, of course, with more equitable funding, improved oversight, and an expanded role for truly high-performing networks, the dividends might be even larger.

With so much to be gained for America’s most poorly served children, there is simply no reason not to prioritize the expansion of charter school policies and programs in the years ahead. ■

Reprinted by permission of National Affairs (www.nationalaffairs.com).
© 2021 National Affairs Inc. All rights reserved.
The Coronavirus Scar

How can we reduce the lifelong learning losses many students have suffered? By making education’s “new normal” a better normal.

By Eric Hanushek and Ludger Woessmann

Even if schools were to return completely to normal, the economic problems caused by the coronavirus pandemic would persist. In an analysis we wrote that was discussed last fall by education ministers of the G20, we found the cohort of K–12 students hit by the spring 2020 closures had been seriously harmed and already faced a loss of lifetime income of 3 percent or more. The nation, also, faces a bleaker future.

The school closures had highly variable impacts on student learning. Some schools found ways to pivot to home-based learning. Some parents found ways to substitute for the

Key points

» Students hit by last spring’s closures already faced a loss of lifetime income of 3 percent or more.

» Lower-achieving students need human help in adapting to new teaching modes.

» Schools can shift teachers to where they are most effective, whether online or in person.

» One-size-fits-all is not a good model for teaching in the post-Covid classroom.

Eric Hanushek is the Paul and Jean Hanna Senior Fellow in Education at the Hoover Institution and chair of the Hoover Education Success Initiative. Ludger Woessmann is a professor of economics at the University of Munich.
lessened role of schools. But there is no doubt that the average student has suffered learning losses and that these will follow the student throughout life.

Early estimates by a national testing firm indicate that this cohort of students had already accrued one-third to over a half year of learning losses. Even taking the optimistic view that the average loss was just one-third of a year and that schools on average would immediately return to 2019 levels, these students can expect 3 percent lower earnings throughout their entire careers.

The lower learning will almost certainly be more detrimental for students whose parents were less ready to step in and substitute for the teachers. Just closing the “digital divide” will not be sufficient to close the expanding achievement gap, because lower-achieving students need human help in adapting to new teaching modes. The widening spread in learning can be expected to lead to even wider income gaps than exist today.

Our study for the Organization for Economic Cooperation and Development (http://www.oecd.org/education/The-economic-impacts-of-coronavirus-covid-19-learning-losses.pdf) paints a depressing overall picture for the nation. These learning losses lower the skills of the future workforce. Even with the optimistic estimate of learning losses, GDP will be 1.5 percent less for the remainder of the century than would have been expected pre-Covid. The sum of lost GDP over the century would be an astounding $14 trillion in current dollar (present value) terms.

As schools experiment with varying reopening strategies, any quick return to prior levels of student academic performance seems unlikely. Added learning losses would simply compound the prior projections of the economic costs.

As the pandemic continues, it is natural that considerable attention has focused on the mechanics and logistics of safe reopening. Even so, the long-term economic impacts also require prompt attention. The losses already suffered will require more than the best of currently considered reopening approaches.

Just getting back to pre-Covid levels of performance won’t do: the already-booked learning losses will go away only if the schools get better than they were before. That is not impossible. Research points a way through the Covid...
thicket, a way that capitalizes on the pandemic-induced alterations in the traditional school.

Schools are rapidly moving to new modes of instruction that include different doses of online work, asynchronous class presentations, and in-person instruction. Past research has shown highly variable effectiveness of teachers, and this variation is likely to be amplified with some teachers being more effective in person and some being superior at online work. If schools moved to utilizing teachers where they were more effective, the improved instructional environment could lead to better performance of the schools, ameliorating the existing learning losses. For example, the superior online teachers could take on more students with this expansion, compensated for by more support or higher pay.

Additionally, with the almost certain widening of learning differences within individual classes after reopening, a move toward more individualized instruction would benefit students. Students would seek mastery of topics, and students within a classroom can be working on different goals. With such individualization, all can be better off.

Regardless of the approach taken to reopening schools, the huge economic losses associated with lost learning must be addressed, and even the best of the currently discussed reopening models are insufficient to deal with the mounting learning deficits.

Reprinted by permission of The Hill (www.thehill.com). © 2021 Capitol Hill Publishing Corporation. All rights reserved.

Available from the Hoover Institution Press is Courting Failure: How School Finance Lawsuits Exploit Judges’ Good Intentions and Harm Our Children, edited by Eric A. Hanushek. To order, call (800) 888-4741 or visit www.hooverpress.org.
Strategy for a New Age

Why has US policy in the Middle East lost its way, and America its authority? Because we have failed to embrace our new role in an age of freedom.

By Charles Hill

During this time of disruption, centered on the Covid-19 pandemic affecting all parts of the globe, might there be a way to assess the relative standing of national regimes and the geographical regions as fields in which their interests may compete?

David Bromwich, a distinguished American thinker on matters of philosophy and governance, recently described the American problem:

The United States may retain a material capability beyond other nations, but it has lost much usable power owing to its catastrophic loss of authority.

The method of analysis in the modern decades has been in terms of “the structure” and “the superstructure.” Indeed, this mode of thought has shaped much of the ideological debate among Marxists and Maoists. To Marx, structure was basic: control of “the means of production,” i.e., economic materialism, would automatically be followed by change in the superstructure of

Charles Hill is a research fellow at the Hoover Institution and co-chair of Hoover’s Herbert and Jane Dwight Working Group on the Middle East and the Islamic World.
society in the cultural and political sphere. But to Mao in the 1960s this called for a major reversal. He had changed the material structural foundations of China in movements such as the Great Leap Forward, but the cultural-political superstructure had not followed suit ideologically. So Mao turned the entire concept upside down, making “culture” the structure that would then enable the reality of material life as the superstructure to be transformed in a true revolution. This produced Mao’s late 1960s Cultural Revolution.

One reality that will not change is that the Middle East is the geographical crossroads of the world, which will continue to draw the attention and concerns of all international state members.

**REDESIGNING ALLIANCES**

What does all this mean for US Middle East policy in the time ahead? Generally, it calls for more attention to the superstructure of the region as a cultural-religious-moral force in world affairs and a shift, though not a downgrade, in American attention to the strategic-structural dimension.

America’s alliance-level relations were formed in the context of the Cold War with Egypt, Israel, Turkey, and Saudi Arabia. These contacts and programs have been successful and should not be dismantled or downgraded, but redesigned. The model for this in our foreign relations might be the century-plus-old “Open Door” policy (then directed at China), in which outside powers could be expected to involve themselves in the region but not to the extent of turning it into an arm of their global political-economic-security “imperial” ambitions, which some Russian and Chinese actions—such as port acquisition—now are designed to do. A consortium of Middle East states designed to fend off these encroachments is necessary. In this, the question of the Islamic Republic of Iran must be taken up. As a revolutionary regime, with a distinctive Shia outlook, and as not Arab but Persian, Iran has appeared to be almost an “outside” power with its own designs on the Middle East. So far such ambitions have been turned back, and Iran is economically and politically diminished from its stance a few years ago. Iran will remain, however, on the “trouble” side of the region’s ledger for some time to come.

Within this larger approach, the United States needs to carefully and constantly address the superstructure of the Middle East, which is cultural and religious in nature. This is a case in which the structure and the
superstructure, the material, the ideological, and the moral, were intertwined and close to one and the same. All should elevate American policy toward the region as a whole.

**NEW AGE OF FREEDOM**

Large-scale patterns of history have been transformed when a plague has begun the ruination of a republic, a culture, or even a civilization. The sudden epidemic that caught Periclean Athens by surprise in the Peloponnesian War was marked by a collapse of language, the misconceived Sicilian expedition, and bitter defeat for the democratic Athenian commonwealth and empire in 404 BC. Out of that catastrophe would emerge Plato’s *Republic*, a philosophy of political control, eventually the *translatio imperii et studii* from Athens to Rome. Now, in the ongoing coronavirus pandemic, some strategic thinkers, Henry Kissinger one of them, claim that international affairs will never be the same again.

The Covid-19 pandemic may be unique in world history as the first “plague” that has reached all corners of the globe. As such, it is at the center of another form of “corona” with worldwide effects: inequality, autocracy, poverty, racism, violence; some representative from each of the famous Four Horsemen of the Apocalypse can be seen riding through populations everywhere. This then would be a time for a world-scale concept rather than the familiar run-through of our standard foreign policy agenda of allies, arms control, human rights, and so on. Each of these remains of first-order importance, but a larger vision is needed.

The first and so far only such transformative time came in the period from about 800–200 BC that would later be called the Axial Age. It has been variously defined but was a vast change—in religious terms, from polytheism to monotheism, or in secular terms, from a fragmented vision to a recognition that this is ultimately one world.

Is this the time for a second Axial Age? The answer is not only yes, but also that humanity already is in Axial Age II, yet has not yet fully grasped that transformation. The evidence is extensive and the greatest commentators have noted the transformation without naming it. It could be something like the Age of Freedom, perhaps most cogently described by the philosopher Hegel over two hundred years ago: the history of humanity is “the history...
of humanity's increasing consciousness of freedom.'’ Alexis de Tocqueville said democracy is a force of history that has been under way for the past six hundred to eight hundred years. Erich Auerbach’s *Mimesis* is a history of literature that shows its greatest theme to be the movement from aristocratic heroes, as in the *Iliad*, to more common characters, as in a novel by Virginia Woolf. The Universal Declaration of Human Rights, women's rights, the abolition of slavery—all these reveal such a process of freedom under way.

This then is Axial Age II. It is all around us. Many if not most are not aware of it—and many who are aware are determined to impede or reverse this movement.

This new Axial Age needs nations that recognize and champion it. This should be America’s response to the world’s current predicament.

*Subscribe to The Caravan, the online Hoover Institution journal that explores the contemporary dilemmas of the greater Middle East (www.hoover.org/publications/caravan). © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.*

*Available from the Hoover Institution Press is The Weaver's Lost Art, by Charles Hill. To order, call (800) 888-4741 or visit www.hooverpress.org.*
The Mideast, with No Illusions

In the Middle East, the United States can face its limitations, simplify its aims—and still represent a force for good.

By Russell A. Berman

The American public has grown war weary, with no enthusiasm to return to a grand agenda for the Middle East. This reluctance is the major constraint on future policy and it has multiple causes. Foremost among them is the length of the war in Afghanistan and the costs in lives and resources. Add to that the recalcitrance of the problems in the region. Israel and the Palestinians give us a never-ending story; the human suffering in Syria is enormous; and Lebanon remains mired in corruption, not to mention all the other problems that stretch across the region. There is no policy that can promise a definitive victory, a V-E Day in the Middle East, and this prospect of

Key points

» The US political class has not made a compelling, consistent case for foreign involvement.

» The Middle East has become an arena for great-power competition.

» Creating an information campaign is crucial to the use of “soft power” abroad.

» Neither Russia nor China will take up the banner of human rights. The United States should.

Russell A. Berman is a senior fellow at the Hoover Institution, co-chair of Hoover’s Herbert and Jane Dwight Working Group on Islamism and the International Order, and the Walter A. Haas Professor in the Humanities at Stanford University.
interminability contributes to the lack of public enthusiasm for this postmodern war, with no straightforward narrative and no resolution in sight.

Yet it is not only the nature of the region that produces a desire to be done with it. We should face up to a reason closer to home, the failure of the political class to make a consistent and compelling case. At least since 9/11, the foreign policy establishment has swung wildly between extremes, from extensive support for the full-on invasion of Iraq to the promise of regional withdrawal, which was always the hidden meaning of a “pivot to Asia.” That whiplash oscillation has been exacerbated by utopian schemes, from the Bush-era illusion that toppling Saddam Hussein in Iraq would lead to a wave of democratizations, to the Obama administration’s bizarre embrace of the Iranian regime. We lack a stable foreign policy consensus, and the public is therefore reasonably resistant to shouldering additional cost.

That political atmosphere helps explain the Trump administration’s inclinations to limit the American footprint: the refusal to respond to Iranian provocations with major military action, the clear aspirations to reduce the American role in Syria and Afghanistan. These dovish initiatives met with bitter resistance from many on both sides of the aisle in Congress and from the defense establishment. It is an understatement to point out that there is no bipartisan Middle East policy.

Two points follow. First, without strong public support, the scope of any future US engagement in the region will necessarily be limited. Saddled with the enormous costs of the Covid-19 spending initiatives, we will not have the budget to pursue grand ambitions. More generally, the public no longer wants to participate in, to use a phrase from another era, “the arrogance of power.” What America does in the future will have to be more modest and require fewer resources.

Second, even a strategy with more modest ambitions requires that the public be convinced that there are valid reasons to project American power into the region.

GREAT-POWER STAKES
What is at stake in the Middle East that is worth even more American lives and treasure? What argument can still convince a skeptical public?

Winning the great-power competition in the Middle East means blocking China’s Belt and Road network and at least containing Russian intrusion.
The traditional explanations—counterterrorism, oil, and democratic values—have lost some, although not all, of their credibility. Fighting wars in the Middle East to prevent domestic terrorism made sense after 9/11, but with the progress against ISIS, this argument has become less compelling. Similarly, with the shifts in the world energy economy, protecting the shipping lanes for oil alone probably does not provide sufficient political motivation to justify major American operations. Finally, the commitment to democratic values has lost ground, in part because of cynicism about the region but also thanks to the garden-variety multicultural suspicion of universalism, leading to a refusal to measure other polities in terms of our own values.

However, the 2017 National Security Strategy provided the new framework of great-power competition, and public awareness of this threat, especially with regard to China, has grown rapidly. For China, the Middle East is not only a source of oil for its industry; it is also vital for its Belt and Road network, given the region’s geostrategic location at the intersection of Asia, ...
Europe, and Africa. Meanwhile, Russia—a much weaker competitor than China but nonetheless an irksome and successful revanchist power eager to re-establish its influence in the Mediterranean—has returned in force to the Middle East, in Libya and Syria, while driving wedges between Turkey and the West. China and Russia ultimately have some divergent interests, but they are in sync with each other in their common goal of reducing and eliminating American influence everywhere in the Eastern Hemisphere. The Middle East is currently vital as the theater in which the great-power competition is intensifying: if our competitors defeat us there, China will be encouraged to force us out of East Asia, and Russia will proceed with its campaign to subvert NATO and drive us out of Europe.

**The Road to Smart Power**

Winning the great-power competition in the Middle East means blocking China’s Belt and Road network and at least containing, or even rolling back, Russian intrusion. Yet as noted already, our resources are limited because of public uninterest and budget constraints. To make the case for engagement, political leadership must not only explain the geostrategic stakes but also present strategies that are affordable. Such strategies are available but require some rethinking of standard practices: fewer big ticket items, more smart policy.

» The United States can provide leadership, but success in the region requires regional actors to take on more responsibility. That is easier said than done, as the persistent reluctance of some European partners, notably Germany, to pay for its defense has shown. Nonetheless, we need to invest diplomatic capital in building a network of allies for stability. The primary candidates are Saudi Arabia, Turkey, Israel, and potentially Iraq. There are obvious tensions between these countries, genuine obstacles to cooperation; it should be the mission of our diplomacy to help solve them. The Sunni Arab states and Israel are already collaborating with each other, without broadcast ing it.

We need to encourage this alliance. Turkey is a more difficult case; the wrong-headed policy of the Obama administration to ally with the Kurdish YPG has poisoned relations between Washington and Ankara. The result has been a tragic destabilization of our relationship with a major NATO ally. To

---

*No policy can promise a definitive victory, a V-E Day in the Middle East.*
be sure, President Recep Tayyip Erdoğan is no easy partner, but on the YPG question, he represents a point of view widely shared in Turkey, including among his opponents. In order to build an effective Middle East network of allies—and to preserve NATO in which Turkey is vital—this piece of US foreign policy needs a serious course correction.

» The future role of the United States in the region should be envisioned as relying on a minimal number of US forces. Americans can provide vital training and intelligence, but real fighting should not be our responsibility. The stakeholders who have skin in the game have to take on that role. In effect, this shift has been under way already in Afghanistan. The point is to find a way to remain engaged in the region, providing backup support and political leadership, while relying on regional actors to shoulder the lion’s share of the burden as a rule, and not as an exception. European allies are unlikely to play much more than a marginal role.

» We need to revitalize an information-campaign strategy, not only in traditional media but also online. The population of the Middle East is young and increasingly forward-thinking. Instead of understanding great-power competition primarily in terms of hard-power confrontations with our opponents, we need to place greater emphasis on soft-power projection—in order to promote a positive attitude toward the United States at a considerably lower cost than conventional military approaches to security. Russia is proceeding, in this region and elsewhere, with ambitious disinformation campaigns against the United States, while we have largely abandoned this sort of communication agenda, which played such an important role during the Cold War.

Similarly, in the arena of soft power, the United States should be in the forefront of human rights promotion in its Middle East foreign policy. The young generation—the future of the region—is oriented toward rights, and the United States has much to offer, with regard to support for free speech, and the protection of women, particularly against forms of domestic violence and so-called “honor killings.” Add to that the American tradition of religious liberty as grounds to criticize China’s persecution of Muslims in Xinxiang and Russia’s complicity in the devastation of Syria’s Sunnis: our great-power competitors are the real Islamophobes. We should be willing to call them out on this point, but we should also hold up the banner of religious liberty by

We can be confident that neither China nor Russia will take up the banner of human rights. America should.
defending minorities in the region, such as Egypt’s Copts and the remaining Christian communities elsewhere.

We can be confident that neither China nor Russia will take up the banner of human rights in their foreign policies. It is in this terrain, consistent with American values, that we can win the competition in the Middle East, if we partner with regional allies and limit direct military involvement.

Subscribe to The Caravan, the online Hoover Institution journal that explores the contemporary dilemmas of the greater Middle East (www.hoover.org/publications/caravan). © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is In Retreat: America’s Withdrawal from the Middle East, by Russell A. Berman. To order, call (800) 888-4741 or visit www.hooverpress.org.
At Home in the Anglosphere

Post-Brexit Britain need not go it alone. A new federation with Canada, Australia, and New Zealand would create an economic superpower, an ally for the United States, and a bulwark against China.

By Andrew Roberts

How will Great Britain survive Brexit and prosper in a world solidifying into the three empire blocs of the United States, China, and the European Union? One answer is to realize the concept of the “Canzuk Union,” a vital first step on the way to a fully functioning Anglosphere.

The Anglosphere is the name given to all those countries in the world where the majority of people speak English as their first language, almost all of which have similar outlooks and shared values. The four “Canzuk” countries of Canada, Australia, New Zealand, and the United Kingdom are a prominent historical subset of this larger group, and there is a mounting case that some form of federation among them—with free trade, free movement of people, a mutual defense organization, and combined military

Andrew Roberts is the Roger and Martha Mertz Visiting Fellow at the Hoover Institution and a member of Hoover’s Working Group on the Role of Military History in Contemporary Conflict. Among his recent books is Churchill: Walking with Destiny (Viking, 2018).
capabilities—would create a new global superpower and ally of the United States, the great anchor of the Anglosphere.

Prime Minister Boris Johnson’s welcome decision to cut the tech giant Huawei out of Britain’s 5G network and China’s saber-rattling against Canada and Australia are just the most recent developments pushing the Canzuk idea into the realm of practical politics. Others include the projected Anglo-Australian post-Brexit free trade deal and the new multibillion-dollar Type 26 frigate program, which has buy-in from Britain, Canada, and Australia. There has also long existed an array of multilateral working groups and committees among the four countries, mostly for defense and security matters but also on issues like industrial standards.

**FAMILY TIES**

The Canzuk countries have not just a common majority language but also a common legal system, a common parliamentary and political tradition, a common military structure and tradition, and a common head of state in Queen Elizabeth II. They are, moreover, racially diverse, multicultural countries with a long history of working together, including during the period when their military collaboration was, in 1940–41, the sole force on the planet that resisted Nazi totalitarianism. All they lack is geographic proximity, which in the era of the Internet and air travel is no longer the insuperable barrier it once was.

Although the Canzuk idea traces its roots back to early twentieth-century debates over the Imperial Federation, when Joseph Chamberlain was the British colonial secretary, the discussions taking place among its proponents today—mostly conservative policy intellectuals but also a growing number of political figures—are rooted powerfully in the present and in a cool assessment of realpolitik. The Canzuk Union would immediately enter the global stage as a superpower, able to stand shoulder-to-shoulder with the United States in the great defining struggle of the twenty-first century against an increasingly revanchist China.

Canzuk would have a combined GDP of more than $6 trillion, placing it behind only the United States, China, and the European Union. Its combined population of 135 million would make it the world’s ninth-largest power...
“SOLID ASSURANCES”: British Prime Minister Winston Churchill, shown in 1942, was confident that “the whole manpower, brainpower, virility, valor, and civic virtue of the English-speaking world” would prevail against totalitarianism. Today’s Anglosphere, with its historical loyalties and the support of allies around the world, could face down potential threats in the twenty-first century. [Library of Congress]
demographically, with much higher levels of education and GDP per capita than most of the eight others. And with a combined defense expenditure of over $100 billion, it would also be able to punch above its weight.

All four countries have long been members of the Five Eyes intelligence alliance with the United States, and Canada’s membership in the North American Aerospace Defense Command (NORAD) would be extended to the Canzuk Union as a whole, with Britain providing a nuclear deterrent and space program and its seat on the UN Security Council. The recent news that one of Britain’s two aircraft carriers will now be stationed in the Far East, joining Australia’s two amphibious ships, shows how Canzuk would be able to help the United States and Japan contain China’s expansionist ambitions in the South China Sea.

There is no reason why the American taxpayer should pick up the bill of being the world’s policeman forever, and an intimate alliance with Canzuk would provide welcome relief. The cost of curbing and containing China’s global ambitions would become the historic role of not one but two superpowers, as it is clear that the EU has no interest in trying to stop Chinese hegemony in Asia. A strong, prosperous Canzuk Union would make the Anglosphere a force multiplier in a more uncertain world.

A “GALAXY” OF SUPPORT

“In 1940–41, these countries were the sole force on the planet that resisted Nazi totalitarianism.”

“Provided that every effort is made, that nothing is kept back,” Winston Churchill told a joint session of Congress in Washington on December 26, 1941, “that the whole manpower, brainpower, virility, valor, and civic virtue of the English-speaking world, with all its galaxy of loyal, friendly, or associated communities and states—provided that is bent unrelentingly to the simple but supreme task, I think it would be reasonable to hope that the end of 1942 will see us quite definitely in a better position than we are now.” He was right; by the end of 1942 American forces had landed in North Africa and were joining hands with allies from the Anglosphere to liberate that continent from the Axis powers.

Today, with the further support of a “galaxy” of supportive countries such as Israel, India, South Africa, Poland, Japan, and so on, the Anglosphere would be able to face down Russian, Chinese, Iranian, North Korean, and
other potential threats as we progress through this dangerous century. Churchill would have approved. Indeed, it is his phrase, “the English-speaking peoples,” that gives the Anglosphere its powerful historical resonance.

The old and enduring loyalty, friendship, and association among the various English-speaking communities and states has evolved over time, to meet changing circumstances and to seize opportunities. The communities should look to strengthen institutional ties and create new ones, for the benefit of each of them and of the world.

The detailed politics of admitting the entire Canzuk Union into a comprehensive free trade agreement with the United States, as a successor to NAFTA, would be complex, as would the politics of a free trade agreement between Canzuk and the European Union.

Yet in both cases, the sheer value of the trade of the combined Canzuk entity argues that it would eventually happen.

Unlike the EU, however, whose leaders refused to disclose its ultimate centralizing goals when it was set up in the 1950s, Canzuk would not seek an “ever closer union.” Its program for a loose confederal state linking the Westminster democracies would be clearly enunciated right from the start.

A second Anglospheric superpower would mean that the political values we share will be better defended and promoted, and a flourishing Canzuk would be a fine neighbor and trading and defense partner for the United States. As the world order undergoes its most profound transition since the end of the Cold War, it is an idea whose moment has arrived.

Reprinted by permission of the Wall Street Journal. © 2021 Dow Jones & Co. All rights reserved.

New from the Hoover Institution Press is A Hinge of History: Governance in an Emerging New World, by George P. Shultz and James Timbie. To order, call (800) 888-4741 or visit www.hooverpress.org.
Checks, Balances, and Guardrails

The Constitution leaves the “how” of government largely to citizens’ wishes. Rule of law and individual rights shield us from political self-destruction.

By Michael W. McConnell

Justice Oliver Wendell Holmes famously described the US Constitution as “made for people of fundamentally differing views” (Lochner v. New York dissent). By that he meant that the Constitution does not commit the nation to any particular ideological or economic theory, including laissez-faire capitalism. Instead it leaves decisions about national policy to the democratic process, subject to the constraints of the Bill of Rights.

Within the range of ordinary politics, Holmes was correct: Americans can decide, through their elected representatives, to have high taxes or low, generous welfare payments or a basic social safety net, government-owned enterprises or privatization, heavy-handed or light-touch regulation. That is the difference between democratic socialism and a largely free-enterprise economy. As practiced (more in the past than today) in the Scandinavian countries, democratic socialism has meant a capitalist, private-profit-driven

Michael W. McConnell is a senior fellow at the Hoover Institution, a participant in Hoover’s Human Prosperity Project, and the Richard and Frances Mallery Professor of Law and the director of the Constitutional Law Center at Stanford Law School.
market economy, with high rates of taxation and economic redistribution. In its postwar British incarnation, “democratic socialism” added government ownership of major industry. (This was abandoned mostly for the pragmatic reason that government is not a good manager of economic enterprise.) None of this is forbidden by the US Constitution. Congress can set taxes.
as high as it wishes and can devote the proceeds to redistributionist policies. Governments can, if they wish, use the power of eminent domain to seize ownership of the means of production (provided that owners are compensated for the value of property taken), and they have owned and run large enterprises like the Tennessee Valley Authority. Regulation of some sectors of the economy can be so extensive that the companies are rendered “private” in name only. Most policies that go by the label “democratic socialism” are thus permitted under the Constitution, so long as these objectives are pursued peacefully, democratically, and in accordance with law.

But the Constitution is not completely indifferent to the nature of the socioeconomic regime. It does not commit the nation to any one set of policies, but it stands as a barrier to revolutionary absolutism; it rests on a philosophy of individual rights that is most consistent with liberal democracy and private
property; and it contains a number of safeguards designed to foster a free and prosperous economy.

RESISTING CONVULSIVE CHANGE
The Beatles were right in “Revolution”: a socialist revolution inspired by “pictures of Chairman Mao” (or T-shirts of Che Guevara) would indeed have to “change the Constitution.” Revolutions entail violence undisciplined by law or orderly process; the Constitution requires due process of law, enshrines the right of habeas corpus, forbids arbitrary confinement, and interposes a jury of one’s peers between the accused and his accusers. Revolutions displace elected government with self-appointed leaders purporting to speak in the name of the people; the Constitution reserves governing power to republican institutions, with regular elections at specified intervals.

Revolutions seize control over the media for dissemination of news and opinion; the First Amendment insists that these be under decentralized private control, allowing dissenting voices to be heard—even voices deemed by the dominant group to be retrograde or pernicious. A socialist revolution along Marxist or Maoist lines would bring an end to private property and the market ordering of society through private contract, while the Constitution, by contrast, explicitly protects private property and the obligation of contract.

Of course, this presupposes that at a time of revolutionary upheaval the guardrails of the Constitution would be respected. That is far from certain. It might even seem improbable; revolutionaries do not typically respect the niceties of written constitutions. But the structural features of the US Constitution—its division of power among a large number of independently chosen and controlled entities—is designed to make it as difficult as possible for mass movements to impose their will on the nation as a whole, without the time for reflection and resistance.

Power is divided among three branches at the national level, fifty different states, and thousands of municipalities, with coercive authority further divided among police, militia, and military. A faction pushing radical change cannot simply seize the levers of power at one central location; it has to build support in diverse places like California and Texas, Chicago and Pensacola. Although the “influence of factious leaders may kindle a flame within their particular States,” James Madison wrote, the diffusion of political authority
will make them “unable to spread a general conflagration through the other States” (*Federalist* No. 10).

Even apart from actual revolution, the checks and balances built into American government make it difficult for anyone, whatever his or her ideology, to achieve rapid and transformative change. Both Barack Obama and Donald Trump swept into office with the support of both houses of Congress (Obama with a filibuster-proof majority in the Senate), but both presidents committed the political sin of overreach, both had their agendas delayed by a judiciary that was largely named by the other party, and both lost their majority in the House of Representatives in just two years.

Our Constitution allows democratic change, but the checks and balances in the system are designed to slow things down, to give the American people time to reflect on whether the change being pressed by their representatives is really desirable. The founders attempted to mold public democratic institutions in such a way as to protect “the rights of the minor party” from the “superior force of an interested and overbearing majority” (*Federalist* No. 10). The constitutional system might thus be described as small-c conservative: not right-wing, but resistant to rapid and convulsive change from either the right or the left.

The Constitution’s principal mechanism for taming and controlling the power of majority factions was what today we would call diversity, and the founders called “multiplicity of factions.” In a relatively homogeneous district or jurisdiction, a particular group—whether ideological, economic, religious, racial, or based on some other common characteristic—can dominate and sweep all before it, without need for compromise or for consideration of the concerns and interests of dissenters. When the majority is “united by a common interest, the rights of the minority will be insecure” (*Federalist* No. 51). The all-white districts of the Jim Crow South provide a familiar historical example: political leaders in such districts had no political need to heed the interests of the African-American minority disadvantaged by their policies.

But the point can be generalized. Modern social science research has confirmed Madison’s intuition that the presence of dissenting voices within deliberative bodies has the effect of reducing polarization and moderating their views. Diversity of ideas thus mitigates the dangers of ideological faction. That is why multimember legislative bodies, elected from a variety of...
heterogeneous districts, are less susceptible to extremes than social move-
ments or the executive branch, and why the framers intended Congress to be the central institution for national policy making.

To be sure, this system slows the pace of change, but the founders regarded this as a plus. It is not possible for people to order their affairs and plan for the future without a certain confidence that the rules will not change in the middle of the game. Not only does uncertainty about the law “[poison] the blessings of liberty itself,” as Madison wrote, but it dampens the incentive for socially productive economic endeavor.

THE PHILOSOPHY OF THE CONSTITUTION

Although democratic socialism is not “unconstitutional” if achieved through democratic means, the Constitution has a certain philosophical content, which impresses itself subtly and powerfully on the national ethos. The Constitu-
tion was written against a backdrop of natural-rights theory, in which
the predominant purpose
of government was to pro-
tect the life, liberty, and
property of each person.
The founders under-
stood that government of
this sort would not only
“secure the blessings of liberty” but also establish the preconditions for long-
last ing national prosperity. The Constitution did not bind future generations to any particular ideology, but it did presuppose the importance of individual rights, and it laid the groundwork for the most productive economy the world has ever seen.

As the English philosopher John Locke and the American founders understood, government itself can be as dangerous to the rule of law as private wrongdoers, and can be just as much a threat to property and personal security. The American Revolution was sparked by a British soldier shooting an innocent Bostonian during a protest. An uncontrolled government is not much less dangerous than a mob and may be more so.

That is why the recent police brutality and misconduct connected with the killing of George Floyd tapped so deeply into the shared American consciousness. Persons armed with the coercive power of the state must be bound by the rule of law, no less than private malefactors. As James Madison wrote, “In framing a government which is to be administered by men over men . . . you must first enable the government to control the
governed; and in the next place to oblige it to control itself” (*Federalist* No. 51).

The first step in Locke’s logic was that “every man has a property in his own person: this nobody has any right to but himself. The labor of his body, and the work of his hands, we may say, are properly his.”

How then do we reckon with slavery? If all human beings are “free, equal, and independent,” then how could the Constitution permit, and even protect, that institution? Recent efforts, such as the *New York Times*’ “1619 Project,” to portray slavery as foundational to the American ethos have it backward: from the beginning, slavery was in blatant contradiction to the governing philosophy of the new nation, and it had to be eliminated before America could be true to itself.

Eventually, the Constitution was amended in the wake of the Civil War to correct the most obvious constitutional flaws stemming from the slavery compromise and attendant racism. First, the Thirteenth Amendment put an end to slavery and involuntary servitude, thus removing the most obvious exception to the natural-rights principles of the Constitution. Second, the Fourteenth Amendment extended the rights of citizenship to formerly enslaved people, and indeed to all persons born in the United States (with minor exceptions). These “privileges and immunities of citizens of the United States” include the basic rights to participate in civil society: to own, sell, and use property; to make and enforce contracts; and to equal application of criminal law and protections for personal security, among others. Locke would recognize all of these as fundamental rights. Third, all persons were guaranteed the “equal protection of the laws,” thus for the first time enshrining the principle of equality under the law into the Constitution and striking a blow against the evil of racial discrimination. Fourth, the protection of due process of law was extended to acts of state as well as the federal government. The original framers assumed that state governments, being closer to the people, would be less dangerous to their rights than the more distant and less accountable national government, which is why the Bill of Rights applied only at the national level. The experience of antebellum slavery, which entailed assaults on almost every fundamental freedom, showed that was an error.

---

Dissenting voices within deliberative bodies have the effect of reducing polarization and moderating their views.
Finally, the Fifteenth Amendment forbade voting discrimination on the basis of race—the first of a series of constitutional amendments expanding the right to vote. Subsequent amendments and civil rights statutes further advanced these principles. Adherence to these principles is the most promising means ever devised for achieving both personal liberty and social prosperity.

**OUR PRESENT DISCONTENT**

After the multiple crises of 2020, the Constitution’s safeguards against oppressive majority factions seem to be losing some of their force. Instead of a multiplicity of factions, American politics appears to be hardening into just two, with a winner-take-all attitude and winners determined primarily by turnout rather than appeals to the middle. Congress has become largely reactive and dysfunctional, with the national policy focus shifting to an overly powerful executive branch. This effectively replaces the constitutional system of checks and balances with what amounts to a plebiscitary democracy.

Moreover, the rapidity and national scope of twenty-first-century communication, especially with the advent of social media, makes it easier than ever for people to “kindle a flame” of faction (in Madison’s dramatic words) into a “general conflagration.” The engines of this conflagration may be the populist right, the progressive left, or something else entirely.

The Madisonian system relied on the idea that public-spirited leaders representing a multiplicity of factions would have enough time and independence to deliberate in good faith with representatives of contrary interests and views and act on the basis of the long-term interests of the nation as a whole. The results of this deliberation, Madison thought, would be more consonant with protecting “both the common good and the rights of other citizens” (*Federalist* No. 10). Leaders would vote for policies they thought wise and would face the voters several years later on the basis of how well those policies worked. Today, by contrast, political and opinion leaders are often subservient to the hair-trigger reactions of Twitter-mobilized factions that have no patience for compromise, little interest in long-term consequences, and a seeming delight in making life miserable for their opponents. Politics in the age of social media is less a search for broad-based solutions than
a zero-sum struggle for dominance, with deliberation and compromise signaling weakness.

The greatest challenge of our day is not the receptivity of young people to the siren song of socialism, however troubling that may be. It is the susceptibility of our political culture to demagoguery and division on a scale unprecedented in recent American history. We are fortunate that America’s constitutional institutions are as strong and resilient as they are. The stresses on the system from irresponsible leaders egged on by “the demon of faction” (as Hamilton called it) have been formidable. It would be tempting to hope that electing a better class of leaders would get us out of this predicament. But that is a futile hope, for, as Madison warned, “enlightened statesmen will not always be at the helm.” The excesses on one side serve only to fuel new excesses among its opponents.

Real solutions will require the revitalization of stabilizing institutions such as responsible political parties, a credible press, civic education, a larger role for legislative deliberation, and an administrative state governed by the rule of law. Perhaps when the current interlocking crises subside, the American people will be more willing to turn again in that direction. If they do, they will find in the Constitution what Madison called “a republic remedy for the diseases most incident to republican government” (Federalist No. 10).

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is Rugged Individualism: Dead or Alive? by David Davenport and Gordon Lloyd. To order, call (800) 888-4741 or visit www.hooverpress.org.
Federal oversight over land and development has kept Native American tribes in shackles. A recent legal ruling might loosen them.

By Terry L. Anderson and Adam Crepelle

Last summer, the US Supreme Court handed down its decision in *McGirt v. Oklahoma*, a case to determine whether Oklahoma or the federal government had jurisdiction over a crime committed by a tribal member. Oklahoma contended that it had jurisdiction because the Muscogee (Creek) Reservation, where the crime had taken place, had long since ceased to exist. The majority opinion, written by Justice Neil Gorsuch, concluded, however, that “at the end of the Trail of Tears was a promise... Because Congress has not said otherwise, we hold the government to its word.”

Around Indian Country, the decision was heralded as the end of broken treaties, and headlines reported that “Half of Oklahoma Is Native American land.” Other tribes have similar cases in which courts could conclude that their reservations remain intact, as promised nearly two centuries ago. Until then, *McGirt v.*

*Terry L. Anderson* is the John and Jean De Nault Senior Fellow at the Hoover Institution and participates in Hoover’s Human Prosperity Project. He is past president of the Property and Environment Research Center in Bozeman, Montana, and a professor emeritus at Montana State University. *Adam Crepelle* is an associate professor at Southern University Law Center and a judge on the court of appeals for the Pascua Yaqui Tribe.
Oklahoma narrowly applies to only 7 percent of Oklahoma, but presents myriad jurisdictional and regulatory questions because of tribes’ unique legal status.

Although tribes call themselves sovereign nations, they have limited jurisdiction over their lives and lands. Since 1831, when the US Supreme Court declared tribes to be “domestic dependent nations,” creating a relationship with the federal government like “that of a ward to his guardian,” Native Americans have been treated as if they are incompetent and incapable. Indeed, the Burke Act of 1906 remains a part of federal Indian law that requires the government to assess whether Indians are “competent and capable” to be landowners.

Regardless of a reservation’s boundaries, to this day tribes do not own their land; the federal government does. In 1823, the Supreme Court decided in *Johnson v. M’Intosh* that Europeans acquired ownership of the Americas through the “doctrine of discovery.” As recently as 2005, in *City of Sherrill v. Oneida Indian Nation of New York*, the Supreme Court cited the “doctrine of discovery” directly to undermine Native Americans’ land rights.

Indian lands are held in trust by the federal government as the “guardian” of its “wards.” Because of this trusteeship, Native Americans cannot mortgage their land without first obtaining the secretary of the interior’s approval. Developing all resources in “Indian Country” requires the same approval. The Southern Ute Tribe of Colorado explained that the tribe’s oil company can typically begin oil production in three months when drilling outside of its reservation, but it takes approximately three years to drill for oil on its reservation because of federal bureaucracy. Thanks to federal red tape, it is easier for the tribe to drill ten thousand feet below the Gulf of Mexico than on its own land.

In short, federal trusteeship over “Indian Country” is the major reason why 48 percent of reservation homes lack access to safe drinking water; reservation poverty rates are nearly 40 percent, compared to 13 percent of the overall US population; and reservation unemployment rates routinely exceed 50 percent, even prior to Covid-19.

The Supreme Court’s minority in *McGirt*, led by Chief Justice John Roberts, reinforced the ward-guardian notion. Roberts opined that recognizing land as a reservation complicates governance. This is true, but only because the Supreme Court and Congress continue to treat tribes as domestic dependent nations rather than full territorial sovereigns. Consequently, tribes do not have total control over their land. Tribes can’t even prosecute non-Native Americans who rape and murder their citizens.

The majority opinion in *McGirt* may set a precedent for making half of Oklahoma into Indian Country, but the case does not free one Native Nation
from the bondage of colonialism or make tribes any more sovereign. If tribes are to be sovereign, they must have jurisdiction, and McGirt did little to clarify what jurisdiction tribes have.

Sovereignty means having freedom from external control—the ability to self-govern. Wardship is the antithesis of sovereignty. These cannot coexist, and in Indian Country, the latter dominates the former.

The United States needs to go beyond declaring what is and what is not a reservation, and it must start unshackling Native Nations from antiquated, economy-killing wardship. After all, tribes have consistently proven themselves more “competent and capable” of governing their land than federal bureaucrats.

By declaring the Muscogee (Creek) Reservation to include all land within the original boundaries set in 1866, the Supreme Court did force the state of Oklahoma to begin negotiating with the Creek Nation and others over how the decision might affect jurisdiction over issues such as taxation, zoning, abortion, or environmental regulations.

Two centuries of wardship is enough. If McGirt v. Oklahoma shifts the focus of Indian policy to sovereignty built of jurisdiction, it will be a monumental step toward removing racism from federal Indian law, to renewing the dignity that Native Americans once had and deserve to have renewed, and to building tribal economies from the ground up. 

Reprinted by permission of The Hill (www.thehill.com). © 2021 Capitol Hill Publishing Corporation. All rights reserved.

Available from the Hoover Institution Press is Greener than Thou: Are You Really an Environmentalist? by Terry L. Anderson and Laura E. Huggins. To order, call (800) 888-4741 or visit www.hooverpress.org.

SET ASIDE: A map (opposite page) shows the tribal lands asserted by the Muscogee (Creek) Nation. The city of Tulsa is at the top. The US Supreme Court ruled last summer that the Muscogee Reservation had never been disestablished, thus tribal and federal law would govern a substantial part of Oklahoma. Other tribal groups are pressing similar cases. [Muscogee (Creek) Nation]
Systemic racism, also known as institutional or structural racism, is a new phrase for a new situation. We live in a society where racism is not, and cannot be, openly professed. To do so not only is frowned upon but will get you into serious trouble, if not yet jail, in America. Yet even though this is impossible to miss and known to all, “systemic racism” supposedly persists. The phrase describes a society that is so little racist that no one can respectably advocate racism, yet so much racist that every part of it is soaked with racism. We live with the paradox of a racist society without racists.

Systemic racism is unavowed and mostly unconscious, racist despite itself. Those who use the phrase, mostly whites, are consciously accusing their unconscious selves. To get a sense of what they mean, think of African-Americans as they are, freed of slavery and segregation but still somehow consigned to an inferior social position. Everywhere they look, they see black faces on show but white faces in charge. This is true even where they generally excel and surpass whites, as in sports and entertainment, and still more in business and academia, where they are fewer. White supremacy seems to be true in effect if not in intent. Look around and you will see it.

Harvey C. Mansfield is a senior fellow at the Hoover Institution and the William R. Kenan Jr. Professor of Government at Harvard University.
It is strange to describe an unconscious effect as racism, for an -ism is an opinion, a doctrine, not a mere condition. A doctrine has adherents who articulate it; it cannot be held unconsciously as can a prejudice. Racist doctrine says blacks are a naturally and inherently inferior race. To criticize the character or behavior of blacks, individually or even on average, is not racism. Criticism implies an essential equality between critics and whomever they criticize. This is contrary to racism.

Racist doctrine is not really blame of an inferior race but implies a sort of excuse. If you are innately inferior, there’s nothing you can do about it—so no blame is reasonable. Nor, from the standpoint of racism, is it reasonable for the inferior race to resent being treated as inferior; that’s all it is entitled to. It’s better to resign oneself to one’s fate, whether one is superior or inferior. That is racism, and it is contrary to the American principle that all human beings are created equal.

**SYSTEMIC ENTANGLEMENT**

The idea of systemic racism proclaims that racism is unjust but exists nonetheless despite ourselves. How could this happen? It is the bad result of the behavior we regard as good. The good behavior of conscientiously striving to better oneself is joined to the bad behavior of always preferring oneself. Thus any privilege one earns and deserves is tied to undeserved privilege: a successful life if you are white comes out as white supremacy. Despite your verbal rejection of that result, the system behind your intentions brings it about.

The notion of systemic racism is designed to make you feel guilty about this if you are white. But why should you? The system did it, not you. You can’t change the system; that’s what “systemic” means. All your good intentions have existed since America began, but they are always tainted by bad consequences. The movement against systemic racism must fail. How could it succeed where Abraham Lincoln and Martin Luther King Jr. couldn’t? Systemic racism exists despite our intentions; so it can’t be cured by changing our intentions—as by protesting.

If, on the other hand, we are all responsible, then we should all behave better. If that is possible, then we don’t live in the thrall of a system. We somehow control our lives but don’t do a good job of it. We should turn a bad job into a good job. To behave responsibly, it doesn’t help to assume a systemic racism that acts against our intentions.

Yet “systemic racism” is used as an accusation, not as mere description. As accusation, though, it is no longer a system in the required sense of being
beneath our awareness. It is joined to the demand for antiracism. If antiracism is possible, then all of us, whites as well as blacks, are no longer mere victims of a system.

In fact, all of us are aware of the racial question, even those who are not “woke.” Both sides of this matter are awake, but we differ. Our compassionate intentions run up against our fear of running other people's lives, together with legitimate concern for our own well-being and our children's, and we resolve the conflict differently, usually by partisan choice. Instead of submitting to fate, we argue our differences over justice. This is what we do and what we should be aware of doing.

Systemic racism has disadvantages as a way of thinking that outweigh the specious advantage of not having to argue about justice. It tells blacks that they are quite OK, and that it is entirely up to whites to change their thinking and their behavior. This means that blacks must allow whites to hold their future for them.

We recently mourned the passing of John Lewis, an activist for civil rights. Civil rights come from America, and to demand them is to imply that America would be OK if only it would assure for blacks what it gives to whites. But if America is tainted by systemic racism even to the principles of its founding, blacks will have to depend on the goodwill of whites and can't call on our common patriotism.

Systemic racism ignores the agency of black citizens, leaving them nothing to do except protest in the streets or cheer from the sidelines. Meanwhile, whites are told by the same idea that all their past efforts against white supremacy have been in vain. Nothing they have done has worked or could have worked. All along our history, the Constitution and the Rights of Man we thought we practiced and defended were nothing but the power of white men. All the heroes of both races and their sacrifices were defeated by systemic racism and went for naught. What we might do differently now from what we have done in the past is left totally unclear. More affirmative action and more subsidies—what can they do that will now help instead of hurt? Call them “reparations”—will that do any good?

Another disadvantage of the idea of systemic racism is to deny the value of prudence in politics. A democracy can react quickly if attacked, but for

---

**If we are all responsible, then we should all behave better. If that is possible, then we don’t live in the thrall of a system.**

---

If we are all responsible, then we should all behave better. If that is possible, then we don’t live in the thrall of a system.
a transformation out of white supremacy, you have to have the support of a majority; you have to go by stages. First, assert the goal to be achieved, the principle of human equality, as was done in the Declaration of Independence. Then make a constitution so that a free country can govern itself effectively. To ratify the Constitution, it was necessary to gain the assent of the slave states.

**DON’T “CANCEL” THE SUCCESSES**

The American founding couldn’t be perfect from the start; it had to progress toward its goal. Prudence is the faculty that deals with imperfection in order to form, as the Preamble put it, a “more perfect union.” To make progress effectively and democratically, prudence seeks and finds necessary accommodations in compromise. Not all compromises are successful, but the successful ones deserve to be accepted, and those who had the prudence to make them should be honored—not merely tolerated, let alone dishonored or canceled.

The cancel culture is a malignant growth from the idea of systemic racism. Those who cancel stop accusing themselves; they step outside of the system they denounce. After asserting the guilt of all whites, these whites give themselves a pass.

“Systemic racism” is a bogus description that issues in an accusation made in doubtful faith that contradicts itself. But it is held by many fellow Americans, so let’s not dismiss it. It’s better to treat it respectfully as a disputable opinion.

*Reprinted by permission of the Wall Street Journal. © 2021 Dow Jones & Co. All rights reserved.*

---

**Available from the Hoover Institution Press is Unstable Majorities: Polarization, Party Sorting, and Political Stalemate, by Morris P. Fiorina. To order, call (800) 888-4741 or visit www.hooverpress.org.**

---

*HOOVER DIGEST • WINTER 2021*
How to Undo Racial Progress

Reparations for black Americans would create a new class of victims *ex nihilo*—and violate every principle of justice.

*By Richard A. Epstein*

Amid today’s heightened racial unrest, the calls for black reparations have become more insistent. In their recent book, *From Here to Equality: Reparations for Black Americans in the Twenty-First Century*, William A. Darity Jr. and A. Kirsten Mullen write: “Racism and discrimination have perpetually crippled black economic opportunities.” The offenses cited are slavery, legal segregation under Jim Crow, and more contentiously, “ongoing discrimination and stigmatization.” Their book figured centrally in a recent article in the *New York Times*

**Key points**

» It’s crucial to seek a causal connection, if any, between past wrongs and the current situation. That link is weak at best.

» The fortunes of African-Americans are much less tied to slavery than to politics, legislation, and legal rulings.

» None of the current citizens of the United States were the perpetrators of slavery. Nor did immigrants, many of them also persecuted, perpetrate this wrong.

Richard A. Epstein is the Peter and Kirsten Bedford Senior Fellow at the Hoover Institution and a member of the steering committee for Hoover’s Working Group on Intellectual Property, Innovation, and Prosperity. He is also the Laurence A. Tisch Professor of Law at New York University Law School and a senior lecturer at the University of Chicago.
Magazine by Nikole Hannah-Jones, who launched the highly controversial “1619 Project.” In her piece, “What Is Owed,” she makes this claim:

Reparations are not about punishing white Americans, and white Americans are not the ones who would pay for them. It does not matter if your ancestors engaged in slavery or if you just immigrated here two weeks ago. Reparations are a societal obligation in a nation where our Constitution sanctioned slavery, Congress passed laws protecting it and our federal government initiated, condoned, and practiced legal racial segregation and discrimination against black Americans until half a century ago. And so it is the federal government that pays.

Hannah-Jones insists that reparations must include “individual cash payments to descendants of the enslaved in order to close the wealth gap.”

Nothing can justify slavery or Jim Crow. But the case for cash reparations cannot be made by merely pointing to these egregious wrongs. It is also critical to identify a causal connection between past wrongs and the current situation. In other words, it’s crucial to draw a straight line from slavery and Jim Crow to the current disadvantages suffered by black Americans.

OBSTACLES OF POLICY AND POLITICS

When I wrote about this topic in 2004 for Chicago Unbound, I argued that the necessary causal connection could not be made under a theory of tortious conduct or unjust enrichment. The former requires that a person who inflicts harm on another provide compensation for the loss. The latter requires that anyone who receives some benefit that was not intended as a gift is required to compensate the transferor to negate his or her undeserved gain. Today, that causal connection continues to be tenuous at best, weakening the case for reparations.

Darity and Mullen claim that slavery, racism, and discrimination have “perpetually” crippled opportunities for black Americans. But a closer look at the historical record reveals a more complicated story. A century and a half has passed since the abolition of slavery and more than fifty-five years since the passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965, both of which transformed American society for the better. Throughout this entire
period, the fortunes of African-Americans have gone up and down, attributable to events that are much less tied to slavery than to politics, legislation, and legal rulings.

One topic of vital importance is how black unemployment rates have varied over the years. It is often overlooked that in 1948, at the height of segregation, the unemployment rate for black teenagers was lower than it was for white teenagers and remained so until the mid-1950s. The key economic driver was that the minimum wage was low enough that it did not act as a barrier to employment for black workers. Black youth unemployment soared as soon as higher minimum wage laws went into effect. Slavery and Jim Crow had little to do with a shift driven by labor regulation. It gets matters backwards to condemn the opposition to minimum wage laws as racist, as some do, when increases in minimum wage laws have worked to impose heavier burdens on black workers. And the teenagers so disadvantaged are likely to experience reduced employment prospects even after they reach maturity.

The same analysis applies to the strong union movement in the United States, where federal legislation often hurt black workers’ opportunities for economic progress. In 1926, Congress passed the Railway Labor Act of 1926, which forced formerly independent black workers in their own unions to become minority members in white-dominated unions. The Supreme Court intervened in 1944 in *Steele v. Louisville & Nashville Railroad Co.* by imposing a duty of fair representation on the white union leadership to protect their minority members. But such measures were largely ineffective in neutralizing the ability of white-dominated unions to give plum positions to white workers through explicit racial preferences.

Even though Section 703 of the Civil Rights Act of 1964 ended racial discrimination by unions as well as employers, it did so only by explicitly preserving the seniority obtained by white workers before passage of the act, which meant that the white beneficiaries of employment discrimination would not pay reparations. Individuals would.

It is simply wrong to assume that a set of corrupt institutions that shrunk the productive capacity of the nation somehow benefited the public at large.
kept their positions. Meanwhile, the pressure to integrate workforces took their maximum toll on younger white workers who had committed no acts of discrimination. These topsy-turvy results were no legacy of slavery or Jim Crow, but the direct consequence of the elaborate political compromises needed to secure passage of the 1964 act, which in turn were necessitated by the adoption of collective bargaining arrangements in the 1920s and 1930s.

Ironically, the explicitly colorblind language of Title VII of the Civil Rights Act served in the short run as an obstacle to the adoption of private affirmative action programs to help disadvantaged minority workers until the late 1970s, when *United Steelworkers v. Weber* carved out an exception to the colorblind rule to allow for affirmative action programs.

Even today, in an age of union decline, the structural features of the labor market determine the dominant patterns of income and employment among African-Americans. Though Democrats may hate Donald Trump, his relatively laissez-faire labor policies resulted in both lower minority unemployment and stronger wage growth before Covid-19 than in the progressive Obama administration.

The case for black reparations founders on yet another issue. Hannah-Jones asserts that the reparations in question will be paid not by individuals but by the federal government. This proposition makes no sense. The United States is an abstract entity that is capable of raising revenues only through taxation and borrowing. Revenues spent by the government will eventually be borne by some large fraction of the total population—that is, by individuals. So is it fair to ask the descendants of the hundreds of thousands of Union soldiers who were killed or wounded in the Civil War to foot the bill? Should recent immigrants from Cuba, Croatia, India, Mexico, Nigeria, or Somalia have to pay for the failures of the Reconstruction period? Are the Jewish and Italian immigrants who escaped persecution in their homelands between 1880 and 1914 responsible for the rise of Jim Crow?

In dealing with this problem, Darity and Muller claim that what is needed to set matters right is not just financial redress, but also acknowledgement, which “involves recognition and admission of the wrong by the perpetrators or beneficiaries of the injustice.” None of the current citizens of the United States were the perpetrators of slavery and few people alive today were responsible for Jim Crow. Nor does the term “perpetrator” remotely
describe the millions of individuals who found salvation on these shores as immigrants, whether a hundred years or two weeks ago. The perpetrators of slavery and Jim Crow are dead, and their liabilities died with them.

**NO PUBLIC BENEFIT OF SLAVERY**

But what about the supposed living “beneficiaries of the injustice”? This indignant claim assumes that the system of slavery and Jim Crow exploited the labor of black people to create an economy that enriched the white population as a whole. But the economic situation does not provide any support for a theory of unjust enrichment.

Slavery was a system that benefited slaveowners specifically. Their exploitation of slaves did not work for the benefit of the national population at that time or later. The same is true of Jim Crow. In fact, these institutions actually deprived millions of Americans of the benefits of unregulated labor markets with full black participation. Exactly how things would have worked out under freer labor markets is unclear; but it is simply wrong to assume that a set of corrupt institutions that shrank the productive capacity of the nation somehow benefited the public at large.

Of course, reparations have been given for national wrongs at other times. But the circumstances and the claims were different. The forced internment of 120,000 individuals of Japanese origin during World War II was shamefully defended in the 1944 case of *Korematsu v. United States* by Justice Hugo Black—and it was mercifully overruled in 2018 in *Trump v. Hawaii*. In 1990, reparations of $20,000 were paid to more than 82,000 surviving internees—not to their descendants. After World War II, German reparations were paid to individual survivors of the Holocaust and to the state of Israel. In both cases, reparations were paid for the specific actions of a government at a specific time to the specific victims involved. In today’s case, the reparations would be paid for harms resulting from many federal, state, local, and private actions that occurred over a period of several hundred years.

On top of that, it’s not clear who exactly the recipients of such compensation should be. The group of potential recipients includes tens of millions of African-Americans with complex lineages due to immigration and intermarriage over the past century and a half. The sensible limitations on both the Japanese and Jewish cases speak to the dangers of extending the logic of...
reparations to cases in which it is no longer possible to punish the perpetra-
tors, tax the beneficiaries, or even define the class of victims.

Everyone in the United States should be fully aware of the evils of racism and their long-lasting legacy. But by the same token, flawed policy choices today could undo much of the racial progress made to date. It is wrong to think that institutional racism currently pervades every government agency, business organization, or educational institution—most of which have worked notably hard to eradicate racial discrimination and to pro-
mote equality.

Reprinted from Defining Ideas (www.hoover.org/publications/defining-
ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is The Case against the Employee Free Choice Act, by Richard A. Epstein. To order, call (800) 888-4741 or visit www.hooverpress.org.
Wildfire smoke comes and goes, but California’s haze of overregulation and high taxes never clears. Why businesses are getting out.

By Lee E. Ohanian

California businesses are leaving the state in droves. In just 2018 and 2019—economic boom years—765 commercial facilities left California. This exodus doesn’t count Charles Schwab’s announcement that it would move its headquarters out of San Francisco. Nor does it include the 13,000 estimated businesses to have left between 2009 and 2016.

The reason? Economics, plain and simple. California is too expensive, and its taxes and regulations are too high. The Tax Foundation ranks California forty-eighth in business climate. California is also ranked forty-eighth in terms of regulatory burdens. And California’s cost of living is 50 percent higher than the national average.

These statistics show why California’s business and living climate have become so challenging. But the frustrations that California entrepreneurs face every day present a different way of understanding their relocation decisions.

Not surprising, California businesses tend to relocate from the counties with the highest taxes, highest regulatory burdens, and most expensive real

Lee E. Ohanian is a senior fellow at the Hoover Institution and a participant in Hoover’s Human Prosperity Project. He is a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA.
estate, such as San Francisco, and they tend to relocate to states where it is easier to prosper. Texas imposes just a 0.75 percent franchise tax on business margins, compared to California’s 8.85 percent corporate tax. As if this large difference weren’t enough of an incentive to leave, the city of San Francisco imposes a 0.38 percent payroll tax and a 0.6 percent gross-receipts tax on financial service companies. Yes, if your business is in San Francisco not only are your profits taxed by the state, but so are your payroll and your output. Not to mention that Texas has no individual income tax, compared to California’s current top rate of 13.3 percent, which may rise to 16.3 percent soon, and which would apply retroactively.

Speaking of California entrepreneurs leaving the state, there is Paul Petrovich. If you live near Sacramento, chances are he has made your life easier. He is a major commercial real estate developer whose projects include facilities involving Costco, Target, Walmart, McDonald’s, Wells Fargo, and Verizon, among other major firms. But Petrovich has announced he will soon be leaving. For . . . drumroll please . . . Texas.

You see, California is discussing a wealth tax that may hit Petrovich. Lawmakers are so proud of this 0.4 percent wealth tax, known as AB 2088, that they proudly market it as “establishing a first-in-nation net-worth tax” that “will generate $7.5 billion in revenue.” Complicated as all get out, it involves not just financial assets but real estate, farmland, offshore holdings, pensions, art, antiques, and other collectibles.

Europe tried taxing wealth, and it has failed, leading almost all countries to abandon it. And the idea that the California measure will generate $7.5 billion in revenue is laughable, though it will create additional income for tax attorneys and CPAs. The state also intends to make this law follow you for up to a decade should you leave. Clever politicians? Maybe, but just how will they persuade other states to cooperate once you relocate? Not to mention whether this future provision is even constitutional.

I am surprised that Petrovich stayed in California so long. As a developer specializing in developing infill projects, meaning developing unutilized or underutilized land, he has been involved in many lawsuits challenging his right to develop.

One has involved a mixed-use development project that includes a Safeway supermarket, senior living, shopping, and a gas station on a site of a former...
railway station, polluted and abandoned. What is not to like? For the Sacramento City Council, it is the gas station. Petrovich has been involved in a legal battle over this project since 2003. All over a gas station. Twenty lawsuits and over $2 million in legal fees later, Petrovich appears to be winning, and winning against a city council that broke the law.

A state appeals court recently ruled that the Sacramento City Council denied Petrovich a fair hearing several years ago by acting in a biased manner. Sacramento Superior Court judge Michael Kenny wrote that one councilman demonstrated “an unacceptable probability of actual bias” and failed to have an open mind. The court found that the councilman was trying to round up votes against the gas station before it came before a hearing. Rather than accepting this ruling, the city council will appeal. They appear to be doubling down not only on bad behavior but on wasting resources as well.

**Politicians now have personal agendas that they aim to impose on other Californians, often without transparency or accountability.**
The smoke and haze of overregulation will continue all week, with a 70% chance of tax increases...
Readers often ask me how California politicians have changed over time. An important and often overlooked factor is that politicians now have personal agendas that they aim to impose on other Californians, often without transparency or accountability. This is what is going on now with Petrovich, and is what is going on with AB 5, the new law that prevents many Californians from working as independent contractors. Voters must begin to hold politicians accountable for this if California is ever able to reform.

Mr. Petrovich, if you leave, I will be sorry to see you go. Your developments made life much easier and more prosperous for thousands. Thanks for your service. Your potential departure will be a loss for all of us.

Read California on Your Mind, the online Hoover Institution journal that probes the politics and economics of the Golden State (www.hoover.org/california-your-mind). © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Going Dark

Rolling electrical blackouts don’t just happen. They result from unwise commitments to solar and wind power.

By David R. Henderson

One August day I received a notice on the website Nextdoor. It was titled “Rotating power outages likely to occur Monday afternoon and evening,” and it urged PG&E customers to conserve electricity. The planned outages, it went on to state, would probably last one to two hours and “utilities will not be able to give advance warning to customers.” In my house, both predictions proved to be accurate.

Was the reason the same as the one given in 2019 for planned outages, namely, the desire to avoid fire threats? No. The planned outages were due to the California state government’s renewable-energy mandate. Unless this policy is reversed, Californians can expect more outages. And if renewable-energy mandates become federal government policy, as many Democrats at the federal level are advocating, Americans in general can expect more planned outages.

Under California law, 33 percent of electricity produced in California must come from renewable sources. The three main forms of renewable energy are solar, wind, and hydropower. In September 2018, Democratic California governor Jerry Brown signed a bill to increase that number to 50 percent by 2025, 60 percent by 2030, and 100 percent by 2045. Brown left office less than four months later, on January 7, 2019. Brown, who is now eighty-two

David R. Henderson is a research fellow at the Hoover Institution and an emeritus professor of economics at the Naval Postgraduate School in Monterey.
years old, need not worry much about the mess that he and the legislature created. Current Democratic governor Gavin Newsom, and we California residents, do need to worry.

The justification often given for such policies is that they will slow global warming. But even if that’s true, they are a particularly inefficient way of doing so. As we’ll see, there are better ways of dealing with global warming.

**SOLAR, WIND, AND SIMPLE PHYSICS**

Solar energy has one huge downside and one medium downside. The huge downside is that solar energy cannot produce electricity at nighttime. When the sun goes down, solar energy falls to zero. As is well known, the sun goes down every day in California. The medium downside is that on a cloudy day, solar energy can produce only 10 to 25 percent of the electricity it can produce on a sunny day. This second downside means that solar energy is unreliable even during the daytime.

Similarly, using wind power to create electricity is unreliable because sometimes there’s little or no wind.

The fact that solar energy and wind energy are unreliable, along with the fact that electricity produced from solar power drops to zero at night, has a key implication: solar and wind power must be backed up. We cannot rely on solar and wind alone. The most reliable form of backup to create electricity is fossil fuels. Fossil fuel power plants can be turned on and off. And of the fossil fuel choices, the most environmentally friendly form is natural gas.

But notice what this means. Whereas advocates of renewable energy picture a state or country where 60 to 100 percent of energy is produced by renewables, this cannot be. There will always be a need for backup, and backup is expensive. Further, because the energy production from both solar and wind energy can be zero at the same time, the backup must be capable of producing 100 percent of the energy required. So, if we put aside hydropower, which has its own problems during droughts, the system of solar and wind needs 100 percent fossil fuel power generation, along with the ability to turn that fossil fuel power plant on and off quickly. That’s wasteful. The costs of backup are folded into the electricity rates that California’s Public Utilities Commission (PUC) allows utilities to charge. It shouldn’t be surprising, therefore,
that in 2019 California’s average price per kilowatt hour (kWh) was 19.90 cents. That compares to an average of 13.31 cents for the United States as a whole. In short, Californians paid 49.5 percent more per kWh than the average American.

**Beware the Duck**

There’s one more problem with solar power: peak electricity use in California occurs in the late afternoon and early evening, when solar power is small or zero.

When I taught an energy economics course at the Naval Postgraduate School in 2015, I made that point. One student responded, “Ah, yes, the duck curve.” In response to my quizzical look, he explained the arrangement to me and the rest of the class. A line showing the supply of electrical power from “dispatchable sources”—which, as a rough approximation, means fossil fuels—traces what looks like the tail, back, neck, and head of a duck viewed from the side. In the early morning, there’s not much power from solar, so electricity production from fossil fuels is high: that’s the tail of the duck. During the day, electricity from solar is high and so electricity production from fossil fuels is low: that’s the duck’s back. Then, in the late afternoon and early evening, electricity from solar falls to zero but electricity use rises a lot, and so we get the high neck and head of the duck. If you ever wonder about the problems with solar, think of the duck and you’ll quickly see the problem.

If there weren’t such a strong belief in solar energy, the duck curve would be almost a slam dunk against solar. Even environmentalist governor Gavin Newsom inched up to the problem. In a letter last August to state energy regulators, Newsom wrote:

> These blackouts, which occurred without prior warning or enough time for preparation, are unacceptable and unbefitting of the nation’s largest and most innovative state. This cannot stand. California residents and businesses deserve better from their government.

I agree in part with Newsom. These blackouts *are* unacceptable and we Californians *do* deserve better. Where I part ways with him is over his view that “this cannot stand.” Unfortunately, and maddeningly, it can stand. And it will stand as long as Newsom’s own government enforces the renewable-energy mandate.

Because so many people, including legislators and government officials, believe in solar power, even those who recognize the problem focus on how
to handle peak use in the late afternoon and evening without giving up solar. One way is battery storage. The idea is to have solar power create electricity during the day that is then used in the early evening during the peak. That could work, but battery storage is currently very expensive.

Another way to deal with the duck is to reduce electricity usage during the peak hours, usually about 5 p.m. to 8 p.m., and shift it over to midday. This can be done with what economists call “peak-load pricing”: price higher at peak times and lower during the off-peak. This is already being done in California, but it has limits. Even if consumption falls in the early evening, it will not fall to close to zero, which means we will still need fossil fuels.

WHAT ABOUT CLIMATE CHANGE?
What if the state government were to end the mandate and allow more production from fossil fuels? Then we could avoid rotating outages, except those due to fear of forest fires.

The argument against doing that is that then California’s government would be giving up on its quest to rein in global warming. But that’s not true. There are better ways to reduce global warming.
One way is to impose a carbon tax. I don’t advocate such a tax, for reasons I’ll make clear shortly. But a carbon tax is superior to having a government be a central planner of energy, which is what we have now. Government faces the same problem with energy that it faces with any other kind of central planning: it doesn’t have the knowledge required to decide which kinds of energy are best and in which uses. The occasional planned power outages are only the most visible evidence for the failure of central planning.

The big advantage of a carbon tax is that it doesn’t put the government in the position of central planner. Fuels that produce more carbon dioxide per ton will be charged a higher tax than fuels that produce less carbon dioxide per ton. So whatever level of reduction of carbon use we want to achieve, a carbon tax will achieve that level most efficiently.

But is a carbon tax a good idea now? No, for two reasons. First, as one of the leading economist advocates of a carbon tax, Yale’s William Nordhaus, who won a Nobel Prize for his work in 2018, admits, a carbon tax will be costly. He argues that the benefits are somewhat larger. But there is a case for waiting. The longer we wait, the greater our economic output and wealth, and the greater, therefore, our ability to deal with the effects of global warming. Then if, say, ten years from now, we decide that even a stiff carbon tax is a good idea, we can do it. Moreover, with China’s economy growing rapidly for the next ten years, it will be easier to bring China along for the tax. China’s government now has no interest and without China, the United States—let alone California—can’t do much about global warming.

The second reason to wait is the promise of geoengineering. We had a natural experiment in 1991 when Mount Pinatubo in the Philippines erupted and discharged more than twenty million tons of sulfur dioxide into the atmosphere. The haze caused the Earth to cool by about 0.5 degrees Celsius. Could we put more sulfur dioxide into the atmosphere on purpose and have a permanent “Mount Pinatubo effect”? Nathan Myhrvold, formerly of Microsoft and now of Intellectual Ventures, thinks it might be feasible. He has calculated that we could do so with a “hose in the sky” that increases current sulfur dioxide emissions by only 0.1 percent. The details are laid out in Steven D. Levitt and Stephen J. Dubner’s book SuperFreakonomics. Interestingly, the authors note that Paul J. Crutzen, who won the 1995 Nobel Prize in chemistry and was famous for

---

**Solar panels to replace a large percentage of energy use would take a huge amount of space. And installing them would kill a lot of wildlife.**

alerting us about the ozone hole, thinks that this could work. The cost would be a small fraction of the cost of a carbon tax.

Moreover, solar and wind are not great for the environment. Solar panels to replace a large percent of energy use will take a huge amount of space and installing them kills a lot of wildlife. And windmills act like blenders for endangered birds and bats. Don’t discount bats: they keep mosquitoes and other bugs at bay.

GOING NUCLEAR
We shouldn’t get stuck on the word “renewable.” Why does energy need to be renewable if there’s plenty of it to go around? University of Manitoba scientist Vaclav Smil writes in his 2015 book, *Power Density: A Key to Understanding Energy Sources and Uses*, that today’s energy system requires just 0.5 percent of all the land in the United States. To generate all of our energy—electricity and otherwise—with renewable sources, he estimates, would require 25 to 50 percent of all the land in the United States. Say goodbye to many parks, forests, and wildernesses.

How about nuclear power?
Nuclear power produces no carbon emissions, meaning it has the potential to help with global warming. Nuclear powerplants are small but potent, freeing up land for wilderness and parks. Will electric cars become more popular? We’ll need clean electricity to power those cars. Nuclear powerplants are clean and safe. Nuclear power’s known total worldwide death toll since it was first initiated is about one hundred; this includes Chernobyl. Contrast that with the estimated 1.6 million people who died prematurely as a result of indoor air pollution in 2017 because of a lack of good electrical power. The corresponding number from pollution due to coal power is 800,000 per year.

What about the waste from nuclear? In his new book, *Apocalypse Never*, environmentalist Michael Shellenberger points out that a single Coke can full of uranium can provide enough energy for a lifetime of an American-style high-energy life. That small amount of waste product can be safely stored at the powerplant or elsewhere.
One limitation of nuclear power is that it can’t easily be turned off and on. So the optimal combination could well be nuclear for the base load, and natural gas for the peak load.

The energy road we are following in California is taking us to dark places, literally. We can avoid manmade power outages. But to do so, we need to change course. And even if California policy makers don’t change course, there’s hope for the rest of the country to avoid our manmade outages.

Reprinted from Defining Ideas (www.hoover.org/publications/defining-ideas), a Hoover Institution online journal. © 2021 The Board of Trustees of the Leland Stanford Junior University. All rights reserved.

Available from the Hoover Institution Press is Keeping the Lights on at America’s Nuclear Power Plants, by Jeremy Carl and David Fedor. To order, call (800) 888-4741 or visit www.hooverpress.org.
“Afghanistan Will Never Be Denmark”

Discussing his new book, Battlegrounds, Hoover fellow H. R. McMaster surveys the strategic landscape.

By Peter Robinson

Peter Robinson, Uncommon Knowledge: Born in Philadelphia, Lieutenant General H. R. McMaster graduated from West Point in 1984 and later earned a doctorate in American history from the University of North Carolina. His doctoral thesis was published as Dereliction of Duty: Lyndon Johnson, Robert McNamara, the Joint Chiefs of Staff, and the Lies that Led to Vietnam. General McMaster served in the Gulf War, Operation Enduring Freedom in Afghanistan, and Operation Iraqi Freedom. From February 2017 until April 2018 he served as national security adviser to President Trump. His new book is

H. R. McMaster (US Army, retired) is the Fouad and Michelle Ajami Senior Fellow at the Hoover Institution and a member of Hoover’s working groups on military history and Islamism and the international order. He is also a participant in Hoover’s Human Prosperity Project, the Bernard and Susan Lioutaud Fellow at the Freeman Spogli Institute, and a lecturer at Stanford University’s Graduate School of Business. His latest book is Battlegrounds: The Fight to Defend the Free World (Harper, 2020). Peter Robinson is the editor of the Hoover Digest, the host of Uncommon Knowledge, and the Murdoch Distinguished Policy Fellow at the Hoover Institution.
Battlegrounds: The Fight to Defend the Free World, which contains this quote: “At the turn of the twenty-first century, the United States was set up for a rude awakening of tragic proportions.” Five years after you graduate from West Point, this titanic struggle that’s lasted half a century ends essentially in victory for the West.

H. R. McMaster: Not essentially, but a huge victory for the West. Many Americans assumed this was a fundamental shift in the nature of international relations and in the nature of the competitive nature of the world. Charles Krauthammer, a very keen observer, called it the “unipolar moment.” But some people assumed that there had been an arc of history that guaranteed the primacy of our free and open societies over closed authoritarian systems. We forgot that we had to compete—in traditional arenas involving information and propaganda and disinformation, different forms of economic competition.

Russia was in really bad shape in the ’90s. China’s rejuvenation was not in full swing. We assumed that great-power competition was passé. And this overconfidence was a setup for many of the difficulties we encountered.

Robinson: This subtitle says it all: the fight to defend the free world. But in Battlegrounds, you write that in 2019, Russia’s GDP was smaller than Italy’s and the United States had a defense budget eleven times larger. Why do we care about Russia?

McMaster: Because your enemies, your adversaries, your rivals, your competitors like Russia, they don’t have to compete with you symmetrically. I quote my friend Conrad Crane in the book as saying there are two ways to fight the United States: asymmetrically and stupidly. You hope that your adversary picks stupidly, but what Russia has done is engage in a very sophisticated campaign of political subversion against Europe, the United States, and the West. Vladimir Putin wants to be the last man standing while he widens fissures in our societies, pits us against each other, and reduces our confidence in our democratic principles and institutions and processes.

Robinson: So they don’t have to be as strong as we are to do a lot of damage, but what do they want? Why don’t they want a democratic society in which everyone can prosper?

“We don’t give due attention to how emotions, aspirations, and ideologies drive and constrain the other.”
NEW RIVALS: Retired Lieutenant General H. R. McMaster, author of the new book Battlegrounds, points out that no “arc of history” guarantees the primacy of free and open societies. “We forgot that we had to compete,” he says. [John Rudoff—Sipa USA]
McMaster: I think what has impeded our development of sound strategy and our ability to compete effectively is we tend to mirror image to the other. We don’t give due attention to how emotions, aspirations, and ideologies drive and constrain the other. And in the case of Russia, those in control are motivated by fear and ambition. Their fear is that this corrupt system they have built within Russia will collapse. Those who have gained control of the wealth in the country, the oligarchs, depend on Putin because Putin has dirt on everybody, and he keeps them from destroying each other. In exchange, he gets a cut.

The aspiration is to achieve national greatness again for Russia. And for Russia to reassert its influence in the former Soviet republics and beyond, and then to be a player in other key regions of the world. For example, Russia has reinserted itself in the Middle East and North Africa. So Vladimir Putin is not going to be our friend.

Robinson: He’s not going to be our friend. What do we do about Vladimir Putin?

McMaster: What we have to do is affect his calculations, so he recognizes he can’t accomplish his objectives through continued use of this pernicious form of aggression, this sophisticated campaign of political subversion that employs disinformation and propaganda, as well as the combination of conventional military force with unconventional military force, as we saw in the annexation of Crimea and the invasion of Ukraine.

Robinson: So we can’t befriend him, we can’t convert him, all we can do is adjust the incentives he faces.

McMaster: We can also look at ourselves, and inoculate ourselves against this campaign. We can become stronger. We can be less susceptible to this effort to polarize our society and pit us against each other. The attack on the 2016 election was a means toward a broader strategy to divide us on issues of race. Then on immigration, then gun control. If it’s an issue that naturally could divide us, Russia doubles the data. What I write about in the book is that there’s also a lot of continuity in this approach. Going back to the Communist Party in the 1920s and ’30s, there was a plan then that they probably pulled out of the KGB archive and dusted off, to try to affect Americans’
confidence in who they are. And in our principles and our identity as Americans.

**QUAGMIRE, OR NOT?**

**Robinson:** You write in *Battlefields*, “Since my first visit to Afghanistan in 2003, I had felt the emotional impetus behind Afghan policy shift from over-optimism to resignation and even defeatism.” Well, why wouldn’t we begin to feel a little defeated? We’ve been there for eighteen years and spent—the lowest estimate I can find is $300 billion. And the Taliban are still there and the government still hasn’t achieved control of the country.

**McMaster:** We shouldn’t feel defeated, first of all, because there is an Afghan government, as problematic as it is. In a recent survey, 83 percent of the Afghan people said the Taliban should have zero role in how they’re governed. Of course, what brought us into that war is the Taliban giving safe haven and support to Al-Qaeda, who murdered nearly three thousand on September 11. What set us up for the unanticipated length, difficulty, and cost of the war in Afghanistan was a short-war mentality from the beginning. We were going to get in and get out. And while we can say we’ve been in Afghanistan for eighteen years, we have fought a one-year war in Afghanistan eighteen times over. We continue to want to take this short-term approach to what is a long-term problem set.

And then we set at times unrealistic expectations. Afghanistan will never be Denmark. What we did for the president was give him an option for a sustained long-term approach to Afghanistan, as well as an ability to explain to the American public how the risks that their sons and daughters take in that war and how the cost of that war were contributing to an outcome worthy of those sacrifices.

**Robinson:** In *Battlegrounds* you criticize the thinking that the Taliban, “even as it gained strength and the United States withdrew, would negotiate in good faith and agree to end its violent campaign.” You had the president where you wanted him.

**McMaster:** No, we had the president where he wanted to be. We showed the president a wide range of options. I believe it was my job as national security

---

*Once those countries or companies are co-opted, then China coerces them to support China’s worldview and support its objectives.*

---

162

HOOVER DIGEST • WINTER 2021
adviser not to advocate for a policy but to give the elected president options, which we did. I believe we determined at the time that one of the fundamental flaws in the Obama administration approach to Afghanistan was to say, “Hey, we’re leaving. And we’d like to negotiate deals favorable to us.”

War really is a contest of wills. What we did in recent months with Afghanistan is replicate that same sort of tendency toward wishful thinking. To define your enemy as you would like your enemy to be. I would just ask the question: what does power sharing with the Taliban look like? Does it look like bulldozing every other girls’ school? Does it look like mass executions in the soccer stadium every other Saturday?

Robinson: The argument is, it took eighteen years and who knows how many tens of billions of dollars spent on that country; it’s their problem now. Let the Afghans bear the full brunt, it’s their country. How do you answer that understandable impulse?

McMaster: It is their problem now. But it’s unclear that they can do it on their own.

Robinson: If they can’t do it on their own, it costs us.

McMaster: Well, no, it costs us less and less because we’ve been able to build up the resiliency of Afghanistan, even though more and more territory is contested. It’s imperfect, we know the government has problems. But you asked an important question, why do Americans care about this?

It’s important to remember that those who committed mass murder against us on September 11 were the so-called Afghan alumni of the mujahedeen resistance to the Soviet occupation of 1980–88. The alumni of Al-Qaeda and various other groups are now orders of magnitude greater. This is already a multigenerational problem. Should the situation in that region deteriorate further, you would have the Taliban in complete control. A great analyst on Afghanistan, Tom Joscelyn, who writes for the Long War Journal, said we have tried too hard to disconnect the dots.

HANDLING CHINA

Robinson: Jimmy Lai, the Hong Kong publisher and democracy activist arrested in Hong Kong, says President Xi Jinping of China is arguably the
most absolute dictator in human history—more absolute than Mao—because Xi has artificial intelligence. In *Battlefields*, writing about a trip to China as national security adviser, you said, “Xi’s outer confidence masked of sense of foreboding that he might suffer a fate similar to that of previous rulers.” So is Xi the most absolute dictator in history or is he running scared?

**McMaster:** I think it’s both. And I think the fear that he feels, that his role and the Chinese Communist Party’s role could come to an end, is what drives much of the behavior internally and externally. China has taken extraordinary measures to extend and tighten the party’s exclusive grip on power.

**Robinson:** Here’s a quote by Henry Rowen, the late Hoover colleague of ours. He wrote in 1996, “When will China become a democracy? The answer is around the year 2015. This prediction is based on China’s impressive economic growth, which in turn fits the way freedom has grown elsewhere in Asia.” China was supposed to follow the pattern of South Korea and Taiwan, where economic growth leads to political freedom. And it was not a crazy idea, but it didn’t happen. How come?

**McMaster:** It didn’t happen because of the ideology and emotions that drive the party. I use historian Zachary Shore’s term: we need *strategic empathy*. We need to understand these competitions from the perspective of the other.

**Robinson:** So China has a system very different from ours. It’s a country that’s huge, rich, powerful, wants to be number one, and has a certain legitimacy, which even we cannot gainsay, correct?

**McMaster:** Well, legitimacy . . . I think that is purchased oftentimes. And a legitimacy based on what I’ve described in the book is co-opting others to buy into the relationship with China. Once those countries or companies are co-opted, then China coerces them to support China’s worldview and support its objectives. And then China conceals its nefarious activity and tries to portray it as normal business practices.

There are three themes that run through my book. The first is the recognition that this is a competition. The second is that we have to improve our strategic competence, and in particular, understand better how the past produces the present and pay more attention to ideology and emotions that drive and constrain the other. The third element is confidence.
in who we are as a people, but also to focus inward and to strengthen our economy and to strengthen and preserve our competitive advantages in technology and education in particular.

Robinson: Graham Allison of Harvard writes about the “Thucydides trap,” which he claims he finds in Thucydides himself: “When one great power threatens to displace another, war is almost always the result.” Some have argued that competition with China is a Thucydides trap. Well, isn’t it?

McMaster: No, it’s not. I think our policy ought to try to avoid the extremes of war and passive acceptance of Chinese aggression. It means convincing a potential enemy that the enemy cannot accomplish his objectives through the use of force. This is Reaganesque peace through strength. We look at competition as the best way of avoiding confrontation—while also not foreclosing on cooperation, because there are clear areas where our interests overlap with those of China.

The Thucydides trap poses a false dilemma. If we compete, I’m very confident that we can prevail in that competition but in a way that doesn’t threaten China. That, hopefully, incentivizes China to see they can accomplish what they need to accomplish without doing it at our expense.

HOOVER DIGEST • WINTER 2021
America, “a Force for Good”

Economics professor Glenn Loury sees not “systemic racism” but systemic problems—problems we can address without violence or attacks on American ideals.

By Russ Roberts

Russ Roberts, EconTalk: My guest is economist and author Glenn Loury of Brown University, where he is the Merton P. Stoltz Professor of the Social Sciences and professor of economics. Glenn, welcome to EconTalk.

Glenn Loury: Thank you, Russ.

Roberts: I want to start with the issue you examine in your 2018 lecture at the Institute for Advanced Study in Toulouse: “Racial Identity and Racial Inequality: Forty Years of Thinking about the Persisting Subordinate Position of Blacks in the United States.”

In the aftermath of the death of George Floyd and other deaths of blacks at the hands of police, this issue is now deeply front and center in the United States. A lot of people are arguing that the inequality and what you call the subordinate position of blacks in America are due to what is being described as “systemic racism.” Does that phrase resonate for you at all?

Glenn Loury is the Merton P. Stoltz Professor of the Social Sciences and professor of economics at Brown University. Russ Roberts is the John and Jean De Nault Research Fellow at the Hoover Institution and a participant in Hoover’s Human Prosperity Project.
Loury: I’m not a big fan of that phrase, because it conceals more than it actually illuminates. It’s a rhetorical, not a scientific claim. What people have in mind when they say “systemic racism” is that many different kinds of processes—political, economic, social, cultural—have had the cumulative effect of subordinating or marginalizing the descendants of slaves, and those processes are still ongoing. But I don’t think that takes me very far.

You put a label on it and call it “systemic racism,” but there’s no real information in that statement about what to do. It’s a rhetorical move that’s aimed at saying it’s not the fault of the “victim” but the fault of the “system.”

I want to talk about it in more concrete and explicit terms. And there are many examples I could give: the police, so-called voter suppression, the prison system, education, and so on.

Roberts: It is a rhetorical device, but it’s more than that, I think, in the eyes of the people who invoke it, who are essentially arguing that the system is rotten to the core. They blame capitalism. They blame the political structure that they claim is oppressive of people of color. And they want to start over.

Starting over doesn’t have a great track record in Western or Eastern history. Starting over is usually the road to tyranny: the French Revolution, the Communist Revolution in Russia, the Cultural Revolution in China.

Loury: You’re right that what people are saying is the system is rotten to the core. But they’re wrong about that. I think that argument needs to be had.

But I want to say one other thing, which is that the stance that the system is rotten to the core has the convenient consequence of eliminating any necessity to make judgments and assessments of the extent to which people are responsible for their own fate. It’s a kind of leveling or a kind of denormalization, which says we’re not going to make discriminating judgments among individuals, because any disparities that we observe are necessarily the consequence of a morally illegitimate structure. And that’s a very dangerous, slippery slope.

Roberts: That’s not very different from the standard Marxist critique of the economic system. It removes agency. It not only says you don’t have any agency, it tells you, “Don’t try, because it’s a waste of time. You have no shot.”

Loury: At the end of the day, markets are a remarkable, complex mechanism; incentives are real; profit is not the worst thing in the world. Excessive
profit—rent-seeking profit, monopoly profit—that’s one thing. But the idea that people are trying to better their circumstances, that’s the way of the world. I think the historical record is pretty clear that centralization and collectivization—massive, extensive, political control over economic processes—is the road to serfdom. I think Hayek was right about that.

We are richer by a vastly unimaginable amount than were our great-great-grandparents, and the reason for that is capitalism, not socialism. There are people who are not starving by the hundreds of millions in South Asia and East Asia right now because of the globalized market dynamic that has allowed them to enter into the modern economic sphere and empowered, through recruiting into the industrial economy of the world, hundreds of millions of peasants who were living in penury.

Technology advances under the ingenuity of human beings who are largely motivated by self-seeking motives. The great universities and the research laboratories of the great corporations are making mankind as a whole better. You can’t deny the force of that over the last couple of hundred years.

“OPEN AND ADAPTIVE”: Brown University professor Glenn Loury, remarking that the concept of “systemic racism” is “a rhetorical, not a scientific claim,” says it “has the convenient consequence of eliminating any necessity to make judgments and assessments of the extent to which people are responsible for their own fate.” [Brown University]
So, to start over again is madness. The United States—which is far from perfect—is not half-bad in terms of being a society that is open, and adaptive enough to accommodate waves of immigration and incorporate them into our burgeoning, dynamic, prosperous political economy. And I know you’re not supposed to compare blacks to immigrants, but I’m talking about the society. It’s not as if we don’t have some issues here, but the status of the African-American population on the whole in the United States over the past seventy-five years has experienced a revolutionary transformation, such that the descendants of American slaves, again, taken as a whole, are the richest and most powerful and influential population of African descent on the planet.

TEARING IT ALL DOWN

Roberts: I want to hear your thoughts on the statues and monuments that have been coming down all over the country.

People are even talking about Mount Rushmore, because it’s been alleged that the sculptor, Gutzon Borglum, had connections to the Ku Klux Klan. On that mountain are Theodore Roosevelt, an imperialist and oppressor of people of color; George Washington, a slave owner; Abraham Lincoln, who took too long to sign the Emancipation Proclamation; and Thomas Jefferson, a really bad slave owner.

I understand that urge to destroy those things, but they’re symbols of more than racism. Can we have a country where our whole national narrative is, in some people’s eyes, rotten to the core? The country was founded by slave owners and its founding documents were written by slave owners. But what do we do with that? Do we start over again as a country with a blank slate? Or do we try to come to grips with that in a different way?

Loury: Let me distinguish between the political and the ethical/philosophical.

As a political matter, I worry that people are vastly overplaying their hand. I worry about backlash. There are a lot of people who think, “Keep your hands off my country.” You’re going to pull down the statue of a founding father? What are you going to do, blow up Rushmore? You’re terrorists. You’re the Taliban, blowing up Buddhist statues in Afghanistan. They’re playing with fire. Rushmore is not a racist monument set up by the Daughters of the Confederacy in 1910 to remind coloreds to stay in their place.

“It’s a rhetorical move that’s aimed at saying it’s not the fault of the ‘victim’ but the fault of the ‘system.’”
This is the United States of America. There’s nothing here worth celebrating? Really?

**Roberts:** Is it irredeemable?

**Loury:** Are they only an expression of white supremacy? There’s nothing else going on here? I think that it’s not over. The iconoclasts are having their way for a moment, but we had better be careful, because this is in process, and there are going to be lots of consequences of the iconoclasm that will not be healthy for the republic.

But on the substance of the matter, on the ethics: should you let Theodore Roosevelt’s statue alone? There are a number of points one could make here. One is about the anachronistic projection of contemporary sensibility back onto times that are long gone; holding people to a standard of behavior, which if they had actually adhered to it, would have required them to be virtually alone in their heroism in contravening the tenor of their times.

Yes, there were abolitionists in the eighteenth century when Thomas Jefferson was penning the Declaration of Independence, but there weren’t many. Everybody recognized that the process that led to the founding of the country was going to have to include a compromise with this awful institution. The fact of the matter is they set in place a structure that had the capacity, within a century, of leading to the extirpation of the institution. A lot of blood was shed on the battlefield along the way. But Lincoln is clearly, in presiding over this transformation, drawing on the intellectual and moral resources that are set out in the period of the founding.

Slavery was not new to human history when in 1619 some Africans were offloaded in Virginia. Slavery is ubiquitous in human history, on every continent, in every culture, in every civilization going back to antiquity. The new idea, the enlightened modern idea, the Western idea, the idea about liberty and the value of the individual is reflected in the founding of the United States and has borne fruit through our institutions. So, this is not to excuse night riders or to say that there wasn’t rape in the slave wards and lynching. History is littered with all kinds of awful stuff. The appropriation of the lands of the native people and the extirpation of the native population of the Western Hemisphere was a historic catastrophe for those people.

“We are richer by a vastly unimaginable amount than were our great-great-grandparents, and the reason for that is capitalism, not socialism.”
I don’t dispute that, but here we are. Now look around the world. I don’t know where people are finding an example of practical government implemented by real people through actual concrete institutions that has a greater capacity for self-reform and for expansion of liberty than this republic. So, I would say to keep it in proportion; don’t be so self-absorbed that you think your particular beef is the only thing that’s going on.

I’m conservative about the iconoclasm—conservative in the sense of having a very high threshold before wiping things out. Context—what do you put in a history book? How do you tell the story? But we’re a pluralistic society. Not everybody is on the same page about all of these things, and we have to get along.

Roberts: I want to ask you about Hamilton, Lin-Manuel Miranda’s work of genius. Alexander Hamilton is not the star of that show; the star is the United States and the vision that the founders had in 1776 that they could not live up to. What Hamilton is about as a show to me is holding their feet to the fire and saying: when we tell this story with black and Latino actors and actresses, we have a reminder of what that richer story is all about. It’s not the history-book version and it’s not the revisionist version, which says the whole thing is rotten to the core. It’s complicated. I love the idea that we could go forward as Americans recognizing it’s complicated. But my worry is that we’re not going to have a country soon. We’re going to have a civil war—not a racial civil war but one of a different kind.

Loury: I hope you’re wrong about that. I agree with you about Hamilton. You said it very well: it is complicated. And there is a very powerful effect of those actors of color and the spectacular music and the drama enacting this moment in history. And it’s my story, too, even though some of my ancestors were owned by some of the characters who were being portrayed. And some of my ancestors are European.

HOW UNIVERSITIES FAIL AMERICA

Roberts: Let’s talk about an institution that you and I are both deeply involved in: the university. When we went to graduate school, there was still
an idea that a university was a place that people go to learn and think about great ideas, and write about them, and interact with great minds. It’s gotten a little more complicated since then. I think it’s serving other purposes. A current is surging through it related to identity politics and all kinds of complicated social forces.

**Loury:** I have a speech I give at the beginning of some of my classes: “I don’t believe in identity pedagogy. I don’t believe in identity epistemology. And I don’t believe in identity politics.” What do I mean by that? Identity pedagogy is what we’re going to teach differently because you’re black. Identity epistemology is that there are some facts that people don’t know because they are this particular thing or they have inside knowledge: I’m a black person so I understand this better by virtue of being black. Identity politics means that I think of myself primarily as a person that belongs to one of these groups: I define myself in terms of gender, race, sexual orientation, etc. In fact, we are so much more than that. There are so many dimensions to our expression of our humanity. When I’m talking to eighteen- to twenty-two-year-olds, I want to say to them: “In this precious moment, when the world is your oyster, everything is open to you. Don’t tunnel down into a silo. Don’t bury yourself in a closed-off identity. Open your mind.”

The police commissioner of New York City in 2013 wanted to come lecture at Brown University, and the students and townspeople basically shouted him down. And the progressive faculty kind of backed it, even though Brown has rules that you’re not supposed to interrupt people while they’re speaking. Racial profiling may be a bad thing, but, if so, let him speak and then we can point out why it’s bad.

The politicization has many manifestations of that, but the most recent one was that in the wake of George Floyd’s death, the president of Brown felt that she had to send a letter to the entire university community expressing her opposition to anti-black racism. The letter trafficked in the tropes, language, and rhetoric of Black Lives Matter social justice advocacy. The president is entitled to her opinion, but surely the university ought not to have a position about something like this. I objected to the sense of groupthink and the kind of imposition of a party line, which basically said: “We are Brown, and Brown’s values are the following.”
I wondered how I could teach my students in an undergraduate course on race and inequality to consider critically the question: Do we know that Derek Chauvin was motivated by race when he kept his knee on George Floyd’s neck? What would justify our conclusion that it was a racial event? What would support our inclination to link it with other events of a similar kind—Eric Garner in Staten Island, Michael Brown in Ferguson, or Freddie Gray in Baltimore—and then construct a narrative? Is that us imagining something, or is it something that’s real? How would we know?

These are first-order questions. I didn’t answer them; I just asked them. But the president of the university, by sending around a letter signed by every top administrator, insisting that a particular interpretation of these events was the one that Brown’s values required, precludes me from the possibility of engaging my students critically on such a question. That’s not what a university should be. Why does a university—which is supposed to be a site where people think critically and deeply about matters in light of all that human culture has produced—have to stand in solidarity with something? I felt it was imperative to object to that.

**Roberts:** What is deeply troubling to me is that this shutting down of certain ideas and the shutting down of debate has consequences we don’t fully appreciate or understand. I don’t know what those consequences are. But when certain things are off the table because they have consequences for your social standing or your cultural well-being, that’s the death of a lot of things. It’s not just that universities are less effective in educating people. I think the public square has less conversation and people are afraid. There’s a Maoist force let loose in the land. It’s Stalinist, also, this idea of calling out your neighbors or your family members, reporting on them not for behavior but for inappropriate beliefs and thoughts. I think that’s a very corrupting part of the human experience.

**Loury:** You can lose your job for retweeting something.

**Roberts:** It doesn’t make sense to me, but we’re in the minority, Glenn. It’s the way it is.

**Loury:** “White silence equals violence”—that kind of thing.
Roberts: Yeah. I don’t think that’s helpful, but that’s where we’re headed. It’s been a somewhat pessimistic conversation so far. You’re a contrarian. The things you’re saying probably aren’t always easy to say. I know you’ve thought about them a lot, and I salute you for that. But give me some optimism for where we might be heading as a nation.

Loury: The United States contributed profoundly to the defeat of fascism in the twentieth century. The statues that people want to tear down, and the “systemically racist,” white-supremacist country that they want to teach our children to hate, is the country that saved the world from the Soviet Union in the Cold War.

I’m optimistic about the country overall. The United States with all its flaws is nevertheless a force for good in human history. I’m not so optimistic about working out the race-relations problems, at least not in the short run, because of the ideological sway that a certain kind of racially progressive rhetoric and political philosophy is exerting on so many Americans.

Excerpted by permission from Russ Roberts’s podcast EconTalk (www.econtalk.org), a production of the Library of Economics and Liberty. © 2021 Liberty Fund, Inc. All rights reserved.

Available from the Hoover Institution Press is Inequality and Economic Policy: Essays in Memory of Gary Becker, edited by Tom Church, Chris Miller, and John B. Taylor. To order, call (800) 888-4741 or visit www.hooverpress.org.
Individuals in Action

Is rugged individualism selfish? Far from it. It’s what moves good people to build their communities of virtue, without waiting for government to do it for them.

By David Davenport

While Covid-19 attacks our immune systems and our economy, it also gives rise to attacks on American individualism. If the pandemic is spreading here, many argue, rugged individualism is at fault. It keeps people from wearing masks, prevents them from helping each other, and is downright dangerous.

Typical is a recent opinion piece by Leah Sears, former chief justice of the Georgia Supreme Court, claiming that rugged individualism “is what’s killing us now.” The problem is that this understanding of rugged individualism is deeply flawed, making a political cartoon out of a fundamental and long-standing philosophy.

The term “rugged individualism” was coined by Herbert Hoover during his 1928 presidential campaign—not, as many have suggested, in response to the Great Depression the following year. Hoover had returned from carrying out food relief in Europe following World War I, struck by the several “-isms” that were taking over that continent: socialism, fascism, and communism.

David Davenport is a research fellow at the Hoover Institution and a visiting scholar at the Orrin G. Hatch Foundation.
By contrast, he said, we have a system of rugged individualism coupled with equality of opportunity, which we need to preserve. It’s important to note that rugged individualism is not a synonym for selfishness. The individual is the starting point from which one is free to join churches, community groups, and all kinds of associations that collaborate. Individuals form governments, not vice versa.

Even the hardy pioneers living on the frontier, often held up as the classic image of rugged individualism, cooperated with each other, traveling together in wagon trains for safety and helping one another build houses, schools, and towns. As the French journalist Alexis de Tocqueville observed in his classic book *Democracy in America*, Americans were more given to associations than any people on Earth.

Recently, from an unlikely place, has come a vivid description of modern-day rugged individualism and its continuing place in American culture. The *Los Angeles Times* recently shared the story of Juan “Spanky” Ramirez and his fellow lowriders cruising Whittier Boulevard in East Los Angeles. Crime, graffiti, and trash had begun to appear along the boulevard during the pandemic, so Ramirez and company decided to do something about it.

The lowriders called for a voluntary boycott of the boulevard—no cruising for a month. There was nothing mandatory about it, just a call to do what they thought was right. As Ramirez put it, “We don’t need law enforcement to tell us when something’s wrong. Whatever happens on Whittier Boulevard, it’s our history.” Let’s do what’s best for the community, Ramirez said, adding, “If we do it together willingly, then everything works out a lot better.”

Would anyone dare say this kind of rugged individualism was selfish? No, this was community action at its finest. Was it an effort to undermine the government? Hardly, as the police were delighted to have leadership from the community. Instead of waiting for government to solve a problem, a few leaders of the community stepped up to address it themselves. It is precisely the kind of individual initiative and action that, joining with others, can solve problems more effectively than law enforcement or government can do.

Years ago, Harvard political scientist and Hoover fellow Harvey Mansfield described moving into a new campus building where, along with lights and drapes that functioned on their own, the toilets also flushed automatically. At first, those things seemed like nice conveniences, but then, Mansfield asked,
are we better off developing technologies and laws that control us rather than developing our own virtue? Is it better to have toilets that flush on their own or to live in a community where we develop an ethic of flushing our own toilets?

Rugged individualism acknowledges a proper role for government and technology, but then it leaves ample room for individual decisions and voluntary action. Where would we be in the pandemic crisis if we did not have individual scientists and companies racing to find a vaccine and a cure? How about all those restaurants that, without a government mandate, started serving takeout and delivery options, or the architects and seamstresses who converted their businesses to make essential protective gear and masks?

There is a proper role for government, of course. However, even in a crisis, we must leave room for rugged individualism to do its good work and allow us to build communities of virtue, like the lowriders in East Los Angeles.

*Individuals form governments, not vice versa.*

*Reprinted by permission of the Washington Examiner. © 2021 Washington Examiner. All rights reserved.*

*Available from the Hoover Institution Press is How Public Policy Became War, by David Davenport and Gordon Lloyd. To order, call (800) 888-4741 or visit www.hooverpress.org.*
Then They Came for Hamilton . . .

It’s a tough time to try to tell a balanced, complete, and (dare we say it?) inspiring story about American history.

By Michael J. Petrilli

In the past months, millions of teachers across America shouldered their new role as “essential workers” during a persistent pandemic: teaching while wearing masks, behind plexiglass, and to students who had been out of the classroom for long periods. As dreadful as all of that seems, one group has had it particularly rough: teachers of US history. They also were required to perform their duties during a full-scale culture war over how to tell the American story, especially on the central and complex issue of race.

True, questions about how best to teach American history have been fraught—and fought—for decades, certainly since the rise of the revisionists and the publication four decades back of Howard Zinn’s A People’s History of the United States. Particularly sensitive is how to handle America’s original sins of slavery and white supremacy. But with the controversial “1619 Project” winning a Pulitzer Prize for the New York Times last year, youthful mobs toppling statues, and a series of counterpunches from President Trump, the debate has jumped from teachers’ lounges to the front pages.

Michael J. Petrilli is a visiting fellow at the Hoover Institution and the president of the Thomas B. Fordham Institute.
This can’t be good for high school history courses, or for the kids who not only are required to study US history but ought to understand it.

How things have changed from just five years ago, when the smashing Broadway success of *Hamilton* pointed to an inclusive, inspiring way to grapple with the contradictions at the heart of America’s founding. Jonah Goldberg summarized it beautifully in his chapter of the book Chester E. Finn Jr. and I recently published, *How to Educate an American*:

Only fools and bigots could belittle [slavery’s] evil. Yet slavery’s resonance in America comes not from its evil but from the founders’ hypocrisy. Since the Agricultural Revolution, nearly every civilization practiced slavery, but none also claimed to believe that “all men are created equal” and that they are “endowed by their Creator with certain unalienable Rights.” . . . The staggering hypocrisy of slavery is regrettable in one sense, but glorious in another. Hypocrisy is only possible when you have ideals.

As Bret Stephens said, that’s the story of US history as “gradually and imperfectly unfolding liberty.” But the revisionists—most notably, and recently, Nikole Hannah-Jones of the “1619 Project”—instead promote a story “of unbending oppression.” Or, as Goldberg puts it, “The Zinnian approach takes America’s sin of slavery and makes it an eternal blemish that never shrinks in the rearview mirror no matter how much progress we make.”

**LEARNING AS WE GO**

Making matters worse is when the revisionists stretch the truth to fit their narrative. Imagine how much better received the “1619 Project” would have been among conservatives had Hannah-Jones not propagated the lie—that really is the best word—that “one of the primary reasons the colonists decided to declare their independence from Britain was because they wanted to protect the institution of slavery.” (This was later amended by the *Times* to “some of the colonists.”) Jones could simply have laid out the gripping and troubling history of 1619 and argued that it should be studied by schoolchildren rather than swept under the rug. Instead she targeted the miraculous accomplishments of 1776 as well, and did it with dishonest attacks.

Surely Hannah-Jones’s take on history—and Zinn’s—is what Donald Trump was referring to when he said in his speech at Mount Rushmore that

our children are taught in school to hate their own country, and to believe that the men and women who built it were not heroes, but that they were villains. The radical view of American history is a web
of lies—all perspective is removed, every virtue is obscured, every motive is twisted, every fact is distorted, and every flaw is magnified until the history is purged and the record is disfigured beyond all recognition.

And was it really so controversial when he made this argument:

We must demand that our children are taught once again to see America as did Reverend Martin Luther King, when he said that
the founders had signed “a promissory note” to every future generation. Dr. King saw that the mission of justice required us to fully embrace our founding ideals. Those ideals are so important to us—the founding ideals. He called on his fellow citizens not to rip down their heritage, but to live up to their heritage.

Above all, our children, from every community, must be taught that to be American is to inherit the spirit of the most adventurous and confident people ever to walk the face of the earth.

Americans are the people who pursued our Manifest Destiny across the ocean, into the uncharted wilderness, over the tallest mountains, and then into the skies and even into the stars.

We are the country of Andrew Jackson, Ulysses S. Grant, and Frederick Douglass. We are the land of Wild Bill Hickock and Buffalo Bill Cody. We are the nation that gave rise to the Wright brothers, the Tuskegee Airmen, Harriet Tubman, Clara Barton, Jesse Owens, General George Patton, the great Louis Armstrong, Alan Shepard, Elvis Presley, and Muhammad Ali. And only America could have produced them all.

In fact, it sounds rather similar to what Joe Biden said in the aftermath of the George Floyd killing, in a speech I lauded as an example of how to teach a patriotic, if imperfect, version of American history:

We build the future. It may in fact be the most American thing to do.

We hunger for liberty the way Harriet Tubman and Frederick Douglass did.

We thirst for the vote the way Susan B. Anthony and Ella Baker and John Lewis did. We strive to explore the stars, to cure disease, to make this imperfect union as perfect as we can.

We may come up short—but at our best we try.

In other words, both Trump and Biden seem to be saying, let’s tell our story the way Hamilton does.

Yet Hamilton, less than five years old, is now considered “not woke enough” in some quarters. As Megan McArdle wrote in reference to the mass toppling of
statues, it’s critical to be able to draw lines, to make distinctions, to say when enough is enough. Otherwise the mob rules, and we sacrifice our precious inheritance—of history, of the Enlightenment, and of the truth.

**COURAGE**

So back to our beleaguered history teachers. It would be hard to fault them for trying to sidestep any and all controversies, especially in light of recent injustices and racial tensions, or to take the edges off them with bland, anti-septic readings, such as those common in textbooks. But that well-traveled road leads to bored, disengaged students, and contributes to young Americans’ woeful knowledge of our nation’s history.

A better approach is the one modeled by the new Advanced Placement US history curriculum, which, after some initial missteps, manages to tell the American story in all its fullness and glory without slipping into politicization or veering from the truth. Other courses could as well.

Let’s be honest, though: such an approach won’t make everyone happy. It might not make anyone happy. So we should remember to applaud our history teachers who show the courage to do it anyway, who give our young people the complete picture of America, not just one that fits the preferred narratives of the left or the right. Because the courage to speak the truth is part of the American story, too.

*Reprinted by permission of the Thomas B. Fordham Institute. © 2021 The Thomas B. Fordham Institute. All rights reserved.*

---

New from the Hoover Institution Press is *Unshackled: Freeing America’s K–12 Education System*, by Clint Bolick and Kate J. Hardiman. To order, call (800) 888-4741 or visit [www.hooverpress.org](http://www.hooverpress.org).
Maleficent Marxism

Bitter experience should have cured the world long, long ago of the virulent virus called Marxism. But the disease always finds new hosts.

By Bruce S. Thornton

What we have been witnessing over the past year of turmoil is the manifestation of a Marxist ideology and methodology over one hundred and fifty years old. This intellectual virus has waxed and waned over that time, but has survived and found new hosts for one reason: the liberal democracies have adopted policies that accept and legitimize the technocratic, redistributionist, centralized Leviathan state.

Such endorsement of basically collectivist economic and social policies has created in the body politic the potential space in which Marxism can slumber until it erupts into an epidemic.

Many of us are puzzled by the endorsement of socialism on the part of the richest, freest, best-nourished people who ever existed. We point out socialism’s failures, from the failed revolutions of 1848 to the outbreak of World War I, when socialist political parties across Europe voted to finance a war in which millions of men fought, suffered, and died for the flags of their

Bruce S. Thornton is a research fellow at the Hoover Institution, a member of Hoover’s Working Group on the Role of Military History in Contemporary Conflict, and a professor of classics and humanities at California State University, Fresno.
countries—nations that Marxist doctrine claimed were transitory, parochial epiphenomena destined to disappear when communism triumphed and the Red “heaven on earth” joined mankind in one global, collectivist identity.

But Marxist theory had been proven false decades before the Great War. As the great historian of the Soviet Union Robert Conquest pointed out, by the late nineteenth century “the Marxist predictions of a capitalist failure to expand production, of a fall in the rate of profit, a decrease in wages, of increasing proletarian impoverishment and the resulting approach of revolutionary crisis in the industrial countries, had all proved false.” The proletariat didn’t get poorer. They became middle class consumers.

PRETENDED “SCIENCE”
The Russian Revolution and the creation of the Soviet Union fostered for over half a century the illusion that communism and socialism were still viable. The Soviet regime, of course, was a Potemkin great power, which survived only because Western traitors had given Stalin the technical information necessary for creating atomic weapons. Yet the USSR was still able to spread Marxism across the globe, and to nourish the hopes of Western intellectuals that some fashion of collectivism could still usher in the communist paradise of perfect equality and social justice.

A disease that should have been eradicated thus persisted. In this country, the rise of progressivism successfully altered the constitutional order to create a technocratic regime of federal bureaus and agencies. This unelected, unaccountable apparat increasingly has encroached on the power and autonomy of states, cities, businesses, churches, families, and individuals by massive, intricate regulatory regimes. Like Marxism, its power was based on pretenses to “scientific” knowledge that in fact comprised scientism: ideological beliefs dressed up in the jargon and quantitative formulae of real science. The consequences are the “soft despotism” Tocqueville predicted when Karl Marx was still a callow youth studying Hegel in Berlin.

Marxism thus was kept alive in its “kinder, gentler” guise of progressivism. Franklin D. Roosevelt’s expansion of federal agencies and redistributive programs was the critical change that gave basic ideas of Marxism a place to hide. Meanwhile, socialism found fertile soil in the Great Depression, successfully marketed as the failure of capitalism, when in fact it was prolonged
by dirigiste schemes that tried to micromanage a system that is in the main self-regulating. This false narrative was seemingly validated by America’s success in rapidly creating the world’s greatest army and defeating Germany and Japan.

But that was a category error: intrusive, temporary policies and government involvement in the market are necessary in times of war, but they can become instruments of malign government interference in times of peace if allowed to live and metastasize. And, as they have in the United States, the citizens become hooked on entitlements and began to view them as rights, undermining the critical assumption of the founding that true human rights are inherent in human nature, not the gift of any government comprising flawed humans vulnerable to the corruption of power.

By the time of the next great expansion of the federal government, Lyndon Johnson’s “War on Poverty” legislation in the Sixties, this unconstitutional expansion of government intrusion was accepted as a legitimate function of government, and at times increased by Republican presidents and Congresses. No amount of subsequent serial failure of such technocratic hubris has been able to stop the institutionalizing of basically socialist assumptions. The result has been the bipartisan managerial elite, a political guild that defines how politics is conducted, what aims it should pursue, and who is qualified to run for office—selfStyled political “experts” rather than people with practical wisdom and experience in the real world.

More important, this legitimizing of the redistributionist socialist-lite Leviathan created a political ecological niche for a Marxism, hard or soft, that had already found a comfortable home in universities, think tanks, and culture whether high, middlebrow, or low. Cultural Marxism, the idea that revolution requires altering cultural productions, mores, and morals, flourished in this niche, from which it trickled down into the public school curriculum. Indeed, Black Lives Matter ideology will soon join the ahistorical “1619 Project” and Howard’s Zinn’s historically challenged agitprop, A People’s History of the United States, in American junior highs and high schools.

Thus the political regime of big government redistributing wealth to finance entitlements has been reinforced by cultural Marxist theorizing. Especially important has been the exploitation of racial discontents kept

Outside of socialist countries, the proletariat didn’t get poorer, as Marx forecast. They became middle class consumers.
alive by intellectually bankrupt ideas like critical race theory, the notion that white people are inherently and irredeemably racist, and that this racism is manifested in public and political and social institutions. This discontent, publicized and exaggerated by compliant news media, becomes a permanent “crisis” useful for leveraging power for one political faction at the expense of the people.

Here is where the Black Lives Matter movement and its Brownshirt enforcers, Antifa, thrive. Their founders and leaders are self-professed “trained Marxists” who are busy exploiting the coronavirus unrest, while despising the fellow-traveling ruling class who haven’t used their power to effect the radical changes the revolutionaries demand. BLM’s leaders have taken the measure of blue-state mayors and governors who can be browbeaten into giving them—as Stephanie Rawlings-Blake, mayor of Baltimore, said in 2015 during the riots over Freddie Gray’s death in police custody—space “to destroy,” and so create telegenic disorder and violence they can blame on others.

Democrats have embraced much of their radical wing’s policy prescriptions, all of which involve greater government intrusion into the economy, more redistribution of productive people’s money, expansion of regulations and agency functionaries, and more power for themselves. They expect to enjoy further influence and government billets in years to come.

Of course, the bulk of the protesters and rioters—badly educated, filled with nonsense from university “studies” departments, and idled by the coronavirus lockdowns—are indulging the romance of revolution on the cheap, given the low odds of arrest and even lower ones of being charged, tried, and if convicted, spending time in jail. But remember, every revolution is accomplished by a minority of true believers using expendable fellow travelers as shock troops and cannon fodder. In 1917 a mere ten thousand Bolsheviks seized control of a great empire of 126 million people.

**CRITICAL CONDITION**

The collapse of the Soviet Union in 1991, then, was not the “end of history,” for the virus of Marxism lived on in the institutions of the West, including the United States, where progressivism had institutionalized many of its features. It has been biding its time, waiting for crises from World War I to
the coronavirus to supply opportunities to expand from its receptive spaces in government, education, and culture and seize control and finish the job of “fundamentally transforming America.”

We now see the ground being prepared for the final demolition of the constitutional order: the elimination of its institutions to check and balance power, whether of the majority or minority, through changes such as getting rid of the Electoral College; packing the Supreme Court; basing the number of senators on population; or weakening the Bill of Rights by revising or eliminating the First and Second Amendments, efforts already apparent via draconian gun laws and the silencing of dissident voices who deviate from the “woke” gospel.

The months to come ultimately will be a referendum on whether we the people should undergo that “transformation” or move to check the latest Marxist assault and keep our freedom. As it has been for centuries, the choice will be between freedom and tyranny. □

Reprinted by permission of FrontPage Magazine. © 2021 FrontPageMagazine.com. All rights reserved.

New from the Hoover Institution Press is In the Wake of Empire: Anti-Bolshevik Russia in International Affairs, 1917–1920, by Anatol Shmelev. To order, call (800) 888-4741 or visit www.hooverpress.org.
Epidemics—Even of “Wokeness”—Do Subside

America’s liberal tradition may, in the end, be the best medicine against the predations of an arrogant elite.

By Josef Joffe

More than one epidemic has swept the land. One of them can be called “wokeness” or “groupthink.” This virus of ideological conformity has spread so quickly as to unnerve even twenty-four-carat liberals toiling in the knowledge industry. Last summer 152 of them, including prominenti like Salman Rushdie, J. K. Rowling, and Michael Walzer, published a “Letter on Justice and Open Debate” in Harper’s Magazine to inveigh against the demolition of free speech and thought.

The symptoms of the outbreak are familiar enough. To cite the core diagnosis: “The free exchange of information and ideas, the lifeblood of a liberal society, is daily becoming more constricted,” the letter says. It lists

Josef Joffe is a distinguished visiting fellow at the Hoover Institution, a member of Hoover’s Working Group on the Role of Military History in Contemporary Conflict, and a senior fellow at Stanford University’s Freeman Spogli Institute for International Studies. He serves on the editorial council of Die Zeit in Hamburg and the executive committee of The American Interest.
“intolerance of opposing views,” “public shaming,” and the bane of “blinding moral certainty.” Daily, the signers charge, the reputations and careers of writers, teachers, editors, and CEOs are being destroyed.

*It Can’t Happen Here,* Sinclair Lewis assured us in his semi-satirical novel of 1935. And the fascist “plot against America,” as laid out in the eponymous book by Philip Roth, did fail in the end. Yet from today’s vantage point, these two greats were off the mark while dwelling on the depredations of the twentieth century. In today’s liberal-democratic West, the agent of repression is not the almighty state as embodied in Metternich’s secret police, the Soviet NKVD, or the German Gestapo. Instead, as the comic strip character Pogo reported to his friends, “We have met the enemy, and he is us.”

Whoever wants to understand what is afflicting Western postmodernity— with the United States going first and Europe following—should read the two chapters of Alexis de Tocqueville’s masterwork, *Democracy in America* (1835), on the tyranny imposed not by an oppressive regime but by a free society. Two centuries years ago, the young Frenchman praised America’s “extreme liberties” only to warn of a deadly downside: nowhere else, he wrote, was there “less independence of mind and true freedom of discussion than in America.” Today, he would single out not the “tyranny of the majority” but the hegemony of a minority that has scaled the “commanding heights,” as Lenin put it, of the culture: schools, universities, media, foundations, and even boardrooms. The word, it turns out, is mightier than the sword of yesteryear’s potentates. These figures, Tocqueville noted, relied on “chains and executioners,” on “crude instruments.” Today, heretics are not killed but “canceled.”

**THE RE-EDUCATION SQUAD**

Tocqueville’s foresight was eerie. Focusing on “superior social power”—make that “superior cultural power”—he wrote about a “formidable circle around thought. Within these limits, the writer is free; but woe to him if he dares to go beyond them. It isn’t that he has to fear an auto-da-fé but he is exposed to . . . everyday persecutions. A political career is closed to him. . . . Everything is denied him. . . . Before publishing his opinions, he had some partisans”—no more. His censorious enemies “speak openly”; lacking courage, his friends
“keep quiet and distance themselves. He gives in . . . and returns to silence, as though he felt remorse for having told the truth.”

Sounds familiar, though with a startling new twist on the game of “name and shame.” Back then, culprits were dragged off to the pillory. To escape canceling
and professional extinction, culprits must now chain themselves in self-humiliation. Or bend their knees in penance. Moral cruelty subs for physical cruelty.
DETROIT FEDERAL THEATRE
UNIT OF MICHIGAN WORKS' PROGRESS ADMINISTRATION
PRESENTS
‘IT CAN'T HAPPEN HERE
BY SINCLAIR LEWIS
LAFAYETTE THEATRE
TUESDAY OCT 27
19???
ALL SEATS RESERVED - POPULAR PRICES 50-40-25-10
Tocqueville, to repeat, was castigating the “tyranny of the majority.” In our time, the elites are in charge. “Goodthink,” to recall Orwell, is the project of a passionate minority privileged not by birth and station but by achievement, acquired status, and job security afforded by their place in the knowledge economy and the public sector. The task of “Goodthink,” Orwell explained, was “to make all other modes of thought impossible.”

Who are the democratic disciples of Goodthink? In a wide-ranging project, The Hidden Tribes of America (hiddentribes.us), the social research outfit More in Common found out that members of this group—“younger, secular, cosmopolitan, angry”—make up just 8 percent of the population, the others filling up what it calls the “Exhausted Majority.” The opinions of these “Progressive Activists” diverge dramatically from the rest.

For instance, in a recent Pew poll, three-quarters majorities of whites, blacks, and Hispanics aver that “diversity is good for the country.” On the other hand, an equally large majority of all adults say that only qualification should matter in the hiring policies of firms and organizations, “even if it results in less diversity.”

More than seven in ten do not favor racial preferences in college admission. Does America want to defund the police, as the Progressive Activists demand? A 73 percent majority want local spending on police to remain the same (42 percent) or to increase (31 percent).

What follows from such numbers? Today, the Great Alexis would have to revise his dour take on the tyranny of the majority. He would zero in on a smallish subset determined to “re-educate” the rest so that they will never again commit thoughtcrime.

But the country is beset by rampant polarization, right? Routinely blamed as a driver of ideological civil war, polarization is actually not the problem, at least as shown in data such as the above. Us-against-them does not reflect American reality beyond the outraged 8 percent. Wokeness is an elite project, though it comes armed with disproportionate influence over minds.

“A FAMILIAR PLOT: Sinclair Lewis’s novel It Can’t Happen Here was produced as a play (opposite page) in the 1930s, with an undercurrent of the growing European Fascist threat. The novel is often seen as a perpetual warning against populist authoritarianism—which in the United States is perpetually fended off.” [Library of Congress]
and morals. As Tocqueville taught, this “social power” does not require the whip of an overpowering state. The problem is rather a lopsided order of battle where the articulate few are up against what Hidden Tribes calls the “Exhausted Majority.” Two-thirds of the population belong to this last group, folks who are “often forgotten in the public discourse because their voices are seldom heard.” They are not united by a single ideology; indeed, they are flexible in their beliefs. They do believe that “we can find common ground.” So, unlike Tocqueville’s tyrannical mainstream, the “Exhausted Majority” is neither the threat, nor, alas, the solution.

Lacking cultural clout, the many are not equipped to turn the tide. Nor is this task their responsibility. The battle is within the “Liberal Class,” a term coined by Thomas Frank, an old-school progressivist, in his 2016 book *Listen, Liberal*. This is where the letter of the 152 hits home. The manifesto may—just may—signify the launch of an intra-elite struggle over the country’s soul and fate. The incipient uprising marks a clash between terrified liberals and their terrifying kin.

### JACOBS, BEWARE

Though almost apologetically balanced between the claims of “freedom” and “social justice,” the *Harper’s* letter is the first timid sign of a liberal revolt against liberal illiberalism.

And make no mistake, this is not about ideals alone. Ideals are rarely enough when the battle is over the “commanding heights” of the culture. Victories over speech and thought come with palpable benefits denominated in power, position, and entitlement. For this “Resistance 2.0” (as limned in the letter) the fight is on two levels. On one, this is a struggle for the indispensable ideal of a free commonwealth—a noble cause. But the other is grounded in the self-interest of a rattled subset of the intelligentsia threatened by marginalization unless its members bend to the new orthodoxy. The signatories insist: “As writers, we need a culture that leaves us room.” For what? For “experimentation and risk-taking.” Precisely: that is what free thought is all about. But

---

*Wokeness doesn’t arise from the masses. It is an elite product.*
unless this space is in fact safe, risk-taking—let alone “wrongthink”—will slice into careers and emoluments.

Self-interest is more reliable than idealism in the intra-liberal culture war. The sub-elite that has raised the flag of resistance can thrive only in a free market for ideas unfettered by the ever-present charge of thoughtcrime.

Three cheers, then, for the 152 signatories, though some have since bowed their heads and peeled off. Take heart. The particular interests of the signatories are those of the whole, now beset by the martinet's of the true faith. Indeed, even those who wield the whip today should allow themselves second thoughts. So often in history, ideological victory has devoured its own children. At any rate, the threat to the well-being of the apostates is the same as to the freedom of all the rest, including the vanguard.

Tocqueville beheld the threat ages ago. In spite of its “extreme liberties,” the country has so often assaulted dissent ever since John Adams signed the Sedition Act of 1798, which penalized “false, scandalous, or malicious writing.” Two years later, the law was rescinded. The Senate censured Joe McCarthy after four years.

In the end, Tocqueville was always proven wrong. This is the best news. Epidemics do subside—whether they afflict the body or the mind. Antibodies form, vaccines come onstream. America’s liberal tradition is its own best cure.

Reprinted by permission of The American Interest. © 2021 The American Interest LLC. All rights reserved.

Available from the Hoover Institution Press is American Exceptionalism in a New Era: Rebuilding the Foundation of Freedom and Prosperity, edited by Thomas W. Gilligan. To order, call (800) 888-4741 or visit www.hooverpress.org.
Mission to Baghdad

Just as it might have done a hundred years ago, the Hoover Archives has rescued, protected, and restored a historical treasure. The beneficiaries include scholars, of course, but above all the people of Iraq.

By Haidar Hadi, Rayan Ghazal, Erik Lunde, and Jean McElwee Cannon

Last summer, the Hoover Institution’s Archives returned millions of documents related to Saddam Hussein’s Ba’th Party to Iraq after caring for them for more than a decade. The journey of this collection, the world’s largest and most significant archive of a modern authoritarian regime, began amid the rubble of Baghdad; continued through highly specialized preservation, storage, and digitization facilities in the United States; and concluded with a special flight back to Iraq aboard a massive US Air Force cargo plane. The collection is now kept in a protected location as a resource for scholarly study and, it is hoped, a source of healing for the Iraqi people.

Haidar Hadi is systems infrastructure manager for the Hoover Institution Library & Archives and a former office manager and systems information manager at the Iraq Memory Foundation. Rayan Ghazal is the head of the Library & Archives’ Preservation Department. Erik Lunde is a project manager for the Library & Archives. Jean McElwee Cannon is curator for North American collections at the Library & Archives.
The Ba'th Party collection came to Hoover in 2008 at the request of the Iraq Memory Foundation (IMF), an organization dedicated to preserving and learning from Iraq’s recent history, with support from the Iraqi government. At the time, conflict made it nearly impossible to protect the documents in their homeland. Spanning more than thirty years, the records offer a clear and intimate look into the methods deployed by Saddam and his associates as they expanded their ironclad grip over the Iraqi government, military, religious orders, and civilians. They amount to more than four thousand boxes of physical material and nearly six million digital files, a vast study of totalitarian rule.

Archival collections that document authoritarian regimes contain sensitive information about the survivors of violence, intimidation, and trauma. As the
steward of the Ba‘th Party records, Hoover strove to maintain the highest standards of care and protection for them. The work demanded extensive protocols of preservation and security while the documents were not only preserved but also cataloged, indexed, and given a searchable database before their return.

The project illuminated one of the major continuing tasks of Hoover’s Library & Archives. For more than a century, the institution has served as an international hub for the study of totalitarian regimes. With more than six thousand archival collections spanning from the First World War era to modern day, Hoover is one of the world’s largest repositories of the documents, photographs, films, and ephemera that tell the stories

**RECORDS OF TERROR:** The documents the IMF found detailed the organization, ideology, and membership of Saddam Hussein’s regime. Even as the IMF set out to process and preserve the unique records, security conditions deteriorated in Baghdad. [Iraq Memory Foundation]
of wars, revolutions, and peace movements across the globe. Scholars from around the world—and across Stanford University—visit Hoover to consult such collection material as the records of the KGB, the diaries of Generalissimo Chiang Kai-shek, the legal profiles of Nazis prosecuted at the Nuremberg war crimes trials, and the correspondence of the leading figures of the Solidarity movement that routed Soviet rule from Poland. Yet perhaps no collection documenting the inner workings of an authoritarian regime has received more recent attention than the Ba’th Party records. The conclusion of this complex international project is one of the Library & Archives staff’s proudest moments.

**DANGERS: A mortar attack damaged an Iraq Memory Foundation building in Baghdad in 2008. Fortunately, none of the archival material was damaged. However, IMF staff realized that decades of historical documentation was at risk of looting or violence, and reached out to Hoover in search of a safer place to store the Ba’th collection.** [Iraq Memory Foundation]
The Iraq Memory Foundation

In 2003, the people of Iraq faced the challenge of building new lives and a new country after the fall of Saddam Hussein’s regime. To forge a different—and free—society, Iraqis resolved to preserve the country’s history so that the mistakes and abuses of the past would not be repeated. The Iraq Memory Foundation, founded by Kanan Makiya, helped to lead the charge. Its mission was “to encourage and inform development free from half-truths and distortions, to use the Iraqi experience to advance understanding of trauma throughout the world, and, by so doing, to honor the victims and the survivors of this dark era in the country’s history.”

One of the IMF’s highest priorities was to find and protect records of Ba’th Party activities. In 2003, IMF members found a bonanza: in the basement of a Regional Command Center they found a collection of millions of documents, video recordings, and photographs detailing in full the organization, ideology, and membership of Saddam’s regime. Few other archival collections in existence provide such an exacting look at the sinews of a totalitarian regime. From the mundane details of daily governance to coercive acts and highly organized espionage operations, the collection tells the story of a society terrorized for decades.

The IMF contacted the Coalition Provisional Authority (CPA) to help transport the collection and to protect it from the militia and former party members who were trying to loot or destroy it. From the start, the IMF asserted that the archives would be digitized for historical preservation and security, with the ultimate aim of giving scholars access to the records. Because the collection was so large, indexing and cataloging were crucial: scholars and other users needed the archives to be readily searchable. As IMF staff members processed the collection, they created a unique barcode for each archival binder. Digitization began in 2003 in the Baghdad office of IMF and, in just one year, the IMF scanned approximately 650,000 items. IMF staff, recognizing the value of the collection, its sensitive nature, and the constant danger...
BRUTAL: Iraq leader Saddam Hussein brandishes an AK-47 during a tour of northern Iraq in 1998. The Ba’thist leader was in power from 1979 to 2003, when a US-led coalition deposed him. The Iraqi Interim Government convicted him in November 2006 of crimes against humanity, and he was executed the next month. [AAR/Sipa/Newscom]
posed by those seeking to see it destroyed, worked tirelessly to preserve it. Every document was carefully identified, indexed, digitized, and then locked in a secure facility.

But security conditions deteriorated. IMF staff members found themselves constantly under threat: a staff member was killed by militia members, others were captured and tortured, and many received death threats against themselves and their families. Staff members regularly hid their IMF identity cards in their shoes in case they were stopped and interrogated by militias. Furthermore, IMF headquarters, located in the Green Zone of Baghdad (the seat of government and military operations), faced a barrage of shelling in the early years of the Iraq War. In 2008, IMF headquarters was hit by a mortar round that caused extensive damage. Fortunately, no collection material was in the building. IMF leadership realized,
however, that had a shell hit the collection, thirty years of Iraq’s history would have been lost. Finally, in an effort to protect the materials, the IMF decided to move the archives to secure storage in the United States, where it could complete the project of digitizing the records and making them searchable.

In 2007, the IMF reached out to the Hoover Library & Archives’ director, curators, and preservation specialists. The next year, Hoover agreed to the temporary deposit and protection of the party records until they could be safely returned to Iraq. Richard Sousa, then–director of the Library & Archives, quickly recognized the value of the collection and that it would be well-placed at Hoover. “The Hoover Library & Archives has long been a haven for fugitive materials,” Sousa said in an interview. “When the Iraq Memory Foundation offered the Ba‘th Party papers to us, it seemed a natural. After consultation with John Raisian, former director of the Hoover Institution, and Lauren Schoenthaler of the Stanford General Counsel’s Office, we agreed to accept the materials to continue the Library & Archives’ long tradition as a repository for important materials held for safekeeping and for use in research. The significant interest in this collection by scholars from around the world and publications based on these materials certainly justified our decision.”

Eric Wakin, director of the Library & Archives since 2014, supported the preservation and effort to return the party records to Iraq. He has also encouraged scholarship based on the archives, pointing out that “the collection provides unique access to the inner workings of a brutal authoritarian regime; researchers gain insight to both elite and foot soldier thinking and practice and can see how detailed the surveillance and coercive measures of Saddam’s state were.”

Under the leadership of Kanan Makiya, founder of the IMF; Hassan Mneimneh, director of the documentation project; and Mustafa al-Kadhimi, then–director of the Baghdad IMF office and currently the prime minister of Iraq, the IMF transferred the collection to the United States in 2005 with the plan to digitize the documents in full and launch a large-scale metadata project to make the records usable to researchers. Mneimneh designed and implemented all aspects of the project, including the creation of a document scanning

From mundane details of daily governance to coercive acts and highly organized espionage operations, the collection tells the story of a society terrorized for decades.
GUARDIANS: Hoover Head of Preservation Rayan Ghazal and his team took custody of the collection after the materials arrived in the United States and were taken to a military facility in West Virginia. The team then escorted the collection across the country to Stanford. Of the overall project, Ghazal said “the mission resonated deeply, both personally and professionally.” [Erik Lunde—Hoover Institution Library & Archives]
facility in Baghdad, assembly of document research teams, and development of relationships with local and international organizations. Haidar Hadi, formerly an IMF office manager and systems information manager, was pivotal to the digitization project, especially in terms of building metadata tools. Since 2009 Hadi, an expert on the collection, has lived in the United States and worked at Hoover. During the materials’ twelve-year sojourn at Hoover, Hadi has assisted researchers using the collection, improved and updated the database of digital files, taught classes on Iraqi history using the records, and maintained relations with the IMF and the Iraqi government. Hadi has served as the ambassador of the collection for students, historians, and the general public seeking to understand his homeland’s complicated history.

**CROSS-COUNTRY ODYSSEY**

The enormous size of the collection posed significant challenges. Under the leadership of Rayan Ghazal, head of preservation, Hoover staff members collaborated with the IMF to ensure the swift and safe transfer of materials to California, with a goal of making the records available to researchers as soon as possible. In September 2007, Ghazal met in Washington with an IMF team and then visited a military facility in Rocket Center, West Virginia, where the collection had been digitized and stored after its arrival in the United States. After completing a full preservation assessment, Ghazal created a logistical plan to move the materials across the country.

Security was paramount. Ghazal, who has worked at Hoover since 1997 and has preserved many of Hoover’s most valuable materials, reflected that “rarely are we made responsible for one of the most complete collections documenting thirty years of a nation state.” Ghazal, who immigrated to the United States from war-torn Lebanon as a child, stated that “the mission resonated deeply, both personally and professionally. We have an abiding connection to preserving and learning from the historical record, especially when safeguarding the records of nations in conflict.”

Every risk to the collection had to be documented, assessed, and mitigated as much as possible. It was necessary to maintain a documented chain of custody across thousands of miles; Hoover or IMF staff members

*The collection was transferred to the United States in 2005 with the goal of digitizing the documents in full and building a metadata project to make the records usable.*
accompanied the collection at all times during the move. Before loading the trucks that would transfer the collection, two forty-foot containers that housed the collection in West Virginia had to be unloaded—a process that required Ghazal and his team to spend three days in a freezing warehouse arranging materials on pallets. Finally, on February 13, 2008, a convoy of

DO NOT DISTURB: Two entire floors of the Hoover Tower were set aside for storage of the Iraq materials, a job that required building an entire mile of shelving. Preservationists also made sure the storage boxes were free of destructive materials such as metal, rubber bands, mold, and pests. The boxes sat undisturbed for a decade while negotiations for their return continued. [Erik Lunde—Hoover Institution Library & Archives]
three semitrailer trucks set out with an escort. GPS modules had been hidden in the cargo, each truck carried a disaster response kit, and a Pinkerton agent accompanied the convoy across the country. At each stop, the cargo was inspected. In total, the trip—delayed by an unusual New Mexico snowstorm—took six days.

Upon arrival in California, every box in the collection was assessed and pre-emptively treated for pests through a freezing process. At a commercial facility at Moss Landing, the boxes were submitted to a “blast freezing” followed by an additional two weeks at twenty degrees Fahrenheit. Then the collection was moved to Hoover Tower—again under strict security. A secure space to receive each shipment was established in the Hoover Tower, where each box was cleaned and placed in its designated spot. Custom-made carts maximized the capacity for seemingly endless elevator trips to the two floors of the tower set aside for the collection. By the end of the move, Hoover had built an entire mile of new shelving for the records—a process that required patience, planning, logistics, and the help of several engineers.

After securing the collection within the Hoover Tower, staff members conducted an audit to ensure all boxes were accounted for. The materials were then rehoused in new, acid-free boxes. Ghazal and his team then created a detailed preservation work plan. Preservation specialists searched for threats such as corrosive metal, rubber bands, mold, pests, and debris, and methodically removed them.

Work also began to process the massive archive electronically. The Ba’th Party records constitute a mass of nearly six million digital files. In order to be useful to the researcher, the files require metadata for ease of searching—a process made complicated by the fact that handwritten Arabic is not currently machine-readable. When the collection was initially digitized in Iraq, technicians did not have the resources to create metadata simultaneously. At Hoover, staff members executed file normalization, renaming, content validation, and, most important, collecting all the metadata from these different aspects of the project to build the discovery platform. Highlights of the work of these staff members included building

**For ten years, the location of the collection was known only to the archivists and librarians working on it. Staff members working on digital projects never touched the physical objects.**
datasets of party materials related to the Regional Command Center (BRCC); North Iraq; Kuwait; national school registers; party membership; and video materials. Metadata also were generated from new projects, and Archives staff used a custom interface to create that metadata and view digital objects.

Throughout the multiyear process of handling the collection, a strict access policy was maintained. The location of the collection was known only to the archivists and librarians working on it, and staff members working on digital projects never touched the physical objects. For added security, staff members working with the collection signed a nondisclosure agreement. All were aware of the vast responsibility of stewardship of Iraq's cultural heritage.

ON THE ROAD AGAIN

By the fall of 2018, the Ba'ath Party materials had been stored on two full floors of the Hoover Tower for nearly ten years, while talks concerning their return continued. At this time, Hoover set out to move sixty thousand linear feet of the collection material to offsite storage. The institution, led by project manager Erik Lunde, was re-evaluating space needs throughout Hoover's three campus buildings in preparation for the demolition of the Lou Henry Hoover Building and the rearrangement of archival space. Staff recognized that existing space could not accommodate repacking the 4,368 boxes in the Iraq collection. Hoover therefore turned to a partner, Iron Mountain Inc., to see if it could store the Iraq materials as part of its role in the Lou Henry Hoover project.

During six weeks in the summer of 2019, the collection was moved to Hoover's vault at an undisclosed location. Even for this comparatively short trek, staff members took steps to prepare the collection not only for this stage but also for the later journey. Each week, a team of Hoover and Iron Mountain staff prepared truckloads of material, then loaded and transported the cargo to the vault. Each acid-free collection box went into a protective over-carton; boxes and over-cartons received barcodes; the full

SECURE: Hoover staff took extensive precautions in the handling, storing, and preservation of the Iraq materials. Here, a tamperproof seal (opposite page) on a truck ensures the integrity of the cargo. Staff also accompanied the movements of the collection at all times, whether across the country or within the greater Bay Area, to preserve the chain of custody. [Haidar Hadi—Hoover Institution Library & Archives]
over-cartons were weighed, photo-documented, and sealed with a tamper-proof seal; and finally entered on a spreadsheet. The boxes were scanned when loaded, unloaded, and placed on storage shelves. There they remained until their final trip home.

After years of discussions with the government of Iraq, led by Ambassador to the United States Fareed Yasseen, the US Department of Defense, the Iraq Memory Foundation, and the US State Department, planning for the final leg of the return gained momentum in May 2020. With the assistance of past Hoover Institution director Tom Gilligan and current director Condoleezza Rice, Eric Wakin and Haidar Hadi worked with state and government agencies in the United States and abroad to secure the safest route for the return. Once a flight date was confirmed, Hoover and Iron Mountain assembled a team to load everything into 243 heavy-duty corrugated cardboard shipping containers over the course of four days in late July. The containers were packed with materials to maintain constant temperature, fend off humidity, and create a vapor barrier, then sealed with security straps.

**HOMEWARD BOUND: A huge Air Force cargo plane prepares to take off from Travis Air Force Base in Fairfield, bound for Iraq with the preserved Ba’th Party collection. Twelve years after the materials were first rescued, they have now been settled in a secure, protected facility for future study.** [60th Air Mobility Wing]
In one day, five fifty-three-foot trucks were locked, sealed, and escorted by Hoover staff to Travis Air Force Base in Fairfield. Upon arrival, the Hoover escorts unlocked the cargo holds and a team of Air Force personnel from the 60th Air Mobility Wing unloaded the container stacks, scanned each one to confirm receipt, loaded the stacks onto pallets, covered the pallets in three layers of plastic, netted the pallets, and then arranged them in a warehouse to await transport a few days later. At 3:30 a.m. on a Saturday in August full of wildfire smoke, loading commenced onto a C-5 cargo jet, concluding two hours later. The Hoover staff on hand to watch the giant plane take off included Haidar Hadi, Rayan Ghazal, and Erik Lunde. Videographers recorded the transfer and gave copies of the footage to the Hoover Library & Archives for its collection record and to the Iraqi government to affirm the integrity of the process. A formal chain of custody returning the collection to its owners, the people of Iraq, was signed before the collection left California. After the collection arrived in Iraq on August 31, the government moved it to a secure facility, with plans to build a bigger facility where the collection can be accessible to the people of Iraq.

LEARNING FOR THE FUTURE

The collection has already paid dividends for countless scholars, students, faculty members, and fellows.

In the years since the party records arrived, they have served to inform books, newspaper and journal articles, and dissertations. More than 170 researchers have accessed the collection since it was first made available in the Hoover Library & Archives reading room, and documents from the collection have appeared in exhibitions and tours.

Multiple departments at Stanford University have used the collection for undergraduate education, building classes around visits to Hoover and guest lectures by Haidar Hadi. Alexander Key, associate professor of Arabic and comparative literature, has used the collection in classes on Arabic language. Professor Elaine Treharne of Stanford’s English department has crafted classes and assignments around the party records for her popular class on ethics in archives. Instructor Basma Fahoum of Stanford’s history department employs the collection

Before the collection left California, a formal chain of custody was signed, returning the materials to the people of Iraq.
for classes on Iraqi history. And Samer Al-Saber, assistant professor of theater and performance studies, has included a class visit to Hoover for his course on Middle Eastern politics taught through the Center for Comparative Studies in Race and Ethnicity.

The collection has also inspired a robust output of scholarship on Iraq, the Ba‘th Party, and the nature of authoritarian rule by leading historians such as Joseph Sassoon, Dina Rizk Khoury, Samuel Helfont, and Aaron Faust. Lisa Blaydes, assistant professor of political science at Stanford, has spent long hours poring over the documents in the party collection, finding that “the archives were invaluable when I was doing the research for my book *State of Repression: Iraq under Saddam Hussein* [Princeton University Press, 2018]. The files related to Iraqi citizen political behavior provided an important window into the survival strategies of ordinary Iraqis who were forced to live under highly repressive political conditions.”

Researchers on war crimes have also used the collection to understand totalitarian regimes and identify perpetrators who may reside in the United States. Investigators use the collection as reference material to improve their knowledge of specific roles within the party, delineate the various tiers within the party, and verify individuals’ rank and responsibilities. In judicial proceedings against alleged perpetrators of human rights violations, for example, a specific document might be used to prove an individual’s membership in the party or involvement in a crime.

An investigator specializing in international human rights and war crimes commented that the “historical records of the Ba‘th Party not only aid in our understanding of the Hussein regime but give an indication of how current and future totalitarian regimes may assign responsibility to their members, and how they may seek to mask their true missions of persecution and control. The archive is an invaluable resource for investigative and prosecution efforts of law enforcement to seek justice for the victims of the Iraqi regime under Saddam.”

The value of the party records, to both history and education, cannot be overestimated. In just one decade, the collection has generated dozens of significant works on Iraqi history, sparked debate about access and

---

_Dozens of researchers have accessed the collection since it was first made available in the Hoover Library & Archives reading room._


use of fugitive documents, and been used by activists and researchers seeking to end totalitarian violence and terrorism. With the collection’s return to Iraq, however, the records can now perhaps serve the even greater purpose of helping the Iraqi people come to terms with a brutal and traumatic past. The records belong to those who lived through it and continue to feel its effects. We at Hoover are thankful to have been given the opportunity to preserve and return the historical record to a society so deserving of reconciliation, recovery, and peace.

Special to the Hoover Digest.

Available from the Hoover Institution Press is Defining Moments: The First One Hundred Years of the Hoover Institution, by Bertrand M. Patenaude. To order, call (800) 888-4741 or visit www.hooverpress.org.
T
his Hungarian poster offers a biting satire of a communist trope. Here the familiar “Red worker” of socialism, generally shown smashing capitalism with his sledgehammer, has accidentally smashed Hungary itself. The image refers to the implosion in 1919 of the Hungarian Soviet Republic, which ruled—under Lenin's direct control—a mere 133 days. The communist regime, brutal and unpopular in the countryside, dissolved amid a welter of wars with neighboring nations. Further violence was to follow.

The artist was well known. Miltiades Manno (1880–1935) was born in Pancsova, Austria-Hungary (modern Pančevo, Serbia), a multiethnic Danube port. He trained as an artist in Munich. Manno was a celebrated all-around athlete who competed for Hungary as a rower in the 1912 Olympic Games in Stockholm and also made his mark in swimming, soccer, and speed skating, winning many championships. Wounded in the Great War, he had to abandon competitive sports, but he clung to sports as an artistic theme, specializing in muscular depictions of athletes. His sculpture of tumbling wrestlers won a silver medal at the 1932 Los Angeles Olympics artistic competition. His commercial portfolio also included the usual works of a graphic artist: advertisements, posters, and caricatures.

Manno's political posters and cartoons strongly supported the new anti-Soviet regime of Miklós Horthy, former commander of the Austro-Hungarian navy. Admiral Horthy blamed a “Judeo-Bolshevist” conspiracy for the previous government, and his military carried out violent acts against Jews. Scholars identify Manno as a key propagandist for the admiral's regime—a powerful poster shows the artist’s trademark sinewy arms gripping a ship's wheel, with the single word: “HORTHY!” Manno's anticommunist images were blunt and often bloody. One shows a crudely caricatured Jewish man stealing from a wounded veteran and crowing, “Everything is ours!”

Horthy was gradually, at times reluctantly, drawn into Hitler’s plans for Europe. Meanwhile, Hungary's native anti-Semitic current grew stronger. In 1944, Hitler lost patience with Horthy’s refusal to fully carry out his
goals—including massacres of Jews—forced him to abdicate, and put fascist forces in charge. Soviet forces captured Budapest in December.

As for Manno, his artistic style, suffused with notions of struggle and victory, was popular in Hungary during this time of aggressive nationalism. A bronze medallion he created in 1931 for “Army Sports Week” shows a shirtless, muscular soldier not wrestling, or rowing, or skating, or hurling a javelin—but instead clutching a dagger. Some scholars see in Manno’s work a search for a new national identity. For instance, an article in the Hungarian periodical World History by László Kürti identifies a key theme of “the Horthy cult” as “the myth of the hero, a national rescue soldier, which Manno was able to shape faithfully and with a confident hand.”

“Cartoonists construct what they have to say from stereotypes for ease of understanding and acceptance, but stereotypes have treated criminals and national and ethnic groups very cruelly,” Kürti added. To the end, Manno’s particular myth of a Greater Hungary was based on “the struggle against enemies and neighboring countries . . . and the internal great enemy, Judaism.”

—Charles Lindsey
Board of Overseers

Chair
Thomas F. Stephenson

Vice Chair
Susan R. McCaw

Members
Katherine H. Alden
Neil R. Anderson
John F. Barrett
Robert G. Barrett
Donald R. Beall
Peter S. Bing
Walter E. Blessey Jr.
Joanne Whittier Blokker
William Kay Blount
James J. Bochnowski
David Booth
Jerry Bruni
John L. “Jack” Bunce Jr.
James J. Carroll III
Robert H. Castellini
Jean-Pierre L. “JP” Conte
Berry R. Cox
James W. Davidson
Paul Lewis “Lew” Davies III
Steven L. Eggert
Jeffrey A. Farber
Henry A. Fernandez
Robert A. Ferris
Carly Fiorina
James E. Forrest
Stephen B. Gaddis
Samuel L. Ginn

Michael W. Gleba
Robert E. Grady
Jerry Grundhofer
Cynthia Fry Gunn
Richard R. Hargrove
Everett J. Hauck
Kenneth A. Hersh
Heather R. Higgins
Margaret Hoover
Philip Hudner
Claudia P. Huntington
Nicolas Ibañez Scott
James D. Jameson
William E. Jenkins
Franklin P. Johnson Jr.
Gregory E. Johnson
Mark Chapin Johnson
John Jordan
Stephen S. Kahng
Mary Myers Kauppila
Michael E. Kavoukjian
John B. Kleinheinz
Richard Kovacevich
Peter W. Kuyper
Allen J. Lauer
Howard H. Leach
Davide Leone
Howard W. Lutnick
James D. Marver
Craig O. McCaw
David McDonald
Harold “Terry” McGraw III
Henry A. McKinnell
Deedee McMurtry
Carole J. McNeil
Mary G. Meeker
Jennifer L. “Jenji” Mercer
Rebekah Mercer
Roger S. Mertz
Harold M. “Max” Messmer Jr.
Jeremiah Milbank III
Mitchell J. Milius
Scott Minerd
K. Rupert Murdoch
George E. Myers
George A. Needham
Thomas Nelson
Robert G. O’Donnell
Robert J. Oster
Jay A. Precourt
Jeffrey S. Raikes*
George J. Records
Christopher R. Redlich Jr.
Samuel T. Reeves
Kathleen “Cab” Rogers
Robert Rosencranz
Adam Ross
Theresa W. “Terry” Ryan
Douglas G. Scrivner
Peter O. Shea
Robert Shipman
Thomas M. Siebel
George W. Siguler
Ronald P. Spogli

David L. Steffy
Kevin Stump
Curtis Sloane Tamkin
Robert A. Teitsworth
Marc Tessier-Lavigne*
Charles B. Thornton Jr.
Thomas J. Tierney
Victor S. Trione
Darnell M. Whitt II
Paul H. Wick
Diane B. “Dede” Wilsey
Richard G. Wolford
Yu Wu

*Ex officio members of the Board

Distinguished Overseers
Martin Anderson
Stephen D. Bechtel Jr.
Peter B. Bedford
Wendy H. Borcherd
W. Kurt Hauser
Peyton M. Lake
Shirley Cox Matteson
Bowen H. McCoy
Boyd C. Smith

Overseers Emeritus
Frederick L. Allen
Joseph W. Donner
Dody Small
Robert J. Swain
NOW AVAILABLE

Defining Moments
The First One Hundred Years of the Hoover Institution
BERTRAND M. PATHERSSE

The Origins and Evolution of the World-Renowned Hoover Institution

Discover how the library and archives Herbert Hoover established a century ago to study the causes and consequences of war has evolved into one of the world’s premier public-policy research centers on matters relating to peace, freedom, and international affairs.

HOOVER INSTITUTION PRESS
800.888.4741
hooverpress.org
NOW AVAILABLE

China's Influence & American Interests
PROMOTING CONSTRUCTIVE VIGILANCE

EDITED BY LARRY DIAMOND & ORVILLE SCHELL

A Wake-Up Call to Understanding China's Influence Operations

Diamond and Schell examine China's increasingly assertive efforts to influence American society and institutions. The book also explores ways the United States can maintain a workable relationship with China without compromising its own values and strengths.
New Releases from the Hoover Institution Press

A Hinge of History
by George P. Shultz and James Timbie

Disruptive Strategies
by David L. Berkey

Unshackled
by Clint Bolick and Kate J. Hardiman

In the Wake of Empire
by Anatol Shmelev

hooverpress.org
The Hoover Institution gratefully acknowledges gifts of support for the *Hoover Digest* from:

**Bertha and John Garabedian Charitable Foundation**

The Hoover Institution is supported by donations from individuals, foundations, corporations, and partnerships. If you are interested in supporting the research programs of the Hoover Institution or the Hoover Library and Archives, please contact the Office of Development, telephone 650.725.6715 or fax 650.723.1952. Gifts to the Hoover Institution are tax deductible under applicable rules. The Hoover Institution is part of Stanford University’s tax-exempt status as a Section 501(c)(3) “public charity.” Confirming documentation is available upon request.

Contact:   hooverdevelopment@stanford.edu
   hoover.org/donate