

HOOVER DIGEST

RESEARCH + OPINION ON PUBLIC POLICY
WINTER 2019 NO. 1



THE HOOVER INSTITUTION • STANFORD UNIVERSITY

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 approaches its centennial 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.



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ON THE COVER

Tall bronze gates greet visitors to the Hoover Tower rotunda, a reminder of former president Herbert Hoover's lifelong affection for Belgium, where he led food-relief efforts during World War I. The rooster insignia on this gate represents the French-speaking inhabitants of Belgium, the Walloons; across the tower lobby stands a gate bearing the emblem of a lion, representing Flemish-speaking Belgians. Belgium was central to the story of the Hoover Institution's founding a century ago. See **story, page 9.** [Photo by Rachel Moltz]



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The Message

The Hoover Institution was born from a telegram: in it, the future president announced he wanted to collect material that might explain—even prevent—war. Since then, the work of the institution has grown ever more urgent.

By Bertrand M. Patenaude

On April 23, 1919, a telegram from Herbert Hoover in Paris arrived in Palo Alto addressed to his wife, Lou Henry Hoover. The cable was sent through Hoover's offices in New York City, relayed by Edgar Rickard, Hoover's financial manager and confidant. Folded between an opening line about the construction of the Hoovers' family home on the Stanford campus and a closing suggesting that Mrs. Hoover come to Paris with the couple's two boys was a message she was asked to convey to Stanford University President Ray Lyman Wilbur and Stanford history professor Ephraim D. Adams, both longtime friends of the Hoovers. She should advise them, Hoover wrote, "that if they keep it entirely confidential we can find [the] cost of their sending at once [a] suitable mission to Europe to collect historical material on [the] war[,] provided it does not exceed fifty thousand [dollars] [,] without further consideration."

The Hoovers were both graduates of Stanford. Herbert Hoover, a member of the Pioneer Class of 1895, was the first resident student to arrive at the new campus in 1891. He earned a degree in engineering and went on to achieve phenomenal success and great fortune as a businessman in the mining industry, which took him all over the world. In April 1919 when he sent

Bertrand M. Patenaude is a research fellow at the Hoover Institution.

his telegram, he was in Paris administering America's massive postwar food relief campaign across Europe as executive head of the Allied Supreme Economic Council and serving as adviser to the US delegation to the Paris Peace Conference, which opened on January 18. The message in his cable caused some head scratching at Stanford over what exactly Hoover had in mind. Professor Adams assumed it must have had to do with the records of the Commission for Relief in Belgium (CRB), the neutral humanitarian undertaking to deliver lifesaving food to Belgian citizens under wartime German occupation that had brought Hoover worldwide fame. Adams had designs on those records going back to the early days of the world war.

In September 1914, as the trench warfare on the Western Front settled into a stalemate, German-occupied Belgium had been threatened with famine. A densely populated and highly industrialized country, Belgium depended on imports for half its food, including three-quarters of its grain. The German occupation authorities refused to assume responsibility for feeding the Belgians and blamed the British naval blockade for preventing the country from being able to feed itself. On its part, the British government, which sought to tighten the economic noose around Germany and its armies, declared that feeding the Belgians was the responsibility of their German occupiers, and that, in any case, the German authorities were likely to seize imported food to support their own armies.

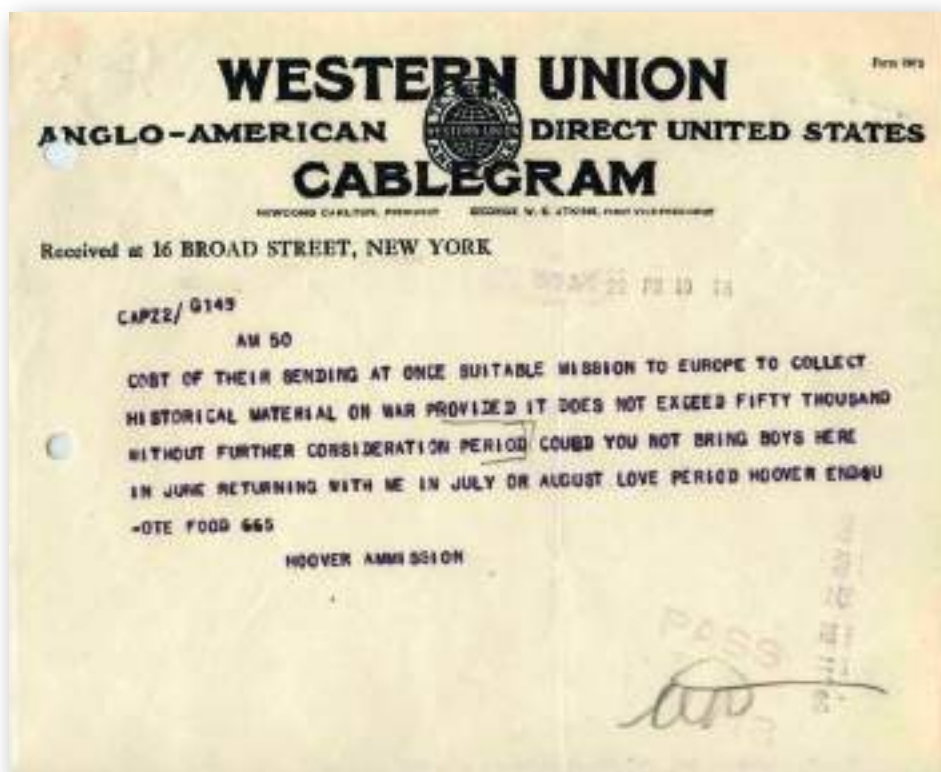
As the situation began to appear dire, Hoover stepped forward and agreed to head up a neutral commission to deliver food supplies to Belgium. At the time, Hoover was a businessman living in London. He had made a name

for himself beyond the business world in August 1914, when he arranged to furnish nearly two hundred thousand American tourists stranded in

The food mission launched Hoover's wartime and early postwar career as the "Master of Emergencies."

England by the war with emergency funds and transportation to the United States. After weeks of negotiations, on October 22 his Commission for Relief in Belgium (CRB) was established. Great Britain agreed to let food relief pass through its naval blockade, while Germany promised not to requisition the food once it arrived in Belgium.

In the winter of 1914–15 the CRB extended its operations behind the German lines into northern France, an industrialized region of more than eight thousand square miles between the war zone and the Belgian frontier, with a population of about two and a quarter million French civilians. In the end,



A START-UP: This second page of Herbert Hoover's cable, dispatched April 22, 1919, expresses his wish for a mission "to collect historical material on war." Stanford University history professor Ephraim D. Adams had spent several years urging Hoover to preserve the records of the Commission for Relief in Belgium (CRB), which Hoover headed. Hoover's actual goal was even more ambitious. [Hoover Institution Archives]

over its four-and-a-half-year existence, the CRB provided relief worth more than \$880 million. The mission launched Hoover's wartime and early post-war career as the "Master of Emergencies," in an epithet of that era, whose philanthropy was grounded in hardheaded business principles—he was also called the Master of Efficiency—and muscular diplomacy.

In February 1915, as the CRB's operations were winning Hoover laudatory headlines, Professor Adams wrote to him at his London headquarters asking that the CRB's records be preserved. "The thing is unique and it will seem even more so fifty years from now than it does today," he wrote. "Every bit of record that can be preserved ought to be preserved just as if these were



“EVERY ATOM OF MATERIAL”: Stanford history professor Ephraim D. Adams described setting out on the first collecting mission for the future Hoover War Collection: *“Mrs. Adams and I started for Paris on May 22, 1919, as a ‘suitable commission,’ leaving for later determination the scope and nature of the work and its organization.”* The Commission for Relief in Belgium files that Adams had so avidly sought became the nucleus of the burgeoning Hoover collection.

[Hoover Institution Archives]

government archives.” He then ventured to express the hope that those records might eventually be deposited at Stanford. Such a collection, he wrote, would “reflect greatly upon Stanford such as nothing else has done” in years to come. Hoover replied positively to the idea three weeks later: “I think that your suggestion is of extreme value and I will see to it that every atom of material is preserved, which it has been from the beginning, and it will be a fine idea to store them at Stanford University.”

In May 1915, Adams again wrote to Hoover with the Belgian commission records in mind, although a major preoccupation was the sinking of the British passenger liner RMS *Lusitania* on May 7. Nearly 1,200 of the total 1,959 men, women, and children on board perished that afternoon, 128 of them Americans. Adams described the shock delivered by the news and speculated that it would ultimately draw the United States into the war. “The whole thing is a horror, and the one bright spot in it is the work being done in Belgium, for that at least has in it an ideal of humanity and is an evidence of the real American spirit,” he wrote, before turning to his central consideration. “The more I think of all this, the more I anxiously hope that Stanford may some day have the historical records of the Belgian Relief Commission.” His motive was not self-interest, Adams maintained, but “rather a desire to see Stanford pre-eminent in the documentary materials of a great movement.” Adams sent Hoover further such missives that year and the next.

“FOOD WILL WIN THE WAR”

When the United States entered the world war in April 1917, the American relief workers attached to the CRB were withdrawn and operations on the ground were handed over to a neutral Spanish-Dutch committee. Otherwise, the enterprise continued to be directed by Hoover and his American colleagues. President Woodrow Wilson brought Hoover from London to Washington to take the helm of the new United States Food Administration, an institution whose purpose was to mobilize the nation’s food resources for the war effort. Hoover took full advantage of the opportunity. He arrived in Washington hailed as the “savior of Belgium.” Wilson placed him in charge of the country’s entire wartime food supply, which meant both the military and the civilian populations as well as the provisioning of the Allied countries. As food administrator, Hoover employed a mixture of compulsion and appeals for voluntary rationing in order to encourage food conservation. Americans underwent “meatless” and “wheatless” days and were subject to hortatory and moralistic advertising campaigns built around the theme “Food Will Win the War.” So closely identified was the name of the food administrator with



SUSTENANCE: In 1919, Hoover arranged for President Wilson to establish a separate government agency, the American Relief Administration (ARA), with Hoover as its director general. He built a staff from among his CRB and Food Administration veterans and enlisted as his field workers some fifteen hundred demobilized US Army and Navy personnel. [Hoover Institution Archives]

his program that the verb “to Hooverize” for a time almost replaced “economize” in the American vocabulary.

In February 1918, Adams wrote to Hoover in Washington to say that a group of Stanford historians were starting a documentary collection related to the contributions to the war effort of Stanford students, faculty, and alumni, the goal being to create a historical record of Stanford’s participation in the war. “You will remember,” Adams wrote, “that early in 1915 I urged

upon you the keeping of all kinds of materials relating to Belgian relief, and that in reply you told me what you were doing and stated that Stanford University should ultimately have all the archives of your work.” Adams was hoping to prompt Hoover to reaffirm his promise. “I am writing . . . to inquire where these Belgian archives are kept and as to when Stanford can hope to get possession of them.”

After the armistice in November 1918, Hoover accompanied Wilson to Paris to act as adviser to the American delegation to the peace conference, his principal duties involving the administration of American relief to Europe. Thus, entering through the food-supply door, Hoover joined the ranks of the statesmen responsible for settling the peace and shaping the postwar order. In Paris Hoover continued to serve as food administrator, though he accumulated other titles. In November 1918 he was made director general of relief for the Allied governments, essentially confirming his status as food administrator for the Allies, and in January 1919 he was named principal executive of the Allied Supreme Economic Council.

In January 1919, at Hoover’s suggestion, Wilson asked the US Congress for an appro-

“Every bit of record that can be preserved ought to be preserved just as if these were government archives.”

priation of \$100 million for European relief, a request that was granted on February 25. To manage these funds, Hoover arranged for the president to establish a separate government agency, the American Relief Administration (ARA), with Hoover as its director general. He built a staff from among his CRB and Food Administration veterans and enlisted as his field workers some fifteen hundred US Army and Navy officers, demobilized during their time of service with the ARA. During the nine months after the armistice, Hoover organized the distribution of over \$1 billion in relief, which translated into over four million tons of food and other supplies delivered to children and adults across Europe all the way to the shifting borders of Bolshevik Russia. Except for the portion purchased with funds from the congressional appropriation, these massive quantities of relief administered by the ARA were supplied through the US Food Administration.

The Peace Conference opened on January 18. A few days earlier, on January 14, Stanford historian Eugene Robinson had written to Hoover in Paris requesting that the records of the US Food Administration be deposited at Stanford in conjunction with the historians’ project on Stanford’s participation in the war. The following day, the persistent Adams again wrote to



THE WORK GOES ON: In the nine months after the armistice, Herbert Hoover organized the distribution of over \$1 billion in relief: more than four million tons of food and other supplies for children and adults all across Europe and as far as Bolshevik Russia. Even after the food aid was finished, the collecting work of the Hoover War Collection continued. “It must go on for the next twenty-five years,” Hoover said in 1920. [Hoover Institution Archives]

Hoover to remind him of his earlier pledge regarding the CRB’s records. Hoover did not reply to either of these letters, although perhaps they helped prompt his April 22 cable to Lou Henry Hoover about sending a “suitable mission” to Paris. It is no wonder that Adams’s first thought was that Hoover’s suggestion had to do with the records of the CRB. But Hoover had something much more ambitious in mind.

Certainly no one in Palo Alto was aware of a larger plan. Lou Henry Hoover and President Wilbur inquired of Rickard in New York what Hoover might be planning.

Rickard confessed he was stumped, but knowing Hoover as well as he did, suggested that Adams proceed at once to Paris and defer further arrangements until his arrival there. In the meantime, Rickard said he would cable Hoover for clarification. “I have no idea how the whole question originally started and I wish I could be of greater assistance in the matter,” he told

Wilbur. In a cable to Hoover, Rickard wrote: “Adams ready to go at once with wife as secretary but requires information as to whether his investigations will cover CRB or war in general.” This query elicited a terse telegraphed reply, sent on May 15, from “the Chief,” as Hoover’s associates referred to him: “My idea is simply [to] collect library material on [the] war generally.” Rickard passed this message along to Wilbur at Stanford with the comment: “Seems to me that it will be impossible to secure more information by cable and consequently suggest Adams should leave immediately.”

THE HOOVER WAR COLLECTION

As Adams later recalled, “Speed seemed to be required if Peace Conference materials were to be secured and in the result Mrs. Adams and I started for Paris on May 22, 1919, as a ‘suitable commission,’ leaving for later determination the scope and nature of the work and its organization.” Arriving in Paris on June 12, as Adams later reported to Wilbur, “I found that Mr. Hoover . . . had no other idea in regard to [the proposed collection] save that it should consist of materials suitable for a general Historical Collection, and covering the period 1914–1919, inclusive.” Hoover’s only suggestions were that Adams should secure materials illuminating general food conditions and food administration, and that it would be “inadvisable to place any special emphasis on the military side of the war.” As Adams wrote in 1921 in the first published report about the Hoover War Collection, the original name for what would become the Hoover Institution: “The Collection, as it developed in the process of organization, followed these lines but expanded the food idea to include everything and anything on the general industrial, economic, social, and political characteristics of nations, whether belligerents or neutrals.”

After the first \$50,000 had been spent, Herbert Hoover continued to finance the collecting with large grants. The first Hoover annual report, in 1920, quoted the founder saying about the work of collecting: “It must go on for the next twenty-five years.” By the summer of 1920, the collection had secured, through purchases and gifts and from many countries, some seventy thousand titles. Already by then it was believed that the Hoover War Collection would have no equal in the United States, save perhaps the collection on the world war housed in the Library of Congress. The first archival collections in the Hoover War Collection were the files of the Commission for Relief in Belgium and the American Relief Administration. Delivery of the CRB papers to Stanford was a promise kept, and the CRB files were routinely referred to in early Hoover descriptions as the “nucleus” of the collection.

Already in 1920 the Hoover War Collection, with Adams as its director, was referred to informally on campus as the Hoover “library.” The rapid growth and rising reputation of the collection led in 1922 to a new name, Hoover War Library. The scope of the library’s collecting was expanded to include the postwar reconstruction period. A decade later, as the Great Depression galvanized political and social movements worldwide that threatened democracy and a new world war, the library responded by further expanding the scope of its collecting to include the various mass movements on the rise: communism, fascism, and national socialism. What had started out as a collection of documents on the Great War had grown into a major research library on twentieth-century history. To reflect these broader interests and activities, in 1938 the name of the library was changed to the Hoover Library on War, Revolution, and Peace.

To house these expanding library and archival collections and provide adequate space for the growing number of researchers using them, the Hoover Tower was constructed, its dedication ceremonies held in June 1941 as a second world war was erupting. The ultimate extension of that war into a global conflict influenced the Hoover Library to go global, expanding its scope to include the documentation of developments in all major regions of the world, with special emphasis on certain leading countries in each region. In 1946, the institution’s name was changed to the Hoover Institute and Library on War, Revolution, and Peace. In 1957 it adopted a new name: the Hoover Institution on War, Revolution, and Peace. In the 1960s and 1970s that institution evolved into a public policy research center. Today the Hoover Institution is recognized as one of the world’s premier research centers devoted to the advanced study of politics, economics, and international affairs. And it all began with Herbert Hoover’s cryptic telegram from Paris to Palo Alto in April 1919. ■

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There's Room to Grow

The economy appears to be approaching full employment—without approaching limits on its ability to keep expanding. We're going well, in a word, but not overdoing it.

By Edward P. Lazear

Last fall the US unemployment rate declined to 3.7 percent, a rate unseen in almost half a century, according to the Bureau of Labor Statistics. Given the booming labor market, the Federal Reserve has reason to worry that the economy may be overheating. Although we are getting close to the peak of the business cycle, three labor-market indicators suggest we're not there yet: job growth is too high, wage growth is too low, and the employment rate is still slightly below the level consistent with full employment.

First, consider the rate of job creation. Jobs must be created every month to keep up with population growth. Throughout a business cycle, labor

Key points

- » The US labor market is creating jobs faster than required to absorb the added population. This suggests full employment has yet to arrive.
- » When the economy runs out of workers, labor demand drives increased wages.

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economists can determine whether the number of new jobs is sufficient to keep pace with the added population using the employment-to-population ratio (EPOP). The US EPOP currently stands at 60.4 percent. It's always well below 100 percent because some people are retired, at home, or in school. Population growth over the past year has averaged 227,000 a month, so the US economy must create 137,000 jobs monthly—60.4 percent of the population change—to keep up.

September 2018 saw 134,000 new jobs created—almost exactly the full-employment number. But the three-month average was 190,000 jobs cre-

ated per month. (The three-month average is more accurate because of month-to-month volatility; monthly numbers have

The job creation rate points to a labor market still in the recovery phase.

an average error of about 75,000.) Because 190,000 significantly exceeds the 137,000 threshold, the US labor market was creating jobs at a rate faster than required to absorb the added population.

This suggested the United States had yet to reach full employment. When the economy is at full employment, job creation is just large enough to keep up with population growth, neither increasing nor decreasing unemployment rates or EPOP. When the economy is recovering, job growth exceeds population growth, which makes up for jobs lost during a recession. The current rate of job creation points to a labor market still in the recovery phase.

Another clue that full employment hasn't been achieved is that the EPOP remains below its full-employment level. The pre-recession EPOP peak of 63.4 percent will not likely be reached because the population is aging and retirees depress the EPOP's natural level. But a peak rate that accounts for demographic changes is closer to 61 percent, according to the Council of Economic Advisers and a National Bureau of Economic Research report.

If the economy were overheating, wages would be growing faster.

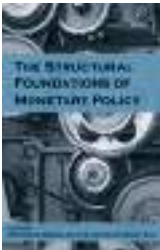
That's still half a percentage point above where the United States is now. More evidence that the economy isn't at peak

employment is that the employment rate of twenty-five- to thirty-four-year-olds, depressed throughout the economic recovery, is now growing. By last fall it had risen by a full percentage point since January, suggesting there were still people to pull back into the workforce.

Finally, the rate of wage growth indicates that the labor market isn't overheated. When the economy runs out of workers, labor demand drives increased wages rather than employment as employers compete with each other for the scarce labor. Absent labor-market slack, wages tend to grow at rates above those consistent with target inflation and productivity increases. Wage growth at rates consistent with productivity growth isn't inflationary, since additional output from increased productivity reduces upward pressure on prices. As of October, US productivity growth had averaged 1.3 percent over the past four quarters. Add the Fed's 2 percent target inflation figure to get 3.3 percent. This exceeded the 2.8 percent actual rate of wage growth over the past twelve months. If the economy were overheating, wages would be growing at a faster rate.

Despite the low unemployment rate of 3.7 percent, the US labor market has some room to expand before it hits full employment. That's good news: the Fed need not worry that the tight labor market is indicative of an overheated economy—yet. ■

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It's Real Growth— Not a Sugar High

The economic gains of recent years are real, and smart policies deserve the credit. What would help even more? Slashing the barriers to trade.

By Edward C. Prescott and Lee E. Ohanian

Some Keynesian economists argue that the US economy's recent uptick is only a "sugar high." They predict that the slow-growth conditions of the Obama years will soon return. But this pessimistic view is misguided: better economic policies are the primary reason the economy has improved since 2016. If pro-growth policies remain in place, the economy's strong performance is likely to continue.

The growth paths in a market economy depend on the quality of government policies and institutions. These affect the incentives to innovate, start a business, hire workers, and invest in physical and human capital. If policies are reformed to increase incentives for market economic activity—as many have been under President Trump and the Republican-controlled

Key points

- » The best measure of labor input is close to its all-time high.
- » A much lower corporate-tax rate has made the United States more competitive with other countries.
- » Businesses are benefiting from lower record-keeping, compliance, and other regulatory costs.

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Congress—then investment and labor input expand as the economy rises to a higher growth path. Once the economy reaches its new growth path, labor and investment stabilize at higher levels.

When policies change to depress these incentives, the economy moves onto a lower long-run growth path. That happened after the 2007–9 recession. Because of the severity of the downturn, the economy recovered organically to some extent. But that partial recovery stalled by the end of 2014 because of higher tax rates and increased regulation. These policies produced a long-run growth path below the prerecession path.

It's clear the recovery ended in 2014 because the two hallmarks of recovery—investment's share of gross domestic product and labor input relative to the adult population—stopped increasing. This left a large gap between actual output and the output level that would have occurred had the economy recovered to its prerecession growth path. According to our calculations, the United States cumulatively lost about \$18 trillion in income and output between 2007 and 2016. Everything suggested this shortfall would persist or even grow.

Yet economic performance began to improve, beginning in the first quarter of 2017. Real GDP growth accelerated to about 2.7 percent between the end of 2016 and the second quarter of 2018, up from about 2 percent between 2014 and the end of 2016. The share of GDP devoted to nonresidential business investment rose to a historic high.

The best measure of labor input—the total number of market hours worked divided by the sixteen-and-older population—is growing faster than in 2014–16, and is now close to its all-time high. This is all the more impressive since the growth rate of the working-age population is slowing. Perhaps the most exciting aspect of the current economy: the emergence of better job opportunities has reduced the number of people on disability. This has led the Social Security Administration to reverse its previous warning that the disability system would become insolvent as soon as 2023.

US economic performance is the strongest in years. One policy driving this turnaround is the substantially lower corporate-tax rate, which has made the United States more competitive with other countries. Regulatory changes—such as the partial rollback of Dodd-Frank and new leadership within the Consumer Financial Protection Bureau—also have proved helpful, particularly for small businesses, which are benefiting from lower record-keeping and compliance costs. Meanwhile, the number of regulatory pages in the *Federal Register* has been cut by a third since President Obama's last year in office. That's a major reason the National Federation of Independent

Business reports that more small-business owners are hiring than ever. They're also increasingly optimistic about the future of the US economy.

As the two hallmarks of recovery are still rising, the economy probably has not reached its new, higher growth path. This means that the United States can expect above-normal growth in the coming months, possibly even years.

Growth rates could improve with further policy changes. One example is a reduction in trade barriers. Since the General Agreement on Tariffs and Trade was signed seventy years ago, international commerce has expanded dramatically, hugely benefiting US consumers by lowering prices and increasing the variety of available goods. The average household's benefits from trade are greater than \$10,000 a year, according to the Tax Foundation. Further cooperative trade agreements—rather than wide-ranging tariffs—would expand these already large benefits.

A second area for reform that could put the United States on a still-higher growth path is health care. The rise of health care costs is the most important reason wages have not increased more for US workers. The extra compensation is swallowed up by health insurance premiums. Expanding medical savings accounts and decoupling health plans from employment would create incentives for both consumers and their health care providers to economize on health care spending. This would lower costs without compromising quality.

US economic performance over the past decade illustrates the substantial influence of government policies on growth. While some are reluctant to admit it, the current performance is a result of policies that basic economic theory tells us will increase investment and hiring. Even greater prosperity is possible if policy makers stay the course and continue to implement pro-market economic policies. ■

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The China Syndrome

No matter how the trade tensions between the United States and China finally play out, don't expect a return to any orderly status quo.

By Michael Spence

Some observers interpret the trade war that President Donald Trump has initiated with China as a tough negotiating tactic, aimed at forcing the Chinese to comply with World Trade Organization rules and Western norms of doing business. Once China meets at least some of Trump's demands, this view holds, mutually beneficial economic engagement will be restored. But there are many reasons to doubt such a benign scenario. The long China-US trade war really represents a fundamental clash of systems.

Already, the adverse impact of the two sides' tit-for-tat tariffs—and, especially, the uncertainty they engender—is plainly visible. For China, the psychological effects are larger than the direct trade impact. China's stocks have dropped since the conflict began and further declines are expected. Because equity-backed debt has been issued to China's highly leveraged corporate sector, the decline in stock prices has triggered collateral calls

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and forced asset sales, putting further downward pressure on equity values.

Trying to limit a negative overshoot, Chinese policy makers have been talking up the strength of equity markets, while shoring up and expanding credit channels for the private sector, particularly for otherwise healthy and creditworthy small and medium-size enterprises, which remain disadvantaged relative to their state-owned counterparts.

But beyond the short-term risks, it seems increasingly likely that the trade war will have significant long-term consequences, affecting the very

The global order could be defined less by shared rules than by a balance of economic, technological, and military power.

structure of the global economy. The rules-based multilateral order has long been underpinned by the assumption that growth and development would naturally

lead China to embrace Western-style economic governance. Now that this assumption has largely collapsed, we are likely to face a prolonged period of tension over differing approaches to trade, investment, technology, and the role of the state in the economy.

Whereas Western governments tend to minimize their intervention in the private sector, China emphasizes state control over the economy, with far-reaching implications. For example, subsidies are difficult to detect in the state-owned sector, yet doing so is crucial to maintaining what would be considered a level playing field in the West.

Moreover, Chinese foreign direct investment is often carried out by state-owned enterprises, and thus frequently packaged with foreign aid—an approach that can put Western-based firms at a disadvantage when bidding for contracts in developing countries. Lacking any version of America's Foreign Corrupt Practices Act, China is also willing to channel foreign direct aid toward countries and entities that US companies might eschew.

Then there is the Internet. Despite common goals with regard to data privacy and cybersecurity, the United States and China have very different

TECH POWER: Workers assemble computers in a Chinese factory. China is pursuing an aggressive “Made in China 2025” strategy, whose goal is to put the country at the global frontier in areas deemed essential for economic growth and national security. [Creative Commons]



regulatory regimes, shaped, yet again, by conflicting ideas about the state's appropriate role.

On the technology front, China will also continue to pursue its “Made in China 2025” strategy, the goal of which is to put the country at the global frontier in areas that its leaders have deemed essential for both economic growth and national security. While America's increasingly aggressive policies with respect to trade, investment, and technology transfer may slow

The multilateral order assumed that growth and development would lead China into Western-style economic governance. This assumption has largely collapsed.

this process, China will achieve its objectives by investing heavily in research and development, technological diffusion, and human capital.

Given the broader strategic competition between

China and the United States—now exacerbated by the ongoing trade war—we should not expect a return to some variant of the post-World War II rules-based order, based on Western values and systems of governance. The global order could come to be defined less by shared rules than by a balance of economic, technological, and military power.

For example, there are likely to be more stringent restrictions on technology transfer and investment, owing mainly to national security considerations. Countries may also pursue greater economic self-sufficiency, with major implications for global supply chains and trade.

Some version of an open multilateral system may still be possible; for smaller or poorer countries, it is vitally important. But such a system will have to account for balance-of-power considerations regarding the United States and China, and potentially other major economies, such as the Euro-

pean Union and India.

If governments are going to fight trade wars, they should have a clear vision of where they want to end up. The United States does not.

In a world where the major players' governance models diverge sharply, designing a workable system will be a major challenge. There is a real

risk that smaller countries will be forced to choose between two incompatible spheres of influence.

With the Trump administration lacking enthusiasm for multilateralism of any kind, and perhaps owing to lingering hopes that the old multilateral

order can be preserved, no one is so much as attempting to develop feasible alternatives. The US administration has, however, reversed its negative stance on foreign aid, presumably in response to China's massive investment in developing countries.

If governments are going to engage in trade wars, they should have a clear and pragmatic vision of where they want to end up. As it stands, China is unwavering on territorial issues and the central role of the Communist Party of China in the economy, as well as its goal of catching up to, or surpassing, the United States technologically. But the United States does not seem to have decided what it is fighting for.

Smaller countries may be forced to choose between two incompatible spheres of influence.

Of course, many possible candidates can be discerned. The United States wants to reduce the bilateral trade deficit and repatriate manufacturing jobs. To do that, it wants China to eliminate subsidies, mandatory technology transfer, and other forms of “cheating”; level the playing field for foreign investors in the Chinese market; and even adopt more Western-style governance practices. Crucially, the United States also wants to retain its technological and military superiority.

Yet the extent to which any of these goals is negotiable remains unclear. As a result, the trade war seems less like a tough negotiating tactic and more like a guessing game around a wish list. This will prolong the conflict, further diminish trust, and, in the long term, make it harder to restore any semblance of mutually beneficial cooperation, implying significant long-term consequences for the global economy. ■

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Running on Empty

The Social Security shortfall has been mounting for years, and soon it will pass the point of no return. We need either a radical overhaul or a new source of funds.

By Charles Blahous

For years, the annual reports of Social Security's trustees have told the same somber story: the benefits Social Security is promising far exceed what its income can fund. Without prompt action to balance system finances, Social Security will become insolvent and no longer able to maintain its benefit schedules. Year after year the trustees have presented this essential information and called for corrective legislation, while the program's structural shortfall grew. By the time of last year's report, the present value of scheduled benefits in excess of taxes for everyone participating in the program to date had climbed to more than \$32 trillion.

Despite these intensifying annual warnings, lawmakers have not acted. One reason is the presence of an accounting phenomenon known as the Social Security trust funds. The assets held by these combined trust funds appear massive (\$2.9 trillion in the

Key points

» Social Security's annual spending already well exceeds its tax income.

» By 2034, the projected depletion date, even total elimination of all benefits for the newly retiring wouldn't be enough to maintain solvency.

» If lawmakers refuse to align benefits and tax schedules, the program will need an alternate financing method, such as dipping into the general fund.

Charles Blahous is a visiting fellow at the Hoover Institution.

latest report), while the projected date of their depletion seems to be distant (2034). The apparent remoteness of doomsday has signaled, to the uninformed, that there is still plenty of time for elected officials to fix the problem before it becomes an urgent crisis. This is very wrong. The crisis is now.

Let's back up for a moment to explain the trust funds and their significance to Social Security financing. In the past, whenever Social Security ran a surplus of taxes over expenditures, federal treasury bonds were issued in that surplus amount to its trust funds, which the program could later draw upon for future spending authority. These bonds earn interest, which is paid from the federal government's general fund. As long as there are assets in these trust funds, benefit checks can continue to be sent out—even after incoming payroll taxes become insufficient by themselves to finance the payments. Indeed, that tax shortfall emerged in 2010 and has been worsening ever since, yet the Social Security trust funds' holdings have continued to grow, thanks to increasing payments of interest from the general fund.

For years the trustees have cautioned lawmakers, the public, and the press that the distant projected depletion date of the trust funds was not a useful barometer for how soon action was needed. In 2015, my last year of service as a public trustee, we warned that “continued inaction going forward to the point where the combined trust funds near

The trust funds' purchasing power has been in decline since 2008.

depletion would . . . likely preclude any plausible opportunity to maintain Social Security's historical financing structure.” One reason for this urgency was that Social Security's annual expenditures already well exceeded its tax income, and these annual deficits were steadily worsening. By the time trust fund depletion was near, tax income and benefit obligations would be so far apart that there would be no practicable likelihood of closing the gap.

Some illustrations from recent trustees' reports may help to clarify the situation. Closing Social Security's shortfall over the next seventy-five years (far less than a permanent fix) would require savings equal to 17 percent of its scheduled expenditures if enacted today. Obviously, lawmakers have never and will never indiscriminately cut benefits 17 percent across the board, which would hit today's poor ninety-year-old widow as hard as someone who won't retire for forty years. Assuming instead that lawmakers change benefits only for those yet to retire, the size of the required cuts rises to 21 percent. But again, that severely understates the adjustments required, for

we are not about to cut benefits 21 percent for everyone, rich and poor, who retires next year. Changes would undoubtedly be phased in more gradually, and thus would need to hit future retirees far harder.

If this doesn't sound difficult enough, consider what happens if we wait until 2034, the projected depletion date for the combined Social Security trust funds. By that point, even total elimination of all benefits for the newly retiring would be insufficient to maintain solvency. For all practical intents and purposes, the shortfall by then will have grown too large to correct.

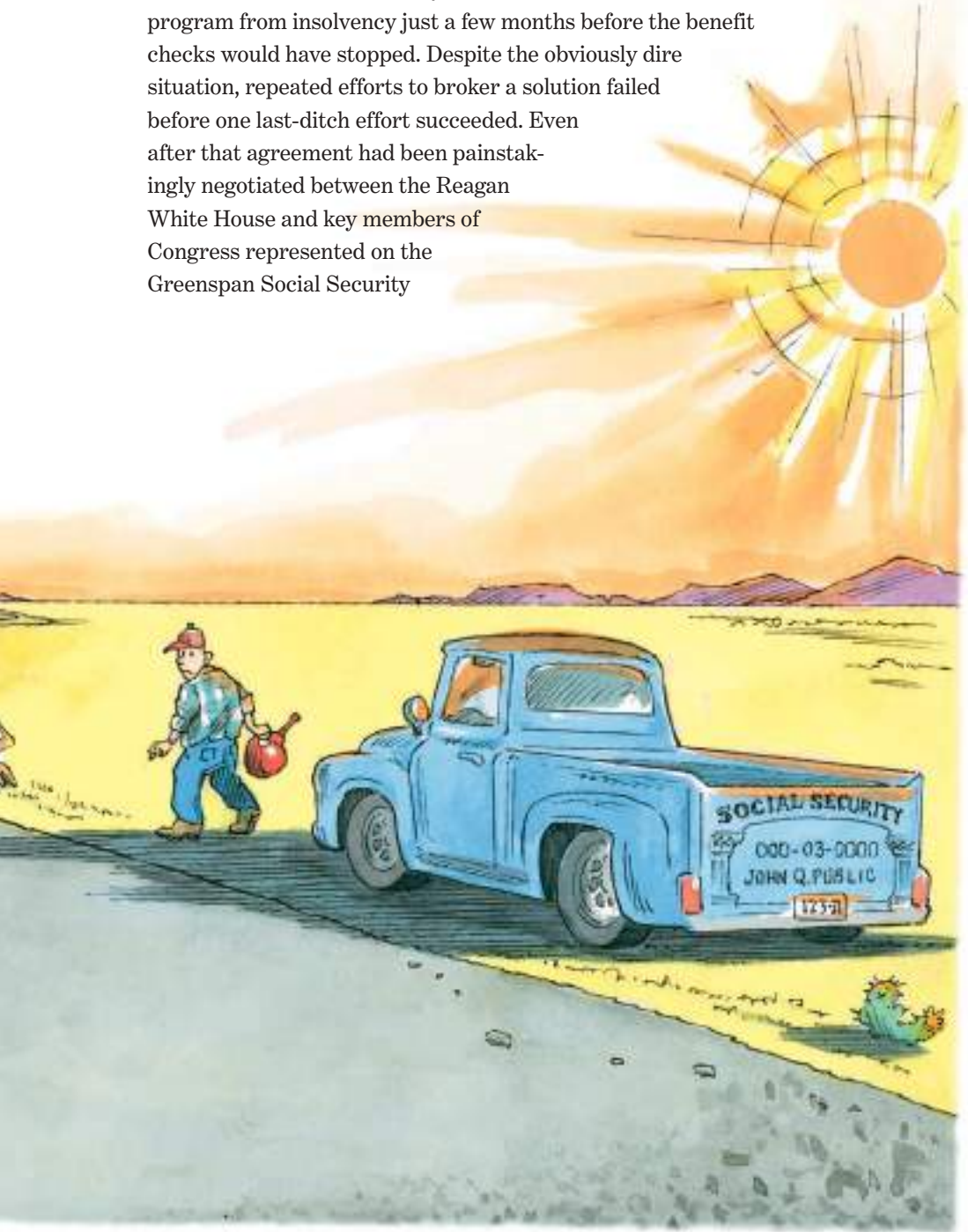
TOUGH MEDICINE

The window of opportunity for restoring Social Security to balance doesn't close only in 2034—it is closing now, if indeed it hasn't closed already.



[Taylor Jones—for the *Hoover Digest*]

Consider the last successful example of comprehensive financing corrections, the 1983 Social Security amendments. Those amendments rescued the program from insolvency just a few months before the benefit checks would have stopped. Despite the obviously dire situation, repeated efforts to broker a solution failed before one last-ditch effort succeeded. Even after that agreement had been painstakingly negotiated between the Reagan White House and key members of Congress represented on the Greenspan Social Security



reform commission, intense opposition from AARP threatened its final passage into law.

The 1983 reforms included tough medicine: a six-month delay in beneficiaries' cost-of-living adjustments; subjecting benefits to income taxation for the first time; bringing newly hired federal employee payroll taxes into the system (an action that obviously cannot be repeated now that it has been

done); a two-year increase in the full retirement age; an acceleration of a previously enacted payroll tax increase; and more. For comparison, consider that today's shortfall is already

The apparent remoteness of doomsday has signaled, to the uninformed, that there is still plenty of time. There isn't.

substantially larger than the one closed by those 1983 reforms. By the time the trust funds near depletion next time around, the measures required just to get the system from one year to the next would need to be about three times as strong as the intensely controversial actions of 1983.

Continued inaction in repairing Social Security finances, therefore, will inevitably sound the death knell for the program's historical financing structure. To maintain a program in which worker benefits are earned by their payroll tax contributions, lawmakers must be willing to legislate as necessary to align benefit and tax schedules. If they are not so willing, then the program will need an alternate financing method, such as financing from the federal government's general fund.

General fund financing of Social Security would end its long-standing earned-benefit framework. It would reconfigure Social Security to be much more like traditional welfare programs, in which funding is provided by income-tax payers and benefits paid primarily on the basis of need. In such programs, those who pay the taxes to provide the funding are not the same people as those who draw the benefits, producing more frequent political conflicts and controversies.

Historically, programs financed from the general fund have been subject to more sudden changes in benefit levels and eligibility rules because the competition for funding within the general budget forces periodic reassessments of who should receive benefits. While there are upsides and downsides to this alternative design, such a fundamental change to Social Security ought to come about because the body politic has affirmatively decided for it, not because elected officials' procrastination has left no alternative.

The story of Social Security's financial troubles has remained basically similar, albeit worsening, for decades of trustees' reports. But last year's reports contained additional bad news: specifically, that the drawdown of Social Security's trust funds began last year.

BAD NEWS COMES EARLY

The significance of this drawdown has limitations. Beneficiaries will not notice anything different as their benefit checks continue to be received. Moreover, federal taxpayers have been financing payments from the general fund for several years already, to pay interest on the bonds in Social Security's trust funds. Those interest payments have been just as real as the coming general fund expenditures.

However, there are two significant changes associated with the trust funds' drawdown. One is that, as with so much other bad news about Social Security financing, it is occurring ahead of schedule. In the 2017 trustees' reports, the net drawdown of the trust funds was not projected to begin until 2022. For it to begin last year is a stunning acceleration in the decline of Social Security's fortunes.

There are multiple reasons for this near-term turn for the worse. The biggest by far is that previous assumptions for the share of GDP emerging as Social Security-taxable wages during 2016 and 2017 turned out to be overstated. Retrospective correction of the data reduced the program's projected payroll tax revenue for 2018 by \$45 billion compared to 2017 projections. This change, essentially by itself, wiped out a previous projection of \$45 billion in trust fund growth from interest earnings, replacing it with a projection that outright diminution of

the trust funds would begin in 2018 and continue until they were totally depleted.

Obviously, lawmakers never have, and never will, indiscriminately cut benefits 17 percent across the board.

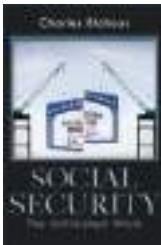
The other significance to the drawdown is more symbolic. For years, interest group advocates sought to downplay Social Security's financial troubles by pointing to its growing trust fund balance as evidence that no near-term crisis was imminent. This was never a sound position, because Social Security's benefit and tax schedules were known to be badly imbalanced even as the trust funds were growing. Furthermore, though the trust funds were increasing in dollar terms, they have long been shrinking relative to Social Security's annual benefit obligations. Expressed in terms of the duration of benefits they can

finance, the trust funds' purchasing power has been in decline since 2008. Nevertheless, the beginning of the drawdown of Social Security reserves eliminates a key factor that interest groups had relied upon to dodge the necessity of immediate reforms.

Nor was it just interest groups who did this; economists who knew or should have known better made similar arguments. Paul Krugman referred to Social Security's projected insolvency as a mere "scare story" because "Social Security has a large and growing trust fund," asserting further that "many economists say it will never run out" and "could quite possibly last forever." There was never the slightest evidence for these irresponsible claims, and it will be virtually impossible to repeat them with a straight face as the drawdown begins.

In sum, the story of Social Security's troubled finances has been known for some time. The program was promising benefits far in excess of its projected revenues, and once the large baby boomer generation began to hit the retirement rolls, the problem would swiftly become too large and too imminent to be corrected without substantial disruptions. All that has happened during the past year is that this moment has come upon us even faster than the trustees thought it would. ■

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Where Are Today's “Better Angels”?

What carved the deep divisions in American society—and what might close them?

By Victor Davis Hanson

At times it seems the country is back in 1860, on the eve of the Civil War, rather than in 2018, amid the greatest age of affluence, leisure, and freedom in the history of civilization.

The ancient historian Thucydides called the civil discord that tore apart the Greek city-states of the fifth century BC *stasis*. He saw *stasis* as a bitter civil war between the revolutionary masses and the traditionalist middle and upper classes. Something like that ancient divide now infects US life: Americans increasingly are either proud of past traditions, ongoing reform, and current American exceptionalism

Key points

» Tribalism is the new American norm. Gender, sexual orientation, religion, race, and ethnicity are now essential, not incidental, to who we are.

» Globalization has both enriched and impoverished America—and also further divided it into economic winners and losers.

Victor Davis Hanson is the Martin and Illie Anderson Senior Fellow at the Hoover Institution and the chair of Hoover's Working Group on the Role of Military History in Contemporary Conflict. He is the recipient of the 2018 Edmund Burke Award, which honors those who have made major contributions to the defense of Western civilization. His latest book is *The Second World Wars: How the First Global Conflict Was Fought and Won* (Basic Books, 2017).

or insistent that the country was hopelessly flawed at its birth and must be radically reinvented to rectify its original sins.

No sphere of life is immune to the subsequent politicization: not movies, television, professional sports, late night comedy, or colleges. Even hurricanes are typically leveraged to advance political agendas. What is causing America to turn differences into bitter hatreds—and why now?

FAST AND FURIOUS

The Internet and social media often descend into an electronic lynch mob. In a nanosecond, an insignificant local news story goes viral. Immediately, hundreds of millions of people use it to drum up the evils or virtues of particular stances.

Anonymity is a force multiplier. Fake online identities provide cover for ever greater extremism, with commenters confident that no one is ever called to account for his or her words.

Speed is also the enemy of common sense and restraint. Millions of bloggers rush to be the first to post their take on a news event, without much worry about whether it soon becomes a “fake news” moment of unsubstantiated gossip and fiction.

Globalization has both enriched and impoverished America—and also further divided it into economic winners and losers. Liberals gravitate to urban coastal-corridor communities of hip culture, progressive lifestyles, and lots of government services.

Conservatives increasingly move to the lower-tax, smaller-government, and more traditional heartland. Lifestyles in San Francisco and Toledo are so different that it's almost as if they're on two different planets.

Legal, diverse, meritocratic, and measured immigration has always been

We will treat each other either as fellow Americans, with far more uniting than dividing us, or as members of a hostile camp.

America's great strength. Assimilation, integration, and intermarriage within the melting pot used to turn new arrivals into grateful Americans in a generation or two. But

when immigration is often illegal, not diverse, and massive, then balkanization follows. Unlike in the past, America often does not ask new immigrants to learn English and assimilate as quickly as possible. Immigration is instead politicized. Newcomers are seen as potentially useful voting blocs.



CLASH OF SYMBOLS: Police intervene in a protest last summer over a Confederate statue nicknamed “Silent Sam” on the campus of the University of North Carolina, Chapel Hill. The statue, shrouded in the background, was later toppled by demonstrators. The university moved it for safekeeping. [Travis

Long—Raleigh News & Observer]

Tribalism is the new American norm. Gender, sexual orientation, religion, race, and ethnicity are now essential, not incidental, to who we are. Americans scramble to divide into victimized blocs. Hyphenated and newly accented names serve as advertisements that particular groups have unique affiliations beyond their shared Americanism.

PARTIES AND ARMED CAMPS

The past few elections have widened the abyss. The old Democratic Party of John F. Kennedy and Bill Clinton is morphing into a radical democratic-socialist party. Meanwhile, the old Republican Party is mostly gone, replaced by tea party movements and the new Donald Trump base. Former president

Barack Obama came into office from Congress with the most left-wing voting record in the Senate. Trump was elected as the first president without either military or political experience.

What is causing America to turn differences into bitter hatreds—and why now?

Depression or the protests of the 1960s?

The answer lies within each of us. Every day we will either treat each other as fellow Americans, with far more uniting than dividing us, or continue on the present path that ends in something like a hate-filled Iraq, Rwanda, or the Balkans. ■

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Will America continue dividing and soon resort to open violence, as happened in 1861? Or will we Americans reunite and bind up our wounds, as we did after the upheavals of the 1930s Great



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Left Behind

Leftists arrogated to themselves moral superiority—and with it, power. But now that racism has faded, they lack an enemy.

By Shelby Steele

Even before President Trump was elected, hatred had begun to emerge on the American left—counterintuitively, as an assertion of guilelessness and moral superiority. At the Women’s March in Washington the weekend after Trump’s inauguration, the pop star Madonna said, “I have thought an awful lot of blowing up the White House.” Here hatred was a vanity, a braggadocio meant to signal her innocence of the sort of evil that, in her mind, the White House represented. (She later said the comment was “taken wildly out of context.”)

For many on the left a hateful anti-Americanism has become a self-congratulatory lifestyle. “America was never that great,” New York governor Andrew Cuomo said in recent months. For radical groups like Black Lives Matter, hatred of America is a theme of identity, a display of racial pride.

For other leftists, hate is a license. Conservative speakers can be shouted down, even assaulted, on university campuses. Republican officials can be harassed in restaurants, in the street, in front of their homes. Certain leaders of the left—Representative Maxine Waters comes to mind—are self-appointed practitioners of hate, urging their followers to think of hatred as power itself.

Shelby Steele is the Robert J. and Marion E. Oster Senior Fellow at the Hoover Institution.

A GREAT MORAL PURGING

How did the American left—conceived to bring more compassion and justice to the world—become so given to hate? It began in the 1960s, when America finally accepted that slavery and segregation were profound moral failings. That acceptance changed America forever. It imposed a new moral imperative: America would have to show itself redeemed of these immoralities in order to stand as a legitimate democracy.

The genius of the left in the Sixties was simply to perceive the new moral imperative, and then to identify itself with it. Thus the labor of redeeming the nation from its immoral past would fall on the left. This is how the left put itself in charge of America's moral legitimacy. The left, not the right—not conservatism—would set the terms of this legitimacy and deliver America from shame to decency.

This bestowed enormous political and cultural power on the American left, and led to the greatest array of government-sponsored social programs in history—at an expense, by some estimates, of more than \$22 trillion. But for the left to wield this power, there had to be a great menace to fight against—a tenacious menace that kept America uncertain of its legitimacy, afraid for its good name.

This amounted to a formula for power: the greater the menace to the nation's moral legitimacy, the more power redounded to the left. And the Sixties handed the left a laundry list of menaces to be defeated. If racism was necessarily at the top of the list, it was quickly followed by a litany of bigotries ending in “-ism” and “-phobia.”

The left had important achievements. It did rescue America from an unsustainable moral illegitimacy. It also established the great menace of

racism as America's most intolerable disgrace. But the left's success has plunged it into its greatest crisis since the Sixties.

The Achilles' heel of the

***The left is stalked by obsolescence.
There is simply not enough menace
to service its demands for power.***

left has been its dependence on menace for power. Think of all the things it can ask for in the name of fighting menaces like “systemic racism” and “structural inequality.” But what happens when the evils that menace us begin to fade, and then keep fading?

It is undeniable that America has achieved since the Sixties one of the greatest moral evolutions ever. That is a profound problem for the left, whose existence is threatened by the diminishment of racial oppression. The left's

unspoken terror is that racism is no longer menacing enough to support its own power. The great crisis for the left today—the source of its angst and hatefulness—is its own encroaching obsolescence. Today the left looks to be slowly dying from lack of racial menace.

A single white-on-black shooting in Ferguson, Missouri, four years ago resulted in a prolonged

media blitz and the

involvement of the

president of the United

States. In that same four-

year period, thousands of

black-on-black shootings took place in Chicago, hometown of the then-president, yet they inspired very little media coverage and no serious presidential commentary.

White-on-black shootings evoke America's history of racism and so carry an iconic payload of menace. Black-on-black shootings carry no such payload, although they are truly menacing to the black community. They evoke only despair. And the left gets power from fighting white evil, not black despair.

Today's left lacks worthy menaces to fight. It is driven to find a replacement for racism, some sweeping historical wrongdoing that morally empowers those who oppose it. (Climate change?) Failing this, only hatred is left.

FOREVER THE VICTIMS

Hatred is a transformative power. It can make the innocuous into the menacing. So it has become a weapon of choice. The left has used hate to transform President Trump into a symbol of the new racism, not a flawed president but a systemic evil. And he must be opposed as one opposes racism, with a scorched-earth absolutism.

For Martin Luther King Jr., hatred was not necessary as a means to power. The actual details of oppression were enough. Power came to him because he rejected hate as a method of resisting menace. He called on blacks not to be defined by what menaced them. Today, because menace provides moral empowerment, blacks and their ostensible allies indulge in it. The menace of black victimization becomes the unarguable truth of the black identity. And here we are again, forever victims.

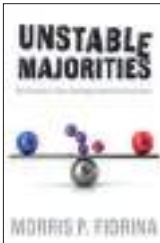
Yet the left is still stalked by obsolescence. There is simply not enough menace to service its demands for power. The voices that speak for the left

The greater the menace to the nation's moral legitimacy, the more power redounded to the left.

have never been less convincing. It is hard for people to see the menace that drives millionaire football players to kneel before the flag. And then there is the failure of virtually every program the left has ever espoused—welfare, public housing, school busing, affirmative action, diversity programs, and so on.

For the American left today, the indulgence in hate is a death rattle. ■

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Potemkin Politicians

“New socialists” face the same impossible task as the old ones: to construct a functioning society on completely false premises.

By Richard A. Epstein

Changes in the language of self-identification tell us much about changes in political thought. Consider how the American left labels itself today, compared to fifty years ago. Back then, American liberalism stood for the dominance of a mixed economy in which market institutions provided growth; deregulation of the airlines in the 1970s, for example, was no sin. At the same time, the liberal vision promoted political institutions that provided a safety net for Americans in the form of Social Security, unemployment insurance, Medicare, and Medicaid. The term *progressive* came to the fore more recently with the rise

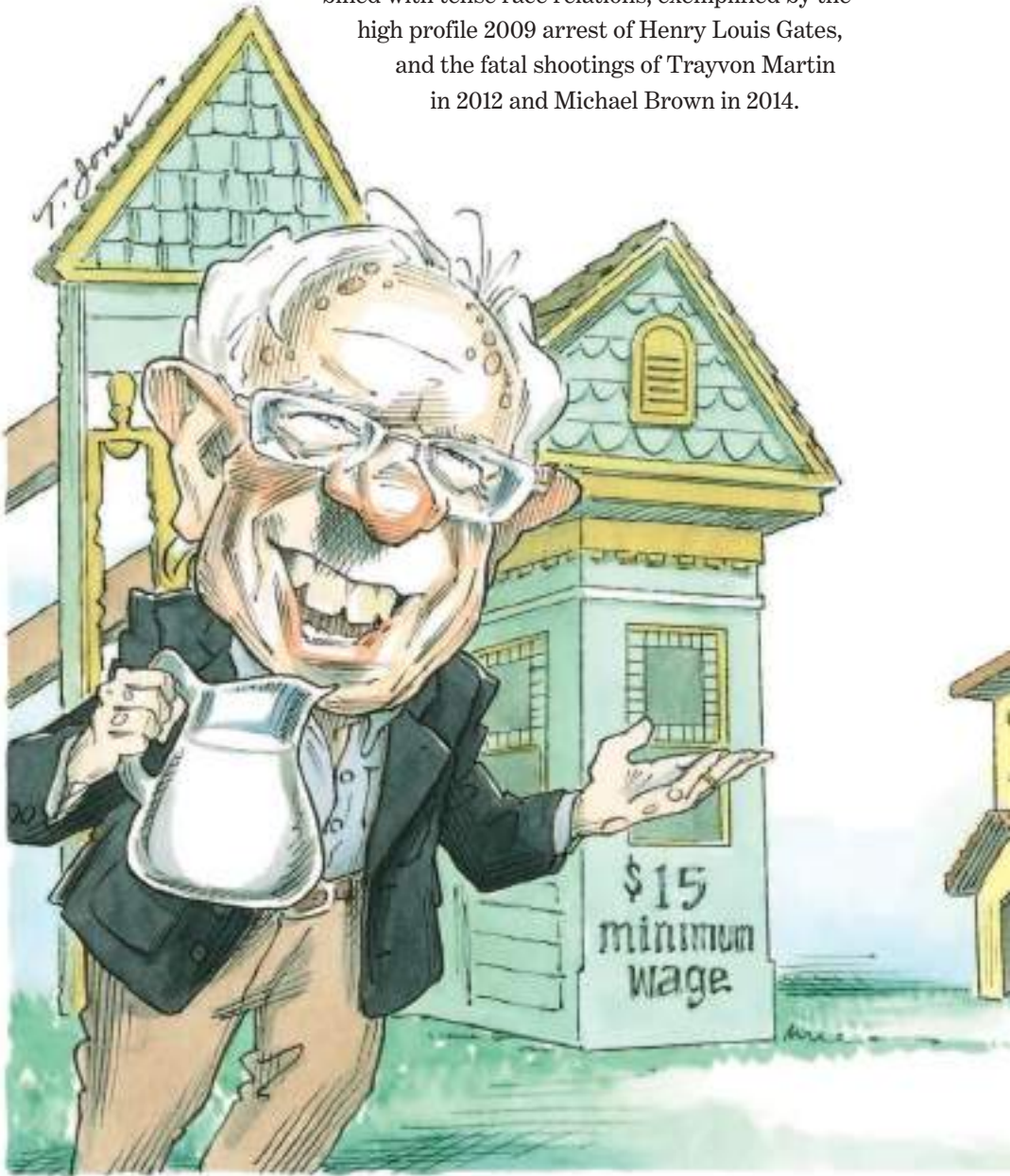
Key points

- » The new socialists strain to distance themselves from the glaring failures of the old socialists.
- » New socialists try to reimagine the American worker as a twenty-first-century serf, beholden to the “boss.”
- » Rent control and affordable-housing rules, two pet causes, are merely price controls. The new socialists can’t defeat the laws of supply and demand.

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of Barack Obama, signaling a rising dissatisfaction with the status quo ante because of the liberal mainstream's inability to reduce inequalities of wealth and income while empowering marginalized groups like women and minorities.

Yet somehow, the sought-after progressive utopia never quite emerged in the Obama years. Slow economic growth and rising inequality were combined with tense race relations, exemplified by the high profile 2009 arrest of Henry Louis Gates, and the fatal shootings of Trayvon Martin in 2012 and Michael Brown in 2014.



These events put establishment Democrats like Bill and Hillary Clinton on the defensive. Spurred on by that old socialist warhorse, Senator



[Taylor Jones—for the *Hoover Digest*]

Bernie Sanders, came young socialists Alexandria Ocasio-Cortez and Rashida Tlaib. These new wave socialists will push the Democratic Party further to the left with their constant calls for free and universal health care, free college tuition, and guaranteed jobs for all Americans—all paid for in ways yet to be determined.

The new socialists try, of course, to distance themselves from the glaring failures of the old socialists, who suffered from two incurable vices. First, they ran the economies of such places as Cuba, Venezuela, the Soviet Union, and virtually all of Eastern Europe into the ground. Second, they turned these states into one-party dictatorships governed by police brutality, forced imprisonment for political offenses, and other human rights abuses. When viewing the proposals of the new socialists, one looks for any kind of explanation for how their proposals for the radical expansion of government control over the economy would protect either personal liberty or economic well-being.

LET UNFREEDOM RING

Thankfully, the new socialists do not stress the old theme of abolition of private property through the collective ownership of the means of production. But what do they believe? One answer to this question is offered by Professor Corey Robin, a political theorist at Brooklyn College and the Graduate Center at the City University of New York, who recently praised the “new socialism” in the *New York Times*. He proudly boasted of a major uptick in support for socialist ideals among the young and then sought to explain the forces that drive their newfound success. In a single sentence: “The argument against capitalism isn’t that it makes us poor. It is that it makes us unfree.”

The old socialists had two incurable vices. First, they ran the economies of many nations into the ground. Second, they turned these states into lands of police brutality, political imprisonment, and human rights abuses.

Robin reached that conclusion not by looking at the increasing array of products and career options made available through the free market. Instead, he invoked the type of

dramatic example that Sanders loves to put forward to explain the need for free public health care. Under the current system, we are told that everyone is beholden to the “boss” at work and to the faceless drones who have the

arbitrary power to decide that a particular insurance policy purchased by a mother does not cover her child's appendectomy. Thus, under capitalism, we all bow and scrape to the almighty boss, knowing, in Robin's words, that when "my well-being depends on your whim, when basic needs of life compel submission to the market and subjugation at work, we live not in freedom but in domination."

This supposed equivalence of a market economy to organized serfdom reminds me of my time in both West and East Berlin as a young law student in the summer of 1965. You did not have to theorize about the difference between capitalism and socialism. You could see

it in the bright lights of West Berlin and the drab exteriors and rumbling Soviet tanks

of East Berlin. The explanation for the contrast came from a forlorn East German shopkeeper who sold me an ersatz chocolate bar that I purchased with my ersatz East German marks. The shopkeeper explained with this joke: "Question: What is the difference between capitalism and socialism? Answer: Under capitalism man exploits man, while under socialism the reverse is true."

This quip is deeply insightful. The new socialists in the United States live in a world of intellectual self-denial. They think they can control the distribution of all the good things in life without undermining the economic and social institutions needed for the creation of that wealth in the first place. The words "competition," "scarcity," and "free entry" do not make it into Robin's constricted lexicon, and their absence explains why he botches the analytical issues concerning "freedom" thoroughly. Scarcity means that none of us can have all we want all the time. Moreover, although some people must grovel to keep their jobs, in a competitive economy, free entry allows many more individuals to quit for better opportunities or be recruited away by another employer.

Competition gives people choices. But under the new socialism, individuals would discover what it means to truly be unfree when given this "choice": work for the state and spend your falling wages on government-supplied goods, or starve. And to whom does the unhappy citizen turn when there is only one health care provider, one landlord, and one education system? The state monopolies under socialism offer a taste of subjugation and submission far greater than in competitive markets. The faceless corporate decision

In New York, the primary beneficiaries of rent control are well-heeled, highly influential professionals.

makers that trouble Robin are far less sinister than government bureaucrats who can block all exit options.

HUNTING FOR VILLAINS

Of course, today's competitive markets do not work as well as we would like. But it is important to note that these difficulties often stem not from

Under the new socialism, people would discover the true meaning of unfreedom: work for the state, or don't work at all.

the unwillingness of prospective employers to strike a deal but from the insistence of the state that all future contracts meet some requirements, such as the minimum wage, that can easily price

workers, especially those workers at the bottom of the economic ladder, out of jobs. It doesn't help that the federal government also taxes many workers heavily to help others more fortunate than themselves. The community rating system under the Affordable Care Act offers an example. The much-heralded program has the following consequence: it requires a major subsidy of older, sicker individuals from younger and healthier persons who often earn less and have less wealth than the seniors. So if young people stay in the ACA's insurance pools, the ACA mandates substantial wealth transfers from poor to rich. And as younger people flee that system, the ACA pools face a crisis in affordability and coverage, leading to the adverse-selection death spiral that always results from a program of cross-subsidies.

It is easy to tell a similar tale with other grand social experiments that mandate transfers. Ocasio-Cortez readily attacks "real estate developers" because, as Robin tells us, "in her district of strapped renters, landlords are the enemies." And just how are we supposed to deal with these enemies? Put them under lock and key? If that sounds a bit extreme, we can put in place a system of rent control, only to discover that the primary beneficiaries of that system are, for instance in New York, the well-heeled and highly influential professionals on New York's Upper West Side and Brooklyn's Park Slope. Worse still, by sticking it to those mean-spirited developers, we prevent the creation of new housing that would allow market forces to drive down rents.

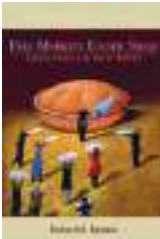
The new socialists have yet to learn that rent control and affordable-housing rules, whether for rentals or new construction, are price controls. The new socialists cannot defeat the laws of supply and demand. They might, however, take note of the disgraceful performance of the New York City

Housing Authority (NYCHA) as a public landlord. As the *Wall Street Journal* reports, “NYCHA officials had for years hidden broken elevators, rat infestations, leaking pipes, and winter heat outages from federal inspectors” while doing nothing to eliminate peeling lead paint. After all, unlike landlords and developers, no public official suffers a dime of personal financial loss from mistreating those “free” public tenants who have nowhere else to go.

There is a deep intellectual confusion and moral emptiness in this new socialism. It denies the major advances in longevity and human flourishing that have been made in recent years by the worldwide spread of market institutions, documented in exquisite detail by Johan Norberg in his great book *Progress: Ten Reasons to Look Forward to the Future*. It also makes the fatal mistake of blaming market institutions for the failures that fall squarely on the regulatory programs of traditional liberals—for example, minimum wages and rent control—that hamper economic growth and personal freedom.

The new socialism has no more chance of success than the old. You may as well try to cure diabetes by administering extra-large doses of government-subsidized sugar. ■

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Teach Your Children Well

Schools teach young Americans about their heritage of freedom. Those lessons must include the failures of socialism.

By Chester E. Finn Jr.

The wing of the Democratic Party that embraces Bernie Sanders, Elizabeth Warren, and Alexandria Ocasio-Cortez seemed to be surging last year, and time may be on their side. So one can infer from an alarming survey of young Americans between the ages of eighteen and thirty-four recently undertaken by the University of Chicago's GenForward project. As summarized in the *Chicago Tribune*: "49 percent in this group hold a favorable opinion of capitalism—and 45 percent have a positive view of socialism. Socialism gets higher marks than capitalism from Hispanics, Asian-Americans, and African-Americans. Sixty-one percent of Democrats take a positive view of socialism—and so do 25 percent of *Republicans*."

This peek into a possible sea change in the country's economic future grows considerably more alarming when we note what some energetic socialist writers are saying about America itself and about our fundamental political structure. Consider the stunning—no, appalling—column in the *New York*

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Times by two staffers from the socialist magazine *Jacobin*. “The subversion of democracy,” they wrote, citing James Madison and *Federalist* No. 10 as exhibit A, “was the explicit intent of the Constitution’s framers.” They continued,

The byzantine Constitution he helped create serves as the foundation for a system of government that rules over people, rather than an evolving tool for popular self-government. . . . These perspectives are vital at a time when many progressives regard the Constitution as our only line of defense against a would-be autocrat in the White House.

In its place, the authors seek “a new political system that truly represents Americans. Our ideal should be a strong federal government powered by a proportionally elected unicameral legislature.”

That’s not just socialism as an alternative economic regimen. It’s an entire “new political system.” And it’s madness.

SCHOOLS ARE RESPONSIBLE

Which brings us to education, particularly the imperative for schools to deliver a thorough and proper education in civics, history, philosophy, and economics—and the capacity for deep reading and critical thinking that might help readers grasp the depth of the lunacy that we see here. One need not emerge from secondary school and college in love with capitalism or democracy, and it’s the job of schools and colleges to present other ways of organizing economies and systems of governance, but it’s

also the obligation of schools to build strong foundations under tomorrow’s citizens.

Those foundations

include—as the social-studies crowd likes to put it—“deep and enduring understandings, concepts, and skills from the disciplines. Social studies emphasizes skills and practices as preparation for democratic decision making.”

How and why did the US Constitution come about? Why was such a document needed? How does the political and governmental framework that it created differ from those that it replaced—both the Articles of Confederation and George III’s monarchy? How to compare the pros and cons of each?

Why were *The Federalist Papers* written, and what are their messages?

According to most scholars, the central point of No. 10—perhaps the most famous of them all—was to explain the need for a strong central government to

By what failure of education can we argue that James Madison was trying to subvert the Constitution from within?

mediate and contain the dangers posed by factions, a problem that the several states—and the Confederation—had failed to solve. Madison allowed that the occasional bad apple might slip into the governmental barrel, even get elected to high office, but insisted constitutional democracy was the surest hedge against this happening very often—and for limiting the damage when it did.

To charge Madison and his colleagues with contriving to subvert the very democratic system they were creating and defending is ahistorical madness. And it's the solemn responsibility of our schools to educate young Americans in ways that enable them to recognize that—and reject it.

SOCIALISM BY DAYLIGHT

As for socialism, any decent world history or comparative economics curriculum will include a close look at places where it has actually been tried—and examine how well that did or didn't work. Where an authoritarian government forces socialism upon a society, it seems to work for a while, but in time it leads to repression, famine, political imprisonment, and a more or less total collapse of human rights. A truly socialist society eventually, even axiomatically, brings corruption and tyranny.

Madison understood that, too, and so should young Americans by the time they have completed a proper K-12 education. They would also do well to understand—as the writer Jonah Goldberg expertly points out in a powerful and troubling new book, *Suicide of the West*, that democratic capitalism has bequeathed riches upon America and much of the world beyond the founders' wildest dreams. That fact doesn't necessarily point us toward either more government and redistribution of resources, as the left wants, or less of both, as the right wants. But surely we should teach our kids how full-on socialism has ended whenever and wherever it has been imposed. ■

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Land of Freedom

Private property has always held a central place in American law and government.

By Gary D. Libecap

“If a man owns a little property, that property is him . . . it is part of him . . . in some ways he’s bigger because he owns it.”

—John Steinbeck, *The Grapes of Wrath*

Property rights are the most fundamental institution in any economy and society. They determine who makes decisions about valuable resources and who captures the economic gains from those decisions; they mold the distribution of income, wealth, and political influence; they set time horizons and investment incentives; and they define who will take part in markets. These attributes are well recognized among economists for spurring economic growth.

But economists have missed another equally important characteristic of private property rights that has long been emphasized in philosophical, legal, and historical literatures and is captured in the above quote from *The Grapes of Wrath*. Individual owners are more confident, self-reliant, and entrepreneurial than non-owners. Where access to property is widespread, politics are more stable. Owners have a stake in the political regime. Moreover, people acquire property through the market, and do not mobilize for forced redistribution through the state or revolution. They expect property rights to be secure and view government regulation with suspicion.

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The use and trading of property assets is seen as a positive-sum game. With broad property ownership and market participation, the state is less important than the market, and the economy in turn is less centralized, more atomistic, market-based, and supportive of entrepreneurship. This description characterizes the United States from its colonial beginnings through the nineteenth century and generally on to today.

In contrast, in countries where property ownership is highly skewed and access to ownership open only to elites, non-owners view things differently. Acquiring property, wealth, and political power can occur only through



[Taylor Jones—for the *Hoover Digest*]

capture and then enlistment of the state, as occurred in 1789 France or 1917 Russia. This truth is also reflected in recurrent political upheaval and redistributions characteristic of Latin America, with its many disaffected populations, military revolts, and coups since colonial times. This political uncertainty and lack of overall optimism and entrepreneurship has contributed to slower long-term economic growth than a region so rich in natural resources might otherwise have enjoyed.



Why has the southern half of the hemisphere had a long-term experience so different from that of the northern half? Why has there been more sustained economic growth and political stability in the north than in the south? Differences in the ownership of land are the key.

LARGE ESTATES AND SMALL PLOTS

Political economists and philosophers of the European Enlightenment, including Adam Smith, John Locke, Jeremy Bentham, Jean-Jacques Rousseau, John Stuart Mill, David Ricardo, Edward Wakefield, and Robert Torrens, debated the role of individuals in society, their potential for advancement, relationship with the state, and the critical impact of general private ownership of land for advancing individual and resource potentials. The implications of land ownership as a threat to an authoritarian state and its power structure also were clearly understood by Karl Marx, Vladimir Lenin, Josef Stalin, and Mao Zedong.

Individual land ownership, speculation in land, and participation in capital markets based on land as collateral were widespread in North America. They formed the initial basis for a middle class. Because land was so widely available, almost anyone could own some and take advantage of capital gains as land values rose. In Latin America, this was not the case. Although there were vast frontiers open for European migration and settlement as the indigenous population was pushed aside, ownership of land and minerals remained with the state and its use delegated to privileged elites. When private land became available, it went to those elites. These diverging patterns were rooted in the different ways colonization unfolded.

The colonization of the Western hemisphere by England, Holland, France, Spain, and Portugal was molded by different views of land and minerals distribution and ownership. In the Spanish, Portuguese, and French colonies, the process was controlled centrally by the crown. There was little emphasis on large-scale emigration, and land was granted in large tracts to political elites. Ownership remained with the crown, and those who received land grants held them at the crown's pleasure. For English North America, the nature and distribution of property rights stood in sharp contrast. Individuals, not the crown, were the ultimate owners of land, and for the most part it was allocated in small plots. Vast numbers of immigrants were attracted by the opportunity to secure land, and their ability to own it had profound consequences for the development of English colonies, and subsequently the United States.

Colonists brought with them English laws, customs, and legal institutions, and then modified them through the statutes of local representative

assemblies and the rulings of common-law courts. Property rights in land became a liquid source of wealth, to be bought, sold, and used to obtain credit. Because land was the most basic resource, its widespread ownership became the catalyst for colonial economic and political development. Owning property made individuals special stakeholders in the society, dispersing political and economic power in a manner that had not occurred in England and did not occur in Latin America. The easy circulation of land in the market facilitated extensive property ownership, undermining privileged inheritance and inalien-

ability. Dynamic, open land markets became an essential ingredient for the credit system

and its ability to support the growth of a middle class as well as to spur investment and innovation throughout the economy.

The US government quickly transferred land throughout the eighteenth and nineteenth centuries. For example, some 2,758,818 private claims were made between 1863 and 1920 for 437,932,183 acres of government land, an area larger than Alaska. This land then became small farms that supported the growth of communities and vibrant agricultural economies. Land markets were active, and the capital gains from land sales were a major source of wealth. The wealth generated from land markets led to frontier America having among the most egalitarian societies in the world in the eighteenth and nineteenth centuries. Alexis de Tocqueville observed in 1835 that being freeholders changed the way Americans thought of themselves and the political structure of their nation:

Why, in a quintessentially democratic country like America, does one hear no complaints about property in general, such as those that often resound through Europe? Needless to say, it is because there are no proletarians in America. Since everyone has property of his own to defend, everyone recognizes property rights as a matter of principle.

Not only were frontier lands generally distributed in small parcels, but mineral deposits and oil and gas formations were secured initially by smallholders. Rich gold and silver ores were found, beginning in California and then elsewhere in the West, and individuals who discovered ore deposits claimed private ownership. Overall, private property rights to minerals

The Southern hemisphere has had more sluggish growth than a region so rich in natural resources should have enjoyed.

encouraged exploration, discovery, and production. As the mining industry developed, American mining and engineering schools and technologies became world leaders. Human capital and technology investments led the United States to produce beyond what its resource endowments would have otherwise suggested.

Ownership of major oil and gas deposits also went to private individuals, who held title to what lay beneath their properties. Oil discoveries in the late nineteenth century and into the twentieth largely took place on private lands. Ownership and the potential to gain rents encouraged exploration and production. Given relatively low costs of locating, drilling, and producing in new fields, entry was easy and production soared. The output drove local economies, created local, self-reliant middle and upper classes, and made the United States a major world producer.

Even as the economy and society became more urban and less industrial in the twentieth century, the wealth generated by widespread farmland and minerals ownership shaped the way American cities emerged. Rural people

moved to cities as investors, market participants, employers, and employees. The urban grid system was designed to

Where access to property is widespread, politics are more stable.

make city plots available for ownership and trade, just as farmland had been. Large-scale immigration, beginning in the early twentieth century, also was absorbed into comparatively orderly urban blocks and neighborhoods. City cores became surrounded by rings of suburban developments with privately owned single-family homes on town lots. Cities became centers of entrepreneurship and innovation. New wealth was generated. There were no vast, haphazard urban squatter camps or *favelas*, common in Latin American cities.

POWER TO THE CROWN

In Latin America the process of European migration and settlement was far more centralized and limited, very different from English colonization in North America. The crown retained ownership of land and minerals in the colonial period, and minerals continued to be held by the state in postcolonial periods. Land was allocated in large holdings to privileged parties, not in a decentralized manner to common people as in US land grants. Haciendas—not American homesteads—were the typical rural institution. The estates often were near-feudal organizations with natives and immigrant farm

laborers bound to the land and the patriarchal structure. Others worked land in or near the grants as sharecroppers and tenants, with payments or crop shares to the large landholders. Mandatory labor conscriptions were assessed in native communities for working the mines of Bolivia and Peru.

There was little active smallholder participation in land or resource markets in the way that occurred in the United States. Tenant farmers in the United States, if

successful, could become owners. That progress was not possible in Latin America. Relative to the US frontier, a much smaller farmland- or minerals-based upper class developed. In Argentina, Uruguay, Chile, and southeast Brazil, large grant holders pre-empted the best lands and small farmers had difficulties obtaining title. Land conflicts due to incomplete property rights also occurred elsewhere in Latin America where small holdings otherwise would have been economically viable. The relatively fewer immigrants to these regions became tenants or were employed as agricultural laborers or range riders, gauchos, rather than becoming small freeholders. Indeed, the unattractiveness of the Latin American frontier, compared to the American one, is reflected in immigration data. Some 243,000 immigrants may have arrived in Latin America in the first one hundred years of colonization, along with perhaps seven million more between 1820 and 1920, compared to thirty-four million in the United States.

As urban areas developed in Latin America in the early twentieth century, landowning elites became the owners of export-based industries or other new enterprises. The same economic, social, and political structures were maintained. Rural migrants and new immigrants

settled in urban areas as laborers, not as urban landowners or shareholders in new companies. They often came as squatters. Latin American societies were far more stratified, with changes in wealth and political power obtainable not from individual enterprise and access to property ownership but through revolt and support of populist dictators, followed by military coups. North American history was completely different.

Private property posed a direct threat to dictators and an oppressive state. Marx, Lenin, Stalin, and Mao all understood this.

Wealth generated from land markets in frontier America created one of the most egalitarian societies in the world.

COLONIAL UNDERTOW

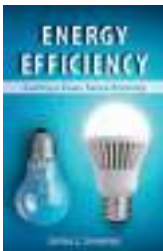
In these ways, the political and social power structures that emerged in North America and Latin America were based on the manner in which land and minerals were initially distributed. These colonial patterns led to lasting differences in political stability, social interactions, individual mobility, optimism, and economic growth. Even as both the United States and Latin America have become more urban and industrial in the twenty-first century, these varying patterns have remained.

The United States continues to be an overwhelming attraction for immigrants. Its economy is vibrant and innovative. There is no turn to the state in any real way for a major redistribution of property.

This is not the case for Latin America. The region has underperformed, as compared to its resource and population endowments, and large-scale redistributive politics remain a threat, lowering long-term investment and economic growth.

The *Grapes of Wrath* quote introduced at the start of this essay could easily describe the population of any area of the United States at any time. A similar characterization for Latin America would not fit, either now or in the past. Individual property ownership expands individual horizons and the sense of self-worth. ■

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Ready, Set, Diverge

The journey to college or career should start much earlier than the final years of high school—and include a realistic appraisal of students' skills and interests.

By Michael J. Petrilli

“**B**ut you support the Common Core!” So said Laura Jimenez of the Center for American Progress on the *Education Gadfly Show* podcast when I argued that it was a mistake to peg high school graduation standards to the “college ready” level.

Guilty as charged. I do support the Common Core, which is designed to get students to “college and career readiness” by the end of high school. But I also see that goal as aspirational; I don’t believe we should actually deny diplomas to young people who gain basic skills and pass their classes but don’t reach that lofty level. Nor do I think that we should force all students to take a college-prep course of study all the way through twelfth grade.

How do I square this circle? Am I hypocrite for claiming to support high expectations while not being willing to enforce those expectations when it comes to crunch time?

I’m not the only one struggling with this dilemma. Recently, veteran education policy analyst Marc Tucker, the founder and outgoing president of the

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National Center on Education and the Economy, penned a long and winding but remunerative essay on the conundrum. In his words:

If you advertise a standard as college and career ready and then deny a high school diploma to all who do not meet it, you will either have to lower that standard or lose your policy making job, because it will be years before that gap is closed and the society cannot and will not tolerate a large fraction of students leaving high school with no credential at all.

Better to have one standard that truly means college and career ready and another that means the student did everything needed to meet a traditional high school graduation standard.

But this way of thinking about standards and gateways has its own dangers. Suppose that sticking with a high school diploma that is not tied to a community college entrance requirement results in a permanent underclass of mainly poor and minority students who are never expected to get more than a high school diploma, who will always be in the low-skill, low-wage jobs, generation after generation.

That is, alas, the rub. Aim too high and we discourage kids, educators, and parents, who aren't nearly prepared to meet the new standard, and harm their already-meager job prospects. Aim too low and we consign "generation after generation" to "low-skill, low-wage jobs," and endorse a system whereby we give illiterate and innumerate young people diplomas that mean very little except persistence in school.

The solution, as I see it, isn't simply to find a happy medium—a Goldilocks standard that's not too high and not too low but just right. (And not just because my libertarian friends have warned me away from the "Hemisphere Fallacy.") Instead, I offer these three rules:

In the early and middle grades, err on the side of utopianism.

By high school, err on the side of realism.

At every step along the way, be transparent with parents about the trajectory their child is on.

AIM HIGH IN THE EARLY GRADES

As Jeff Bezos said the other day, "We know for a fact that if a kid falls behind, it's really, really hard to catch up." That insight has led plenty of advocates (and Bezos himself) to embrace high-quality preschool, which makes a ton of sense. But even communities with universal pre-kindergarten continue to



[Taylor Jones—for the *Hoover Digest*]

see lots of kids—especially poor kids—struggle in school, as the academic benefits of even the best preschools fade.

The answer isn't to give up on preschool but to raise our expectations for elementary schools—to do whatever it takes to get kids caught up during the critical K–5 years. Back to Marc Tucker, discussing how it works in the highest achieving countries:

The expectations for students are set very high for all students and the students are given a curriculum that is matched to those standards. But the teachers are given much more time to work with each other to develop highly effective lessons and effective teaching techniques so the students can reach those higher standards. Their approach to formative evaluation provides teachers with the skills needed to figure out whether every student in the class understands the material as it is being taught, so no one falls behind. If a student does fall behind, a team of teachers is formed to figure out why and fix the problem, whatever it is, in school or out. If a whole group of students is falling behind, the core curriculum is stretched out and enriched for them and the students get much more support, whether that means before school, during the school day, on Saturdays or during the summer, in small groups, one-on-one, whatever it takes. More time, more support, but not lower standards.

In this system, students do not routinely arrive at middle school from elementary school two or even three years behind. It simply does not happen. (Emphasis added.)

An aligned curriculum, true professional development, and more time—all of this makes sense for US elementary and middle schools, too. It's also why it makes sense to stretch students to read books beyond their current reading ability—with support from teachers—so they are not confined to a dead end of low-level literacy. And why, when evaluating elementary schools, it's appropriate to measure both their students' growth and their success at getting students to proficiency by the end of fifth grade, especially students they have had under their roofs since age five.

BE MORE REALISTIC IN HIGH SCHOOL

On the other hand, at some point we have to start getting realistic about how best to help students who didn't get what they needed when they were young.

(Yes, if we get rule number one right, eventually the number of such students should decline markedly.) Some would put that marker in middle school; others might want to wait until the child turns eighteen.

A new, well-reasoned (and beautifully designed!) set of policy recommendations from the XQ Super School folks argues that high school is not too late for young people to find success. “New neuroscience research shows that teenage brains are primed to learn,” its authors write. “During the high school years, big changes happen in the parts of the brain that control reasoning, planning, and self-control. With the right stimulation, even IQ can increase during the teenage years.”

Given all that, Marc and I have both argued before that we should set the end of tenth grade as an important gateway for students.

It would go something like this: in general, in ninth and tenth grades, students would take a traditional set of academic courses and sit for a set of end-of-course exams. They would assess pupils on reading, writing, math, science, history, and civics—the essential content and skills that all students should be expected to know to be engaged and educated citizens. Another component would assess students’ career interests and aptitudes as best these can be gauged. High-achieving students might start taking these exams in eighth grade and finish them in ninth. (This is more or less what the “Kirwan Commission” in Maryland is proposing.)

Students who pass the exams would then choose among several pathways for the remainder of their high school years—paths that all could (but need not) take place under the same roof. Some would be traditional “college prep,” with lots of Advanced Placement, International Baccalaureate, or dual-enrollment courses. Others would be high-quality career and technical education (CTE) offerings connected to degree or certificate programs at a technical college. At the end of high school, students would graduate with special designations on their diplomas indicating that they were ready for postsecondary education or training without the need for remediation (i.e., “college ready”).

Aim too high and we discourage kids, educators, and parents. Aim too low and we consign generation after generation to poor jobs.

Many parents get the message from teachers that everything is OK, even when it's decidedly not OK.

Students who don't pass the exams would enter programs specifically designed to help them catch up and pass the threshold tests on their second

Schools shouldn't hide the ball from parents or kids.

or third (or fourth or fifth) tries. Those who catch up quickly can join their peers in the college-prep or CTE programs.

Students must pass the tests to earn high school diplomas—but the passing scores would be set well below what it takes to be college ready.

BE HONEST WITH KIDS AND PARENTS—ALWAYS

Raising expectations is hard, as is overhauling our high schools. What shouldn't be difficult is using data we already have to tell parents the truth about whether their kids are on track. How is it that 90 percent of parents regularly report to Learning Heroes that they believe their own child is on grade level even though state assessment results show that the real number is fewer than half that amount?

The answer, most likely, is that the message that “everything is OK” is exactly what parents are receiving from their child's teachers and school. When EdNavigator, a parent support group in Louisiana, looked closely at the report cards being sent home to the families they work with, they were completely flummoxed. Those short documents were packed with jargon and totally lacked clarity. Never did a report card raise a clear red flag, even when warranted, by saying, for example, “we are concerned about your child.” That fateful omission was particularly the case for younger students, even those who were already two or three grade levels behind.

Maybe many teachers don't understand just how high the standard is for a child to be on track for success. But thanks to predictive analytics, we know

High school isn't too late for young people to find success. Even IQ can increase during the teenage years.

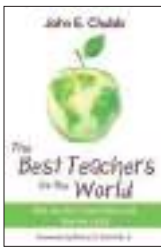
at least by fifth or sixth grade whether a student is likely to hit postsecondary readiness by age eighteen. Schools should not hide the ball from

parents, or kids, but should help them understand what everyone needs to do to change the outcome, the sooner the better. One great model for this is a WestEd initiative called Academic Parent-Teacher Teams, an approach that deserves to be adopted everywhere.

And when students get older and reach the graduation stage without coming close to achieving “college readiness,” we do them a great disservice when we encourage them to enter the buzz saw of community-college remedial education nonetheless. Again, honesty is the best policy. We should make colleges tell them how students with their level of achievement have fared. What proportion end up completing a degree or credential? We should stop “nudging” young people onto pathways that are highly unlikely to lead to success.

High expectations are as critical as ever. But it’s only when we combine them with a pragmatic approach that we have a chance of actually achieving them. ■

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Better Pay for Better Teachers

Who really stands in the way of higher pay for teachers? Teachers' unions.

By Lee E. Ohanian

In a market economy, employee compensation depends on employee performance and productivity. But there is one incredibly important occupation in which compensation depends very little on performance: public school teacher. In California, as in many other states, teacher compensation is largely tied to seniority and the completion of various certificate and summer enrichment programs, rather than to teaching performance. Moreover, pay typically does not reflect the differing market pressures for teachers in certain fields. Compensation for teachers in the difficult-to-fill STEM teaching areas, for instance, is often the same as in areas that do not experience the same scarcity. This makes it hard to hire and retain qualified math and science teaching specialists.

So why is teacher compensation arranged this way? Teachers' unions. Old-school unions (think of the United Auto Workers and the United Steelworkers from the 1950s) have always created salary compression, which implicitly means raising pay—sometimes considerably—for less-productive workers in the union at the expense of restricting pay for the most productive workers.

Lee E. Ohanian is a senior fellow at the Hoover Institution and a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA.

Treating all individuals within the union as essentially the same worker harks back to an economy that simply no longer exists, back to the days when US Steel ruled the world of steel production and the United Steelworkers seemed to call a strike after the expiration of every collective bargaining agreement. With only about 6 percent of private sector workers remaining in unions today, and with productivity and performance now central in many union negotiations, teachers' unions are now among the last outposts of resistance to merit-based pay.

OBJECTIONS DON'T HOLD UP

California typically ranks near the bottom of US educational statistics, with only 37 percent of California students proficient at mathematics despite substantial state spending on K-12 education. Clearly California needs to make educational reforms, so why do unions resist a principle that works well in the rest of the economy? Unions list several reasons. Merit-based pay introduces competition into teaching, they say, and this would ruin a collaborative and collegial workplace. They also argue that merit-based pay would lead all teachers to teach the same way and that it's inherently difficult to evaluate teaching performance.

Do these explanations ring true? Regarding the first, most effective workplaces exhibit both collegiality and performance-based pay, and this includes teachers at community

colleges, colleges, and universities. As for the second objection, if there are clear best practices in teaching, then

we should hope that they would be adopted broadly. Regarding the third, teachers already are evaluated when they are hired and evaluated again for their tenure decision. Just ask parents whether they can distinguish between effective and ineffective teachers.

Note that any union argument to justify decoupling K-12 teaching compensation from performance must make the case that either the occupation itself, or the teachers themselves, fundamentally differ from their counterparts in the rest of the economy and that the market principles of supply and demand don't apply to teaching. If you don't buy this, you're not alone.

California teachers' unions constitute much of the resistance to pay for performance in K-12 teaching. The politically powerful, 325,000-member California Teachers Association states that "merit pay is flawed in concept.

Many new teachers value job security (provided by tenure) much more than other workers do.

Where it has been tried, it has proved to be a detriment rather than a stimulus to better education.” Really? Vanderbilt University researchers recently conducted a meta-analysis of forty-four studies and concluded that merit-based pay increases student learning by nearly one month per academic year. Other research shows that teacher pay on average is higher in school districts with merit pay and that teaching collegiality is not compromised. What’s not to like here? Students, parents, taxpayers, and many—perhaps most—teachers benefit.

The long-run gains of merit pay may be expanded further by changing the composition of the teaching workforce. Research by economists Caroline Hoxby and Andrew Leigh shows that fewer extremely high-performing indi-

viduals are entering the teaching profession today compared to the 1960s, and that much of this decline is explained by union

Treating all individuals as essentially the same worker harks back to a sort of workforce that simply no longer exists.

salary compression. High-performing individuals don’t enter the teaching profession because they know they won’t be paid what they are worth. In complementary research, economists Kevin Lang and Maria Dolores Palacios show that teaching is now attracting individuals who are extremely risk averse, meaning that they value job security (provided by tenure) much more than other workers do. For these workers, being able to keep your job is a very attractive component of the teaching profession, perhaps more attractive than the job itself.

INVESTMENT PAYS OFF

The best teachers are incredibly valuable and California needs many more of them. Research by Harvard economist Raj Chetty shows that one year with a high-performing teacher, compared to an average teacher, can mean as much as \$250,000 in additional lifetime income for a classroom of students. And research by Hoover Institution economist Rick Hanushek shows

EXTRACURRICULAR: Red-clad teachers (opposite page) crowd into the Kentucky State Capitol last spring after a walkout over pensions. Research shows that fewer extremely high-performing individuals enter the teaching profession today compared to the 1960s, and that much of this decline is explained by union salary compression. [Newscom]



that high-performing teachers are effective even in classrooms with a large number of students.

It's hard to imagine a better investment for our state than paying teachers according to their performance. These reforms are ours for the taking. At

some point, the pressure for market-based economic reforms in California education will become too powerful for politicians and unions to continue

Just ask any parent if she can distinguish between effective and ineffective teachers.

sweeping under the rug. The faster that we demand change, the sooner we will see reforms. But until then, California will continue to provide an unsatisfactory education for many of our children. ■

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The Curse of the Cross-Subsidies

Today we subsidize health care for those who can't pay and overcharge the rest. A free market in health care would do neither.

By John H. Cochrane

Why is paying for health care such a mess in America? Why is it so hard to fix? Cross-subsidies are the original sin. The government wants to subsidize health care for poor people, chronically sick people, and people who have money but choose to spend less of it on health care than officials find sufficient. These are worthy goals, easily achieved in a completely free-market system by raising taxes and then subsidizing health care or insurance, at market prices, for people the government wishes to help.

But lawmakers do not want to be seen taxing and spending, so they hide transfers in cross-subsidies. They require emergency rooms to treat everyone who comes along, and then hospitals must overcharge everybody else. Medicare and Medicaid do not pay the

Key points

- » Lack of competition, especially from new entrants, is the biggest problem in health care delivery today.
- » Weakened competition means no pressure to innovate for better service or lower costs.
- » Cross-subsidies are far less efficient than forthright taxing and spending, if more politically palatable.

John H. Cochrane is a senior fellow at the Hoover Institution.

full amount their services cost. Hospitals then overcharge private insurance and the few remaining cash customers.

Overcharging paying customers and providing free care in an emergency room is economically equivalent to a tax on emergency-room services that funds subsidies for others. But the effective tax and expenditure of a forced cross-subsidy do not show up on the federal budget.

MONOPOLIES ARE A DRAG

Over the long term, cross-subsidies are far less efficient than forthright taxing and spending. If the hospital is going to overcharge private insurance and paying customers to cross-subsidize the poor, the uninsured, Medicare, Medicaid, and, increasingly, victims of limited-exchange policies, then the hospital must be protected from competition. If competitors can come in and offer services to the paying customers, the scheme unravels.

No competition means no pressure to innovate for better service and lower costs. Soon everybody pays more than they would in a competitive free market. The damage takes time, though. Cross-subsidies are a tempting way to hide tax and spend in the short run, but they are harmful over years and decades.

We have seen this pattern over and over. Until telephone deregulation in the 1970s, the government wanted to provide telephone landlines below cost. It forced a cross-subsidy from overpriced long distance and a tele-

phone monopoly to keep entrants out and prices up. The government wanted to subsidize small-town airline service. It forced airlines to cross-subsidize

Lawmakers don't want to be seen taxing and spending, so they hide transfers in cross-subsidies.

from overpriced big-city services and enforced an oligopoly to keep entrants from undercutting the profitable segments. But protection bred inefficiency. After deregulation, everyone's phone bills and airfares were lower and service was better and more innovative.

Lack of competition, especially from new entrants, is the outstanding problem in health care delivery today. In no competitive business will the customer not be told the cost before the service is provided. In a competitive market the client is bombarded with ads from new companies offering a better deal.

Ridiculous situations abound. Emergency rooms are staffed with out-of-network anesthesiologists. Air ambulances take everyone without question, and Medicare, Medicaid, and exchange policies underpay. You wake up with

immense bills, which you negotiate afterward based on ability to pay. The cash market is dead. Even if you have plenty of money, you will be massively overcharged unless you have health insurance to negotiate a lower rate.

TINKERING WON'T DO

Taxing and spending is not good for the economy, but it's better than cross-subsidization. Taxing and spending can allow an unfettered competitive free market. Cross-subsidies

stop competition and entry, at the cost of efficiency and innovation.

Taxing and spending, on budget and appropri-

ated, is also visible and transparent. Voters can see what's going on. Finally, broad-based taxes, as damaging as they are, are better than massive implied taxes on a small number of people.

This is why continued tinkering with the US health care system will not work. The system will be cured only by the competition that brought far better and cheaper telephone and airline services. But there is a reason for the protections that make the system so inefficient: allowing competition would immediately undermine cross-subsidies. Unless legislators swallow hard and put the subsidies on the budget where they belong, we can never have a competitive, innovative, and efficient health care market.

But take heart—when that market arrives, it will make the subsidies much cheaper. Yes, the government should help those in need. But there is no fundamental reason that your and my health care and insurance must be so screwed up to achieve that goal. ■

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Lean, Healthy Coverage

Short-term, streamlined health policies are a boon for consumers. More Americans should be allowed to choose them.

By Scott W. Atlas

Americans keep winning on health care reform. The public may only hear about a bungling Congress that couldn't repeal and replace the Affordable Care Act (ACA)—also known as Obama-Care—even though it has been imploding on its own. Less publicized is that the Trump administration continues to implement important strategic reforms that empower consumers, lower the cost of insurance, and improve access to more affordable medical care. A few months ago, the administration delivered again. Secretary Alex Azar's Department of Health and Human Services expanded the availability of short-term, limited duration insurance (STLDI) that is exempt from the coverage requirements and other regulations of the ACA.

STLDI was originally designed to fill a temporary gap in coverage of less than one year when transitioning between plans. President Obama's HHS later finalized a rule in October 2016 that limited STLDI coverage to three months. The new directive allows STLDI to last for up to twelve months, and

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it can be renewed for up to thirty-six months. For those Americans who prefer the choice of more affordable premiums in lieu of many of ObamaCare's coverage mandates that made insurance significantly more expensive, that choice is now available.

The benefits are highly significant for those choosing this coverage. Premiums are estimated to cost about one-third of ObamaCare-compliant insurance, per eHealth data from the fourth quarter of 2016. That provides a new opportunity for financial protection from catastrophic health expenses for those who formerly chose to remain uninsured because they couldn't afford ObamaCare coverage.

The move also benefits those who simply prefer to save money on premiums, rather than stretch to afford more expensive, more comprehensive insurance. Additionally, consumers who were buying ACA-compliant insurance just to escape the tax penalty that punishes people who would have bought non-ACA-compliant plans may also now opt for cheaper STLDI, given that the Trump administration reduced that penalty to zero as of January 1, 2019. Beyond cheaper premiums, broader access to doctors and hospitals could also be available under STLDI compared to ACA-compliant plans that have very narrow provider networks.

Despite the failure of the Republicans in Congress to repeal the ACA, the Trump administration has repeatedly made significant inroads toward providing more affordable health coverage and care to more Americans.

The administration understands that the factors by which the ACA contributed to rising premiums must be eliminated, and broader access to STLDI is an excellent step. STLDI coverage is cheaper because it is tailored coverage that circumvents the ACA's excess mandated coverage and its harmful regula-

tions. That includes the ACA's required "essential benefits" that increased premiums by 10 percent; the ACA's 3:1 age rating that raised

premiums for younger enrollees; the "guaranteed issue" that gave people incentives to remain uninsured until they were sick, a grossly misguided rule that raised premiums for everyone regardless of age or city by 46 percent; and, hopefully, many of the costly and often unwanted state coverage mandates for everything from acupuncture to marriage counseling to massage therapy.

This administration has repeatedly made significant inroads toward providing more affordable coverage and care.

But these new rules on limited-mandate plans could be improved. For instance, these plans should be allowed for longer periods of time; they should be available to everyone, regardless of age or employment; and even more boldly, they should be included in Medicare and Medicaid as alternative, cheaper coverage, coupled with an option for a defined benefit instead of traditional coverage.

Why would anyone be against offering such choices to Americans and instead force them to buy coverage they don't want or value for their hard-earned money?

To appreciate the potential impact of health reforms like this, we must also sort out fact from false political grandstanding about our current state of affairs under ObamaCare.

Contrary to the claims of those wedded to ObamaCare, the data show that its regulations caused massive increases in insurance premiums and a disappearance of insurance options across the country. In its first four years, ObamaCare insurance premiums for individuals doubled; for families, they increased 140 percent. Shockingly, this occurred even though insurance deductibles for individuals increased by over 30 percent for individuals and by over 97 percent for families, according to eHealth data.

As time passes, insurance options and prices on ObamaCare exchanges continue to worsen, according to HHS data. For 2018, only one exchange insurer offered coverage in each of approximately one-half of US counties; many more counties had a choice of only two companies in their exchanges.

Some Americans prefer more affordable premiums in lieu of ObamaCare's expensive mandates.

Moreover, many exchange enrollees continued to face large year-to-year premium increases in 2018, according to Kaiser Family Foundation analy-

sis, even in the face of markedly higher deductibles. And the spectrum of doctors and specialists accepting that insurance continues to sharply narrow, with far fewer specialists than non-ACA exchanges. Almost 75 percent of plans are now highly restrictive.

Despite the failure of the Republicans in Congress to completely repeal the ACA, this administration has repeatedly made significant inroads toward providing more affordable health coverage and care to more Americans. New association health plans for small businesses and other groups, expanded health savings accounts, and broader access to limited-mandate insurance

coverage through STLDI are all important steps toward more affordable health care.

Although such arcane rule changes cause eye-rolling and yawns among many, these important steps remove harmful regulations from the previous administration that hurt consumers. While Americans are likely not yet “tired of winning,” expanding limited-mandate insurance is a clear victory for consumers. ■

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Don't *Rock the Vote*

Why the voting age is plenty low enough already.

By David Davenport

In the months since students began demonstrating against gun violence on school campuses, the question of lowering the voting age to sixteen has come to the fore. The District of Columbia Council is considering a proposal to do just that—including in presidential elections—and similar bills have recently been introduced in Georgia and Minnesota. The city of Takoma Park, Maryland, was the first to allow sixteen-year-olds to vote in 2013, and since then a few other cities (most notably Berkeley, to a limited degree) have followed suit.

It's not clear why student willingness to protest qualifies them for new, adult-level responsibilities of citizenship. The last time the voting age was changed, it was lowered from twenty-one to eighteen by the Twenty-Sixth Amendment to the Constitution during the Vietnam War. The argument was that if eighteen-year-olds could fight and die in a war, they should be able to vote for their national leaders.

But it is difficult to find a comparably compelling reason for further change now. Would we also want sixteen-year-olds serving on juries or signing up for the military? I think not. And if sixteen, why not thirteen, when youths enter the teen years and those hormones start up?

David Davenport is a research fellow at the Hoover Institution.

As we learn more about the human brain and how it develops, society has increased the age of responsibility in other areas, not lowered it. Researchers generally agree that the brain is still developing until the mid-twenties, with moral reasoning and abstract thought coming later than we once thought. So the drinking age has gone up to twenty-one, and the age when kids may drive a car without any conditions has now increased to seventeen or eighteen under most state laws, not sixteen.

Simply put, the law has been moving toward greater maturity before granting responsibility, not less.

Advocates argue that we need greater civic engagement and that younger voting would help. Younger voters, however, have been notoriously weak about showing up at the polls. In the 2016 election, for example, only half of younger voters turned out to vote, compared with two-thirds of older voters. Deepening the pool of younger voters hardly seems like a solution to the civic engagement problem. Moreover, students' knowledge of civics does not suggest they are highly qualified to start running the republic. In the last round of national civics tests (unfortunately now only administered to eighth-graders), a mere 23 percent scored "proficient" or above.

We should promote better civic education among the young before we demand greater civic engagement.

There is also a political motive for some to favor sixteen-year-old voters. Since young people tend to be more liberal than their older peers, increasing the pool of younger voters is likely to help Democrats over Republicans. In 2015, then-minority

leader Nancy Pelosi of California expressed enthusiasm about the prospective sixteen-year-old vote, exclaim-

ing, "When kids are in school, they're so interested, they're so engaged." It's hard not to be a little cynical about such pronouncements because test scores show that they are *not* especially engaged in civics and that Pelosi's party stands to benefit politically.

Is voting by sixteen-year-olds likely to become a political bandwagon? So far, only cities have taken steps to lower the voting age, and they can decide

It's unclear why students' willingness to protest qualifies them for new, adult-level responsibilities of citizenship.

Elsewhere, the law has been moving toward demanding greater maturity before granting responsibility, not less.

A woman is seen from behind, carrying a baby on her back. She is holding a large white sign with bold black text. The sign reads "I AM" on the top line and "A CHILD" on the bottom line. The word "AM" is underlined. The woman is wearing a grey shirt. The background is blurred, showing other people in a crowd.

I AM
A CHILD

only about voting in municipal elections. States, however, and the District of Columbia oversee both state and federal voting, so the district could decide to allow sixteen- and seventeen-year-olds to vote for president in the next election and beyond. The likelihood of another constitutional amendment changing the voting age nationally is not high, since it would require a two-thirds vote of both chambers of Congress and three-fourths of state legislatures. However, the possibility that the District of Columbia or a liberal state makes a change locally is much higher.

If sixteen-year-olds voting is the answer, I guess I don't understand the question. ■

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KID ROCK: A very young demonstrator (opposite) bears a protest sign at an event in Washington last summer. Many political advocates argue for greater civic engagement, saying younger voting would help. Younger people, however, have been scarce at the polls and unsteady on civic understanding. [Kevin Dietsch—UPI]



A Case for Ridicule

Reason is wasted on the unreasonable.

By Bruce S. Thornton

Former UN ambassador Nikki Haley told a high school audience that conservatives shouldn't delight in "owning the libs"—that is, triggering a progressive into a hysterical response that you proceed to mock. Instead, we should be persuading them with reasoned argument and "bringing people around to your point of view," Haley said, thus making a convert rather than energizing partisans into clinging even more tightly to their beliefs and voting accordingly.

Having spent more than forty years in universities, the incubators of today's leftist nonsense, I am skeptical about the power of reasoned argument among today's ill-educated students. Most of their teachers, like most progressives, are largely immune to reason, evidence, and coherent argument, little of

Key points

» Much of our culture is driven by a faith in reason—our supposed ability to sort truth from opinion.

» Reason can become the slave of evil passions, as in Nazi Germany.

» The beliefs, ideas, and fake history embraced by the progressive cult have been preached from kindergarten through university, and then reinforced. And cults rebel against reason.

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.

which makes it into their courses. As the old gag goes, arguing with a leftist is like playing chess with a pigeon: the bird knocks over the pieces, craps on the board, then struts around as if it won the game. Reasoned argument cuts no ice when confronted with the irrational caprices and gratifying passions of human beings.

In fact, the assumption behind Haley's plea is the old Socratic one that virtue is knowledge, that if one knows the good, one will do the good—one of the foundational bad ideas of modernity. When people believe wrong or dangerous ideas, the paradigm goes, that's because they're deficient in knowledge. They just need to be better informed of the facts, and better trained to spot incoherent and fallacious arguments.

The rebuttal of this claim was made by Socrates's contemporary Euripides, whose sex-maddened character Phaedra says in a moment of lucidity, "We know the good and recognize it, but we cannot do it." Two thousand years later, Dostoevsky's spiteful character Underground explains why: "One's own free and unfettered volition, one's own caprice, however wild, one's own fancy, inflamed sometimes to the point of madness—that is the one best and greatest good." We are free to choose our actions and beliefs even if they're destructive, dangerous, or irrational. The fact that we want them, and they gratify us, and we can choose them is all that counts.

"I DON'T ARGUE, I SHOOT"

This faith in reason to sort out the true and the good from mere opinion drives much of our culture. Fooled by the success of science and technology in understanding and manipulating the natural world, we naively think that we can do the same for the human and social world, that we can manufacture Stalin's "engineers of the soul" and create utopia. Yet for two hundred years the power of irrational, destructive passions and impulses has spattered the pages of history with blood. Materialist science still has no answers to our most profound questions: what should we be and what should we do? And the decline of faith left us vulnerable to political religions, which promised to answer those questions, and create a utopia of social justice and happiness, only now to be enjoyed here on earth.

Political religions fail because the materialist utopia is literally nowhere, and reason more often its slave than its master. Humans are too complex, irrational, and unpredictable to be the stuff of perfection, and no amount of cultivating reason will change that fact. Germany was the most civilized, sophisticated, and intellectually advanced culture in the twentieth century, yet it descended into murderous madness. Reason became the slave of evil

passions. People fired with such passionate intensity in their beliefs are not going to be persuaded to think otherwise. They respond to pleas for reasoned debate like the young Nazi whom Karl Popper tried to reason with: “You want to argue? I don’t argue, I shoot.”

The history of modernity is full of examples of the futility of reasoned persuasion and argument in the face of the passionate beliefs spawned by

modern political religions. Actually, “cults” is a better word. And what is more cultlike than the level of irrationality we have witnessed since Donald Trump won the

Misled by the success of science in understanding the natural world, we naively think we can do the same for the human and social world.

election? It does not bespeak a coherent, well-reasoned dissent, but the hysterical anger of those whose passionate beliefs and justifying ideologies have been attacked. And since for leftists “the personal is the political,” challenging their beliefs is a challenge not just to their ideals but to their very being, a wound to their identity, to what makes them the kind of superior person they imagine themselves to be. These ideologies that promise the better world of social justice provide, as baptism once did, the sign of one’s salvation.

We also have to remember that the beliefs, ideas, and fake history embraced by the progressive cult have been drilled into students from kindergarten to university, and reinforced in popular and highbrow culture alike. They now comprise the unthinking default belief system one never questions, any more than one questions the heliocentric planetary system. And if some heretic does question them, the faithful will unite in condemning and ostracizing him, the way cults like Scientology do. Like Popper’s young Nazi, they don’t want to debate and reason together and search for the truth. They want to shut you up.

The decline of faith left us vulnerable to political religions promising utopia on earth.

Of course, we are nowhere near the level of intensity that led to political religions like Nazism and communism. But that is not because

people these days are morally superior and more civilized than Germans or Russians in the twentieth century. For one thing, our immense and widely distributed wealth narcotizes us with an abundance of pleasures and diversions. We are better behaved only because we can afford to be. That’s why

so far, the political agitation and hysteria have remained mostly at a symbolic level—fashion and status displays rather than calls to organized mass violence.

Second, our political system, though under assault for decades, still displays the brilliance of the founders' architecture. That order survives because the founders accepted the permanence of humanity's innate tendency to destructive

passions and acts, and so divided and balanced political power to keep it from being concentrated in the hands of a

tyrant. Also, as the Trump election showed, constitutional structures such as accountability to the citizens through regularly scheduled elections, the Electoral College's check on majoritarian tyranny, and a vibrant Bill of Rights all still enable a check on the tyrannical impulses that reside in most cultists, who typically are led by some "great leader" beckoning acolytes to a political promised land.

Third, though weaker than it was even thirty years ago, religious faith is holding on among a significant part of the citizenry, and so is able to offer an alternative to the secular nostrums of the left. Shored up by an originalist Supreme Court, religious freedom is now less vulnerable to the assaults of the secularist left, which cannot abide power and authority competing with their own.

But the lust for power never sleeps. And if events were to erode our rich, comfortable existence, people could find the will to serious violence that they currently lack.

People today are not morally superior to the Germans or Russians of the twentieth century.

RIPE FOR RIDICULE

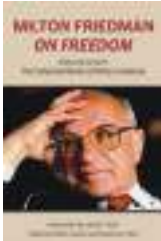
How do we go about countering the rhetoric that could lead to such violence? Some people, like Haley, counsel reasoned persuasion and coherent arguments that demonstrate how much better off we all will be if conservative principles guide our republic. I wish her the best, but my many years among generations of young people confirm what the murderous twentieth century teaches: you can't educate or reason someone out of his passionate delusions.

Worse yet, we are so rich today that we can, at least for a while, ignore the wisdom of experience and common sense that guided our ancestors, who recognized that foolishness exacted a fearsome price. When incoherence pays off in fiscal and social capital, how are you going to persuade someone

to give it up? Conversion usually follows bitter and painful disillusionment. The progressive cult is affordable: no one starves, no one is shipped off to the gulag, no one stands in line for hours to buy a moldy head of cabbage, no one is awakened by boots and rifle butts pounding on the door.

Telling conservatives that they should go forth and “persuade” leftists is a fool’s errand. Arguments didn’t keep Socrates from being executed by an Athenian jury, and conservatives are unlikely to change many minds among strident progressives. In the rough and tumble of the democratic public square, scorn, satire, and humiliation are often more effective than well-reasoned arguments. That’s what made the scatological Aristophanes a much better politician than Socrates. He understood that democratic politics, in the end, is not about reason but about motivating voters to pick the better policy. And the best way to accomplish that is to reduce political rivals to the objects of ridicule that their ideas deserve. ■

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Make the Outdoors Great Again

Our national parks need capital, not stingy congressional handouts. Modest increases in entrance fees—and perhaps sponsorships?—could provide the money they need without adding to the federal debt.

By Terry L. Anderson

If the national parks are “America’s best idea,” as Ken Burns and Dayton Duncan called them in their popular PBS documentary, shouldn’t we be willing to pay for them? After all, families pay well over \$35 for a couple of hours of entertainment at the movie theater, and a visit to Disneyland will cost a family of four, with both kids over ten, \$1,280 for five days. National parks, by comparison, are a bargain.

Visitors to the national parks last summer encountered higher entrance fees decreed in April by the Department of the Interior, home of the National Park Service. These increases were modest: for example, a weekly fee per private vehicle rose from \$30 to \$35. The increases followed fierce opposition to Interior Secretary Ryan Zinke’s original plan, announced in October 2017,

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which was to raise fees to \$70 per car per week. This fee would have applied to the busy summer season in just seventeen of the crown jewels in the park system, including Yellowstone, Yosemite, Grand Canyon, and Grand Teton. The fee hikes would have raised an additional \$70 million, which would have been used to help fix the crumbling infrastructure at the parks. Zinke backed down and reduced the new fee to \$35. Montana senator Jon Tester expressed the opposition from his constituency, claiming that “doubling entrance fees would have priced too many Montana families out of our public lands.”

Under the new fee structure, a family of four driving through the Teddy Roosevelt Arch into Yellowstone and staying seven days pays just \$5 per day, up from \$4.25 per day when the fee was \$30 per week. If the family planned to visit several national parks during the year, they could get the price even lower by purchasing the America the Beautiful Annual Pass for \$80. Senior citizens can buy a lifetime Senior Pass for \$80.

Visitors to state parks, which generally are much smaller and less spectacular than national parks, will find fees comparable to Zinke’s original proposal. In California, entrance fees are \$10 per car per day, or \$70 per week. Arizona’s daily fee is \$7 per vehicle for up to four passengers. In Maine, adult residents pay approximately \$5 per day and nonresidents \$7.

Foreign national parks are more expensive. Canada’s Banff National Park in Alberta will cost you over \$15 per vehicle per day. Addo Elephant National Park in South Africa, with some of the largest elephant herds in Africa, charges \$23 per day for foreigners. The foreigner’s entrance fee at Kenya’s Masai Mara, famous for the massive wildebeest migrations, is \$80 per adult per day and \$45 for children under twelve. In contrast to the high fees for foreigners, Addo Elephant National Park charges only \$6 for South African citizens, and Masai Mara charges \$12 for Kenyan citizens.

Putting entrance fees in a historical perspective, the inflation-adjusted fee for driving into Mount Rainier National Park, the first to charge an entrance fee, was more than \$500 in 1908. For Yellowstone, it was nearly \$250 in 1915. Those fees fell rather precipitously by the 1920s to around \$25 in today’s dollars, where they more or less remained until the recent increase. Over the same period, per capita incomes in the United States rose more than seventy-five-fold. It seems highly unlikely that national park entrance fees of even \$70 would price citizens out of their public lands.

A BARGAIN FOR ALL

So where does the opposition to higher fees originate? Like so many ideas in Washington, it comes from special-interest groups that want to



LIVING HISTORY: A National Park Service ranger lectures visitors to the Ellis Island National Museum of Immigration. America's national parks face a backlog of infrastructure repairs and upgrades estimated at \$11.6 billion. [Chip East—Newscom]

preserve the benefits of the status quo. In this case, those groups include communities near the park, park concessioners, and the outdoor recreation industry. They understand that money visitors spend at the gate for entrance fees is money not spent on lodging, food, tours, backpacks, and souvenirs. As Senator Tester put it, higher fees would supposedly cause visitors to “empty their wallets” and “undercut our state’s thriving outdoor economy.”

Another source of opposition is Congress itself. Politicians hate to lose their control of agencies by giving them more discretion. This is not a new problem. As director of the newly created National Park Service in 1916, Stephen Mather saw revenues from fees as a way of funding the parks. In the early years of the park service, receipts from entrance fees and concessioner rents exceeded spending in parks such as Yellowstone and Yosemite. Those surpluses went into a special treasury account controlled by the director. New York congressman John Fitzgerald, however, believed that expenditures should be approved by the House Interior appropriations

subcommittee. In 1918, he succeeded in having all park receipts transferred to the general treasury.

The congressional stranglehold on park budgets continued until 1996, when, in a rare instance, Congress gave more discretion to the National Park Service by passing the Federal Lands Recreation Enhancement Act. This act allows parks where fees are collected to retain 80 percent of the revenues

and the park service to allocate the remaining 20 percent across the system as needed. In response, however,

Parks in other countries are far more expensive, especially for foreign visitors.

Congress offsets much of the fee revenue by reducing congressional appropriations for park operations. As a result, between 2005 and 2015, when the federal budget grew by nearly 40 percent, park budgets grew by less than 2 percent. Meanwhile, park attendance grew to a record 305 million visitors.

PARKS CAN PAY THEIR WAY

Imagine how things would change if national parks really were self-sufficient. Yellowstone could cover all its operations with a fee of \$12 per visitor per day. Glacier could manage with \$8. Assuming that the average car paying \$35 per week carried four passengers, the present daily cost is \$1.25 per visitor per day. Charging fees that would cover costs would give the park service an incentive to collect fees and, if local park managers had the discretion, to spend the funds where they are most needed, be it on visitor services or infrastructure.

Charging higher fees to non-taxpaying foreign visitors would be another way to generate more revenue, and it would not “nickel and dime Montana families,” as Senator Tester put it. Nearly fifteen million foreigners visited US national parks in 2017, and charging them more would contribute millions to park operations every year.

The US parks could take another page from foreign parks by seeking corporate sponsorship. Put aside images of ads painted on the rock walls in Yosemite or banners hung from the rim of the Grand Canyon. In Addo Elephant National Park in South Africa, for example, there are two signs at the main entrance: one is a tasteful sign in front of the thatched-roof gate stating entrance fees; the other gives the name of the energy company sponsoring Addo. Rhino Ark, a nonprofit in Kenya, built a four-hundred-kilometer electric fence to reduce conflict between elephants and subsistence farmers with funds raised from corporations that get credit for their conservation ethic.

How much might be raised from corporate sponsorship and charitable foundation donations in the United States? The sky's the limit. To honor the hundredth birthday of the National Park Service in 2016, the National Park Foundation, a congressionally authorized nonprofit created to support parks, launched a campaign to raise \$250 million for improving trails, visitor centers, and other park infrastructure. So successful was its campaign that the goal was increased to \$500 million, and it has already been achieved.

In addition to operating costs, national parks face a backlog of infrastructure repairs and upgrades estimated at \$11.6 billion. As Shawn Regan, research fellow at the Property and Environment Research Center, told the Senate Committee on Energy and Natural Resources, visitor centers are in a sad state of repair, 40 percent of park roads are rated as “fair” or “poor,” and dozens of bridges are considered “structurally deficient.”

The extra \$60 million that the park service anticipates from \$35 fees represents only a drop in the bucket of infrastructure backlog. However, if the national park system covered all of its operating costs out of user fees and corporate sponsorships, it would free up nearly \$3 billion per year that could go toward the maintenance backlog.

Zinke's willingness to think outside the box is a breath of fresh air in Washington, and there is hope that it might catch on in Congress. Rob Bishop (R-Utah), chairman of the House Committee on Natural Resources, said the modest increase in fees “moves us towards more of a ‘user pays’ system, which is positive.” Unfortunately, his preface to that comment—“any change to user fees should be approved by Congress”—suggests we are still a long way from taking parks out of politics, and politics out of parks. ■

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Wisdom in Nationalism

Israel has long sought both a distinctively Jewish identity and modern nationhood. Wise leadership can enable it to achieve each.

By Peter Berkowitz

Last July, the Knesset passed the Nation-State Bill, formally known as the Basic Law on Israel as the Nation-State of the Jewish People. Basic Laws in Israel enjoy constitutional status, although only a simple parliamentary majority is needed to pass or repeal them. The law, which reaffirmed principles set forth in the country's May 1948 Declaration of Independence, has occasioned bitter controversy. With a nationalist-infused populism roiling the United States, Britain, and Europe, the Israeli debate over the aspiration, inscribed in the country's founding, to combine nationalism and liberal democracy has implications that transcend the Jewish state.

Haaretz contributor Uzi Baram excoriated the new law and its architects. "The nation-state law is not only an unnecessary law, it is an abhorrent law," he wrote, speaking for many on the left. It "was the product of an ultra-nationalist government, led by the religious right," and was intended "to divide the public, exclude minorities, and undermine the Arabic language."

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Also in *Haaretz*, Haim Ramon, a man of the center-left, published a sharp reply that gave expression to a Zionist sensibility that extends beyond Israel's center-right. A former vice prime minister and minister of justice, he emphasized that Israel's 1992 Basic Law on Human Dignity and Liberty "granted equal rights to every person in the state of Israel in the spirit of Israel's values as a Jewish and democratic state." But it was incomplete: "whereas the law on human dignity and liberty elaborated the individual's rights in a democratic state, it did not elaborate the practical significance of the state's Jewish character." The nation-state law remedies that deficiency. It "does not come to bury the Basic Law on Human Dignity and Liberty but to complete it."

FEELING EXCLUDED

Whatever the actual legislative intentions and legal implications, the new Basic Law aggravated a sense of second-class citizenship among Israel's minorities. Last summer Arabs, who constitute a little over 20 percent of the citizenry and who rarely serve in the army, and Druze, who represent about 1.5 percent and generally do serve, collected tens of thousands of protesters in separate political rallies in downtown Tel Aviv's Rabin Square—the country's premier venue for demonstrations—to decry the law.

The tiny Druze minority accepts Israel as a Jewish nation-state but condemned the nation-state law as undercutting equality. They were supported at their rally by many Jewish citizens devoted to Israel as both a Jewish and democratic state. In contrast, according to Member of Knesset for the Zionist Union

Tzipi Livni (who joined the Druze gathering in Rabin Square but not the Arabs'), many organizers of the Arab rally opposed the very idea of Israel

as a Jewish nation-state. Their attack on the new law seemed to imply the injustice not merely of Jewish nationalism but of nationalism itself.

Israeli scholar and political commentator Yoram Hazony could not disagree more. In *The Virtue of Nationalism*, published last September, he argues that the independent national state surpasses all rivals in securing justice. He criticizes the "educated elites" who indiscriminately accuse nationalism of underpinning a "primitive" politics composed of "warmongering and

"The best political order known to mankind is, in fact, an order of independent national states," wrote Israeli scholar Yoram Hazony.

racism,” and who instead aspire to unite all countries under a single liberal-internationalist regime. To the contrary, argues Hazony: “the best political order known to mankind is, in fact, an order of independent national states.”

Hazony finds in nationalism the most fertile soil for virtually all political goods. Knitted together by citizens’ shared history, religion, language, and sense of political destiny, the national state is rooted, according to Hazony, in the irreducible human realities of family, clan, tribe, and “the bonds of mutual loyalty” nurtured by these traditional associations. Despite an ambiguous historical record, nationalism, Hazony optimistically argues, creates “a protected space in which peace and prosperity can take hold.” It also “inculcates an aversion to adventures of conquest in distant lands” and supplies “the state with the only known basis for the development of free institutions and individual liberties.”

Hazony asserts that independent national states have an interest in promoting an international order of independent national states. Such an order, he insists, “offers the greatest possibility for the collective self-determina-

tion” and “establishes a life of productive competition among nations, each striving to attain the maximal development of its abilities and those of its individual members.”

But Hazony has little to

say about the alignments, legal arrangements, and political institutions that would undergird it. And he declines to examine the circumstances under which national competition turns counterproductive, vicious, and indeed a threat to life on the planet.

By promoting awareness of differences among nations, the virtue of nationalism nurtures other virtues, maintains Hazony. These include a healthy humility, skepticism, and toleration. Depending on the traditions to which it is devoted, of course, nationalism could beget arrogance, self-righteousness, and belligerence just as easily as it could beget the generally liberal virtues Hazony credits it with cultivating.

The Jewish tradition’s imperative to treat neighbors and strangers justly mutually reinforces the democratic dedication to individual freedom.

NATIONALISM, FREEDOM WORK TOGETHER

President of the Herzl Institute in Jerusalem and director of the John Templeton Foundation’s project in Jewish Philosophical Theology, Hazony traces nationalism back to the Hebrew Bible’s account of Jewish nationhood and

sees the early-modern Protestant recovery of biblical nationalism as a model for today. Despite his tendency to idealize nationalism's virtues and downplay its vices, his historical reconstruction of nationalism's moral and sociological premises and his analysis of its practical implications are subtle and instructive. They represent a genuine contribution to contemporary debates about citizenship, government, and relations among states.

In contrast to his generous reading of biblically based nationalism, Hazony again adopts an adversarial approach toward John Locke's liberalism and the modern tradition of freedom it helped launch. To depict them as nationalism's inveterate enemy, he exaggerates liberalism's vices and obscures its virtues. His caricature ill-serves his salutary defense of nationalism.

On the assumption underlying liberal democracy that human beings are by nature free and equal, Locke argues that consent makes political power legitimate. Since the largest viable political unit to which citizens can plausibly consent—even tacitly—is a state characterized by shared traditions, language, and political hopes, the modern tradition of freedom reinforces the case for nationalism.

While providing a welcome corrective to the “educated elites” who deplore nationalist pride in Israel, the United States, and other countries determined to preserve their independence and chart their own course, Hazony introduces a one-sidedness of his own. He unwittingly perpetuates the progressive error of equating the modern tradition of freedom with the dream of global government. This impels him to reject liberalism in the large sense as a species of world-conquering imperialism and to rely solely on the biblical tradition as a guide to contemporary politics. To vindicate the nationalism and freedom Hazony cherishes, however, the wisdom embodied in the biblical tradition and the wisdom embodied in the modern tradition of freedom must be woven together.

CONVERGENCE OF MEANING

The two traditions converged in Israel's founding, as they did in the founding of the United States. Israel's dual heritage illuminates the country's public interest.

For example, the Jewish tradition's imperative to treat neighbors and strangers justly and the liberal and democratic dedication to individual freedom for all often reinforce one another. Together, they commit Israel to fulfilling the state's promise of equal opportunity for its minority populations, which would enhance bonds of mutual loyalty. The Jewish state could take an excellent next step by directing additional state resources to the

renovation of physical infrastructure in Arab and Druze communities and to the improvement of their educational systems.

The best hope for the country's minorities—as for its Jewish majority—is for Israel to honor the mix of principles inscribed in its Declaration of Independence and reaffirmed through the Basic Laws on human dignity and liberty and on Israel as the nation-state of the Jewish people. ■

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Distrust, but Keep Talking

US-Russian relations are hardly doomed to an eternal deep freeze, but Vladimir Putin will keep them on ice as long as he's around.

By Ralph Peters

In the greatest film ever made about the human dimensions of strategy, Stanley Kubrick's Cold War masterpiece *Doctor Strangelove*, an excited bomber pilot speaks of "noo-cullar combat, toe-to-toe with the Russ-kis." Those familiar years of Americans and Russians tramping on each other's feet followed a brief interlude when we danced the light fantastic to our mutual benefit, with neither side's dancing shoes scuffed.

That interlude was during the historic high point of US-Russian relations. In 1863.

Russia's only liberal reformist czar, Alexander II, had freed the serfs in 1861 and held no sympathy with the slaveholding, self-proclaimed Confederate States of America, which Russia's government declined to recognize. (Russia also worried, as it does still, about a precedent for secession movements at home.) In the latter half of 1863, the czar's admiralty dispatched a squadron from Russia's Baltic Fleet on a visit to Union ports and the warships—whose crews included a distinctly unseaworthy junior officer named Rimsky-Korsakov—would visit multiple harbors

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during their half-year stay. A second squadron, from the Far East, later anchored in San Francisco, willing to protect the bay against Confederate commerce-raiders.

President Lincoln's government and Northern society were ecstatic; suddenly, all things Russian were in vogue. With Great Britain and France leaning toward Richmond, the czar's evident show of support seemed a great strategic boost.

Yet the visits were not intended primarily as a goodwill gesture. Russia recently had been humiliated by Britain, France, Sardinia, and Turkey in the Crimean War, and with Russia suppressing yet another gallant-but-hopeless Polish insurrection with fire and sword, renewed war with Britain, at least, appeared imminent. Those Baltic Fleet ships were sent to New York to avoid being bottled up at Kronstadt, the fleet's home port, by the much more powerful Royal Navy. By sheltering in neutral American ports, the Russian cruisers could set forth—with a strategic advantage—to raid British commerce in the North Atlantic. The squadron in San Francisco, too, was to act against British shipping, should war commence (the sailors' most significant "combat" action, though, was to pitch in to help fight one of the city's recurring fires).

In 1918, thirteen thousand US Army troops joined expeditionary forces to invade revolutionary Russia. Call that the low point.

Despite the disparate agendas and misunderstandings of purpose, both Washington and St. Petersburg won, and neither side paid a price. Britain and its allies did

not go to war against Russia and did not grant recognition to the Confederacy. Then, with the czarist government fearful that Britain would seize indefensible Alaska in any future war, Russia's foreign ministry offered the reunited United States a deal—"Seward's Folly"—that would rival the Louisiana Purchase as the greatest real estate bargain of all time.

Until the Second World War, when a very different atmosphere prevailed, there would not be another example of US-Russian defense collaboration—and none in which one side or the other, or both, would not end up feeling wronged.

REMEMBER 1918? RUSSIANS DO

A half century after the balls and gala dinners welcomed the czar's naval officers, the forgotten (by us) low point in US relations with Russia arrived. In 1918, thirteen thousand US Army troops joined allied expeditionary forces



SMOOTH SAILING: A woodcut captioned “The Russian Fleet, Commanded by Admiral Lisovski, Now in the Harbor of New York” shows the Baltic Fleet during its visit to New York in 1863. President Lincoln’s government and Northern society gave the fleet an ecstatic welcome; suddenly, all things Russian were in vogue. [Harper’s Weekly]

that—setting diplomatic euphemisms aside—invaded revolutionary Russia. The declared goal was to protect stores of munitions, property, and interests, as well as to evacuate POWs. But the deployed militaries actively backed the czarist White Guards against the beleaguered Bolsheviks. (In 1921, Herbert Hoover would oversee a vast humanitarian mission to starving Russia, but the Soviets struck that from the history books.)

We may have forgotten that ill-starred occupation, but the Russians never did: indeed, in the iciest years of the Cold War, Premier Nikita Khrushchev was glad to remind us that we had killed Russians on Russian soil (in fact, the US troops on the Murmansk-Arkhangelsk front did kill and wound thousands of Russians, while those deployed to the Far East and Siberia engaged in fewer large-scale combat operations).

Even during the worst years of the US-Soviet bipolar struggle, US and Soviet forces never openly fought each other again—although there was

a good deal of uniform-swapping and subterfuge. Mutual disdain did not prevent mutual restraint, and Soviet violence was directed primarily at its subject peoples.

The grand alliance against Hitler did result in a brief warming of feelings on both sides, but beyond the diplomatic handshakes, shipments of Spam and

Studebakers, and a brief heyday for fellow travelers in the United States, this was a cold-blooded teaming of enemies against a greater enemy, and the

During the American Civil War, both Washington and St. Petersburg won, and neither side paid a price.

clearest heads in Washington and Moscow never succumbed to the notion of enduring amity. In the postwar era, both governments would purge those deemed too sympathetic to the now-estranged ally (although the “purging” in the US government was considerably more benign, if at times hysterical).

From 1945 onward, as one pretense after another crumbled, the United States and the Soviet Union became and remained enemies. Then, after nearly half a century of the Cold War, the Soviet Union came apart in 1991 and gangsters took power in Russia, just as romantics took hold of Washington’s Russia policy.

Indeed, romanticism is perhaps the most dangerous threat to the foreign policies of free and democratic nations, inspiring abrupt shifts in temper that overlook mass atrocities in favor of swapping orchestras. With the Soviet Union’s dissolution, American intellectuals and students of Russian affairs surrendered to an optimism utterly ungrounded in geopolitical or basic human reality. During the Clinton administration, those in influential positions seemed to believe that with the Soviet bogeyman gone, Russia would revert to the realm of Tolstoy and Chekhov, of Tchaikovsky and Rimsky-Korsakov, of the Ballets Russes, Nijinsky, and Diaghilev. But the Russian culture of the golden and silver ages had been exterminated by Stalin in the gulag or, at best, driven into exile. The DNA is gone. Russia’s hard-won European veneer had been scraped off without mercy: Russia remains the tragic land

HELMSMAN: Famed photographer Matthew Brady took this portrait of Admiral Stepan Lesovski (1816–66), commander of the Russian fleet that visited the Americas during the US Civil War. A second squadron, from Russia’s Far East, later anchored in San Francisco, ostensibly to protect the bay against Confederate commerce-raiders but also poised to raid British shipping. [Matthew Brady]



depicted by Dostoevsky and Mussorgsky, but without artists of their quality to capture it.

A PEELING EUROPEAN VENEER

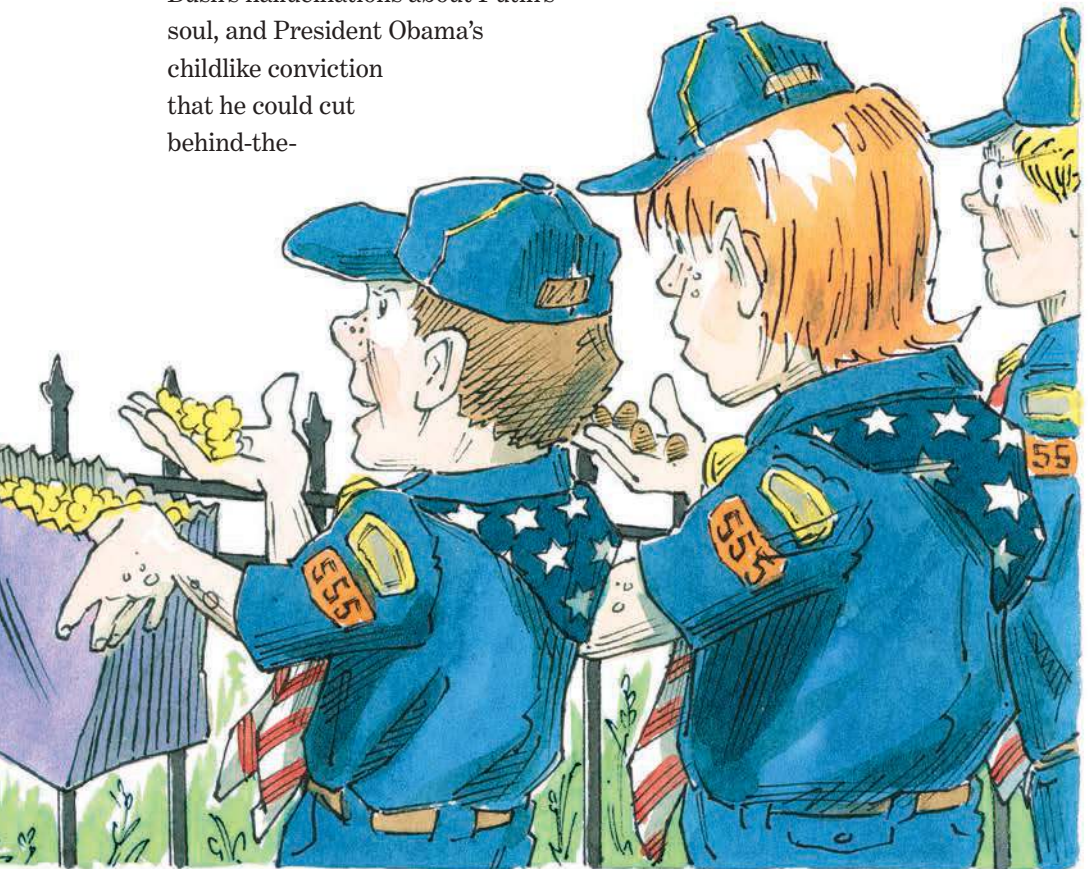
Despite the density of Mercedeses and BMWs on Moscow streets, behind the Italian-designer shops and the frenzy of pop culture, Russia is less European today than it was in 1914. It's not a matter of what people wear or own, but of how they view the world. Vladimir Putin's well-cut suits do not make him a statesman in the Western tradition.



We face an arthritic, spiteful nuclear power led by a brilliant, bitter leader who seeks revenge against those he views as Russia's enemies—above all, the United States of America. And he is immeasurably dangerous. It has been observed that Putin has played a weak hand extraordinarily well. Indeed, he consistently beats the house with a pair of deuces. Yet, this genius of subversion remains willfully misunderstood by Westerners who cannot imagine, even now, that a major leader might have as his priority inflicting suffering on them or destroying their freedoms, their societies, and their lives. Spoiled by safety and cushioned by wealth, we cannot grasp the plain-as-day existence of hatred before us.

The core question isn't whether there is still a place for realistic engagement with Russia in US foreign policy, but whether there's a possibility of useful engagement with Vladimir Putin. The answer, for now, is "No, but . . ."

The problem is Putin, not us, and we need to stop blaming ourselves. From the exuberantly naive Clinton administration, through President George W. Bush's hallucinations about Putin's soul, and President Obama's childlike conviction that he could cut behind-the-



[Taylor Jones—for the *Hoover Digest*]

scenes deals with a cold-blooded murderer who resented shaking his hand, to President Trump's as-yet-unexplained deference to Russia's new czar, the problem, for over a quarter century, has not been our lack of goodwill toward Russia, but Russian malevolence toward us. We have tried, again and again, to embrace Russia, only to be clawed again by the bear.

The World War II alliance was a cold-blooded teaming of enemies against a greater enemy. Enduring amity was not on the table.

nonetheless to confront the realities of a nuclear power whose born-to-pessimism population has been inoculated with virulent anti-American propaganda far more sophisticated than yesteryear's clubfooted efforts, we cannot simply fold our arms and stand back in mute patience. Putin is active, so we must act as well. Our passivity in the face of Russia's innovative aggression will bewilder future historians.

Yet, for all that, we have to talk when it makes sense—with subdued expectations or none at all. As my long-ago traveling companion on the Georgian Military Highway, retired brigadier general Peter Zwack, our former defense emissary to Muscovy, argues, we still must keep our lines of communication open. But—my addition—we must beware our recurring gullibility. President Reagan's perfect-to-the-age admonition to “trust, but verify” may have become a cliché, but it's a cliché we might usefully update to “distrust, but talk.”

Romanticism is the kind of folly to which free and democratic nations sometimes succumb, overlooking mass atrocities in favor of swapping orchestras.

their enthusiasm for accord at any price, anytime, anywhere.

We must be willing to counter Russian military adventurism with surrogates, proxies, and, when necessary, our own forces. We must counter Russian subversion and cyber attacks with up-the-ante reprisals. Another cliché is that, one day, we will face a cyber Pearl Harbor. We already have, in

Where, then, does that leave us? Faced with a breathtakingly unscrupulous Russian strongman who means us harm and is willing to pay dearly to inflict it on us, and forced

We can never trust Vladimir Putin on any issue that cannot be consistently enforced and monitored. Our diplomats, in particular, must re-embrace our 1950s skepticism and abandon

the 2016 election. It's as if, after December 7, 1941, we were still pondering our response in mid-1943. Russian cyber invasions have turned Clausewitz's most-famous dictum on its head: today, policy is "an extension of war by other means."

So yes, upon occasion there can be realistic engagement, even with Putin's Russia. But the emphasis must be on "realistic," rather than on engagement for its own sake. We must always be prepared to walk away from the table, no matter what a fickle electorate has been led to expect.

And we learn more from such interactions than the Russians do. Thanks to our open society, they already know our positions. ■

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Mao's Road to Serfdom

Mao Zedong's ambition to outshine Stalin led to waves of starvation, a grotesque and unworkable economy, and war against his own people. Hoover fellow Frank Dikötter on the Great Leap Forward, which was neither great nor forward.

By Russell Roberts

Russell Roberts, EconTalk: My guest is historian Frank Dikötter. He's written numerous books on China, including *Mao's Great Famine: The History of China's Most Devastating Catastrophe, 1958–1962*, which won the 2011 Samuel Johnson Prize for nonfiction. It's a very depressing book about an extraordinarily tragic topic that I think everyone should know something about but few do: the 1958–62 famine in China that resulted in the deaths of tens of millions of people. Let's begin with some background. What were the origins of the Great Leap Forward? What was Mao Zedong trying to do, and how did that lead to famine?

Frank Dikötter: In a nutshell, the Great Leap Forward leaps from socialism into communism. It's a utopia. Mao's idea is that if you can somehow use those hundreds of millions of people in the countryside and turn them all into foot soldiers tilling the fields and so on—deploy them like an army—you can somehow catapult your country past your competitors. You can leap forward.

Frank Dikötter is a senior fellow at the Hoover Institution and chair professor of humanities at the University of Hong Kong. Russell Roberts is the John and Jean De Nault Research Fellow at the Hoover Institution.

Roberts: At this point in Chinese history, we're in the mid-1950s. The Chinese Revolution and Mao's ascent to power had been only in 1949. The Soviet Union was the long-standing communist success story, and Mao had a desire to best the Soviet Union as well as the capitalist countries.

Dikötter: Yes. Dictators always want to best each other. From the beginning, Mao is keen to transform his country into a mirror image of the Soviet Union. Thousands of Soviet advisers come in. But, oddly enough, the one man who restrains the Stalinization of China is Stalin himself. Stalin views Mao as a potential competitor. He's had Yugoslavia and Tito, with all the issues that that entailed. He's obviously not keen on having a great power next door to his own empire. So, on the one hand, he supports China and Mao's revolution; on the other hand, he tries to rein it in. So, he is the one who advises Mao to slow down the pace of collectivization. Stalin dies in 1953, and this truly is Mao's liberation. There is no one to restrain him. The first thing Mao does is accelerate the pace of collectivization. By the end of 1953, he imposes a monopoly on grain. In effect, ordinary villages in the countryside have to sell the grain they produce to the state at state-mandated prices. In other words, they're no longer masters of what they produce. A few years later, in 1955–56, comes the first wave of collectivization, as state farms copied from the Soviet Union are set up. None of this is quite enough; Mao wishes to go much further. His challenge in the wake of Stalin's death is, of course, not only to carry out collectivization in China and transform that country from a relatively backward power into a world power, but also to become the leader of the socialist camp. Stalin is dead. Who becomes the leader? Of course, it's not Mao; it's Khrushchev. So, the real challenge is to somehow best Khrushchev.

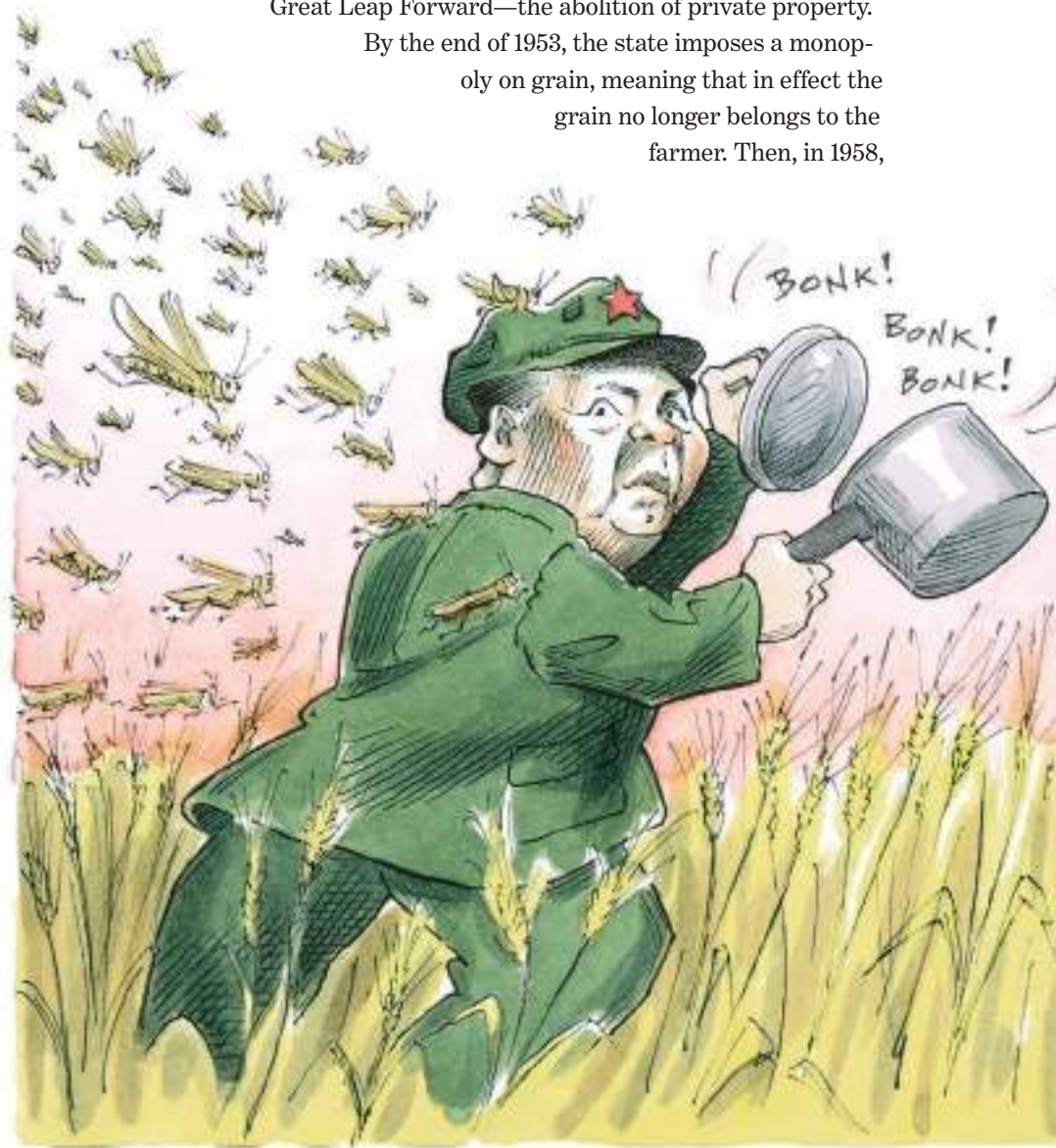
In October 1957, to mark the fortieth anniversary of the Bolshevik Revolution, all the leaders of the socialist camp are invited to Moscow, and there Khrushchev announces that he will overtake the United States in the production of dairy products. Mao doesn't miss a beat. He says, without even standing up, "If you wish to overtake the United States, we will beat the United Kingdom in the production of steel within fifteen years." That's the start of the Great Leap Forward. While it's seen as an attempt to overtake capitalist countries, in fact it's a rivalry between Beijing and Moscow—between Mao and Khrushchev.

RADICAL COLLECTIVIZATION

Roberts: Besides this grandiose and grossly unattained goal of passing the United Kingdom in steel in fifteen years (and they soon make it five years,

because fifteen is not bold enough), they're very ambitious on how they change agricultural practices. So, besides the selling of grain to the state, they also want to increase their grain production dramatically. They launch a massive set of top-down changes to agriculture, both in technique and allocation of labor. Give us a summary of the practices that were put in place to try to increase grain production.

Dikötter: Collectivization is in effect—in particular with the Great Leap Forward—the abolition of private property. By the end of 1953, the state imposes a monopoly on grain, meaning that in effect the grain no longer belongs to the farmer. Then, in 1958,

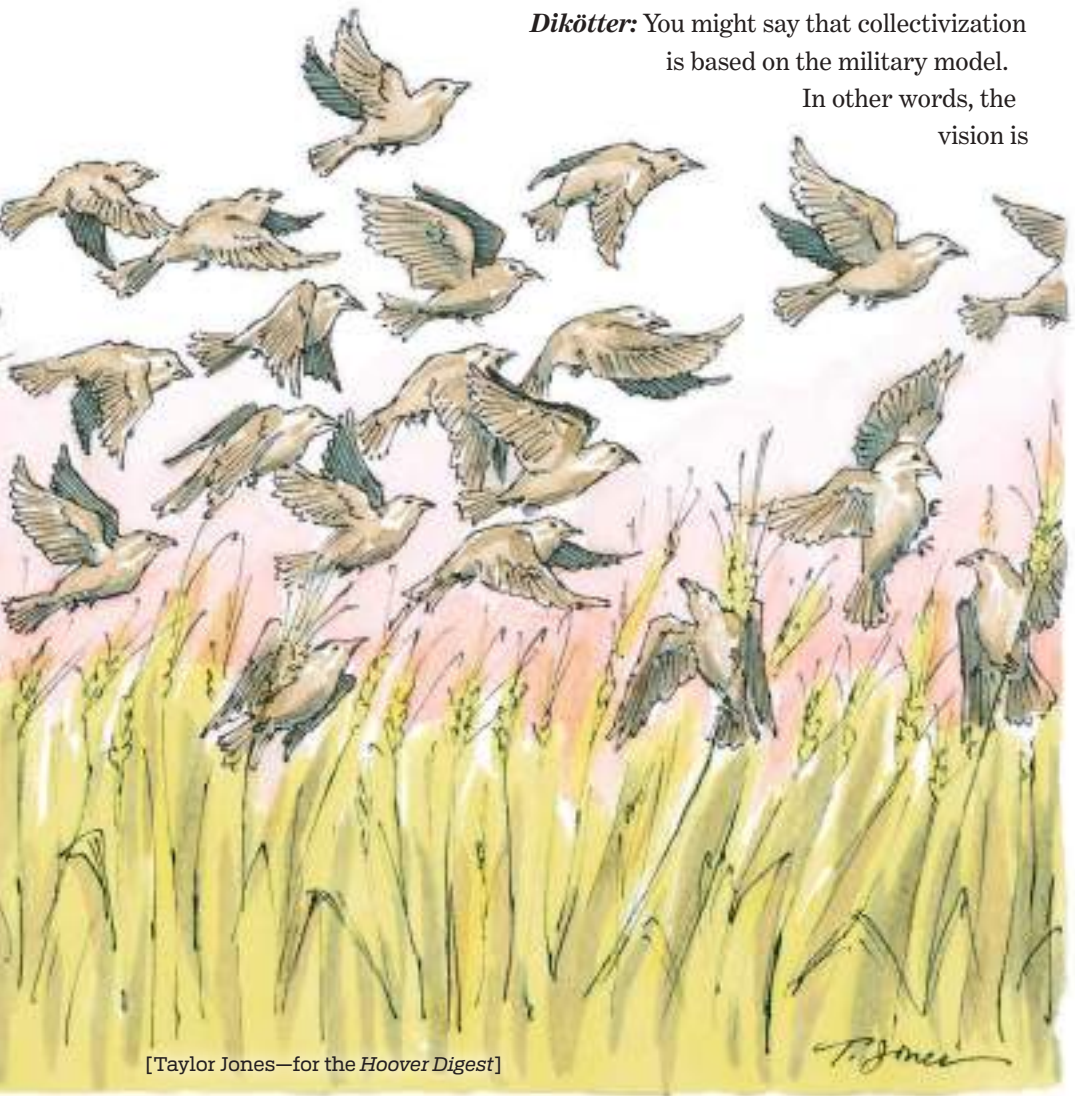


hundreds of millions of villagers in China are herded into giant collectives called people's communes. So, in effect, a Chinese villager no longer has any property that is his own. The land belongs to the state; his schedule is determined by a local party official—a cadre. His pots and pans have been taken away. Sometimes his house has been destroyed and he lives in a collective dormitory. Children are sent to collective kindergartens. People work outside in collective units—brigades—at the beck and call of these political cadres.

Roberts: What proportion of farmers at this point are literally mobilized for what I would call military agriculture?

Dikötter: You might say that collectivization is based on the military model.

In other words, the vision is



[Taylor Jones—for the *Hoover Digest*]

that if you turn men, women, and children into foot soldiers, if you have them work along military lines, it would be much more effective. So, there's this vision of freedom and liberty that's highly negative. A villager who decides to plant watermelons is not contributing grain to the state; and the state needs grain to sell on the international market, to buy massive turnkey projects, which will fuel the Great Leap Forward. It's the same model as Stalin: the grain goes straight from the field into the granaries so it can be sold on the international market to fuel his modernization from 1929–34, which led to the famine that killed ten million people in the Ukraine. Mao is very much doing the same thing. There's deeply ingrained resistance against anything that smacks of private enterprise, which is generally described as “speculation,” “bourgeois liberalism,” or “capitalist”—all terms that are highly negative. So, if you can run your country like a giant army, if you can run the countryside as if these people are foot soldiers, it would be much more effective.

Roberts: In addition to this mobilization, they impose a whole set of practices that weren't in place previously for agriculture. They plant seeds closer together; they have massive irrigation projects; they have all these grandiose schemes. Who's in charge? Is there a meaningful sense in which Mao is steering this from the top in any actual way? The impression I get from your book is there's almost this set of political entrepreneurs between Mao and the people who are “letting a thousand flowers bloom,” although of course they're not blooming. They're trying a bunch of trial and error things—in total ignorance, because they know nothing about agriculture relative to people on the ground. They're trying a bunch of stuff that ultimately fails horribly, in terms of output.

Dikötter: Yes. It's based on a very negative vision of private enterprise and freedom, but also to some extent, it's based on a very negative vision of these villagers, rather than listening to them and having them tell *you* what works best. After all, they've been working the soil for hundreds of years, and you might think they would know how to do it. But, instead, everything comes from the top: grandiose plans. People are deployed in brigades sent to the countryside to work on water conservancy plans or to do close cropping or deep plowing. Close cropping means that you are going to really plant these seedlings close together to get far more per acre than you would normally get. Deep plowing means that you are going to go thirty centimeters deep, possibly up to one meter or even three meters. What's so important here is that reason has been abolished some time ago. This is all guided by political imperatives. So, if the chairman from Beijing tells you that deep plowing is



BLEAK HARVEST: Mao Zedong's Great Leap Forward forced millions of peasants into the fields while outlawing private farms. The massive campaign of the late 1950s was Mao's attempt to overtake Soviet economic progress, using China's vast population to pursue rapid industrialization. [Newscom]

good, as a political commissar in charge of your brigade, you will try to outdo the next-door village by plowing even deeper to show your devotion.

Roberts: So, two things are going on at this point. The actual output goes down. We have loss of incentives; people are being pushed out into the fields and beaten if they show insufficient zeal and work effort. So, things moved to almost a slave economy. Plus, the know-how that was present in these villages for centuries was thrown out. At the same time, China is selling a lot of grain on the international market. The bottom line is: the crop goes down dramatically, and the portion that's available for domestic consumption also goes down. Is that accurate?

Dikötter: Not entirely. You say that they're treated *almost* like slaves. They *are* treated like slaves. They're serfs. This is treated in Friedrich Hayek's book *The Road to Serfdom*. By 1958, farmers have lost every incentive to work. The land is not theirs. The tools are not theirs. The schedule is not theirs. Nothing is

theirs. So, how do you get a man or woman to work when there is no incentive to do so? If they work, they can go to the canteen, and they earn work points. The work points entitle them to a meal, which will be extremely frugal and frequently not enough to sustain someone who works all day long. Because, of course, all of this is being cut, since so much has to be delivered to the state.

Roberts: And people have made forecasts, projections, promises.

Dikötter: Absolutely. These local officials are keen to show that they're the ones who really know how to carry out the Great Leap Forward. They promise higher and higher quotas and deliveries of grain, steel, cotton—you name it—to the state. All of this has to be taken away from the very people who produce it. But the key question still is: How do you motivate a man or woman to work when there is no incentive? At some point, it's fear of violence. You can beat them. You can cover them in urine and excrement. You can make them work naked outside in the middle of winter. All of this will incite them to work. But, ultimately, your best weapon is food. If you do not

work hard enough, you will not be fed in the public canteen, or you will be banned from the canteen.

It goes back to Lenin, who

“A Chinese villager no longer has any property that is his own.”

put it in a nutshell: “He who does not work shall not eat.” That principle was applied literally. A great many people do not simply starve because there is no food; they are starved by the regime. People who do not work hard enough because they're sick, women who are pregnant, children, elderly people—those who simply can't produce enough—are cut off from the food chain.

TRAGIC CONSEQUENCES

Roberts: At this point, by 1958–59, the grain crop is down, and the amount that's available to the people is down. And a set of horrific things takes place. People are eating mud. They're stripping trees of bark. People are selling their children for food. There's cannibalism. People are dropping dead from disease, weakened by malnutrition, and dropping dead from hunger. How widespread were the worst of these? Do we know?

Dikötter: Well, you don't know. It's very ironic, but in a socialist country under collectivization where private property is abolished, everything can be traded. Because, of course, that's what people do. They must survive at all costs, so they open black markets. They have a parallel economy. They

will sell whatever bricks they still have in their homes. They will sell the clothes they have on their back—literally. And they sell their own children. Not in order to make a gain, but because they believe—rightly, possibly—that selling their child will provide the child with at least some sort of future. There's one couple who sell their child for, I believe, two kilograms of unshelled peanuts.

Roberts: So, in the face of this kind of catastrophe, why don't more people head to the city? Why don't they try to get somewhere where there is food?

Dikötter: They do. These are not people who are just waiting for death. They've learned, since 1949, that there's very little point in opposing the Chinese Communist Party head on. They've already been through a number of campaigns, including a 1950–51 campaign of terror to eliminate counter-revolutionaries. They've

been through the first phases of collectivization in 1955–56. By the time it's 1958, they know what's what. They realize that you do not say no to

a cadre who tells you to deep plow or do close cropping. You go along. You try to get by on the sly. You try to survive as best as possible. You try to steal. If you were able to steal anything—even a handful of grain as you walk through the fields, which you eat raw—that will help you survive. If you refuse to steal, you die.

There was a woman who told me she was a child when her parents died. She was on her own, looking after her six-year-old sister; she was about nine or ten. At one point, she started eating the thatch on the roof of her mud hut. She thought it tasted delicious. I can still remember her face when she said it tasted delicious.

People will eat anything you can eat: mud, bark from trees, leather. They steal at every level. Those who are in charge of granaries steal. Boatmen, when they ship grain, will use a bamboo tube to suck out some grain and then replace it with sand—with the result that somebody down the line will be chewing on grit. Everybody tries to get by as best as they possibly can. There's a thriving black market in just about everything, everywhere.

Roberts: You digressed to talk about theft; you were going to talk about migration. When you see that there's no grain in your village, your first

“Mao’s idea is that you can somehow use those hundreds of millions of people in the countryside and turn them all into foot soldiers.”

thought must be, “I’m going to the city.” It’s a very large country, so it’s hard to get out of the countryside. Could they get to the city?

Dikötter: They could. In the beginning, in 1958, it’s tolerated. Since this is the Great Leap Forward—

Roberts: There’s a lot of optimism.

Dikötter: Exactly. Industry will expand, so some fifteen million people migrate from the countryside to the cities and are employed more or less illegally by factories that wish to contribute to the increasing quotas in every product that you can think of.

Roberts: Most of the deaths were in the countryside. They couldn’t get to the city? Why did they get stuck there? Were they too weak?

Dikötter: Once you have that initial migration of some fifteen million people, which is more or less allowed, by the time the famine really starts kicking in, 1959–61, the cities are fenced off from the countryside—literally. You cannot get past guards who stand out there. Not only that, but in China by 1955 an internal passport system is instituted that ties farmers to the land. They can’t travel without permission, which is not to say that they don’t do it. They will try to escape in the middle of the night. There will be village leaders who will actually allow them to go, in the hope that if they reach the city, and manage to work in an underground factory, they will send some remittances back home. The people try as best they can. But there are also people who become so weak that they can’t even walk down the road to the next village, never mind find their way to a city.

REVERSING THE TIDE

Roberts: How did this horrific episode come to an end? What changes?

Dikötter: Well, in October 1960 a very hard-hitting report lands on Mao’s desk that talks about the famine in a particular province, and it’s given to him by a very close confidant he can really trust. I think Mao at that point realizes that he simply doesn’t have a choice. He’s tried to push this through again and again. But it’s reached a point where the famine has caused such massive devastation—and not just in human lives. Housing in the countryside is destroyed. Forests are cut down. And, the transportation system has pretty much come to a halt. The whole system is about to collapse.

Roberts: So, once Mao accepts that, how does he reset things to get going again? What does he reverse?



FIREY FURNACE: Mao's drive to industrialize China led to the construction of countless small-scale projects such as backyard kilns and steel smelters. Mao had boasted to fellow Communist leaders in 1957 that China would beat the United Kingdom in steel production within fifteen years—an impossible time frame later shortened to five. [Wikimedia Commons]

Dikötter: First, he allows ordinary villagers to cultivate their own small private plot. As we know from the Soviet Union, a huge portion of the produce comes from private plots. Many villagers are already doing it. And that's pretty much enough to pull them out of famine. Frequently it's a matter of small percentages, just 5 percent more or less. It's a very poor country in the first place, so that makes a big impact.

Politically, Mao did the same thing that Stalin did to explain the widespread resistance against collectivization and the famine that ensued: he blamed "saboteurs" and "speculators," people who are opposed to the

socialist system and try to wreck it. But, most of all, he takes responsibility. He's a very astute politician, and he realizes that if he steps forward and

"By 1958, farmers have lost every incentive to work. The land is not theirs. The tools are not theirs. The schedule is not theirs. Nothing is theirs."

takes at least a share of the blame, all his colleagues will immediately volunteer self-criticism themselves. It's a very clever move.

Roberts: How does he get the nonagricultural parts of the economy back on some kind of normal footing?

Dikötter: Radical collectivization is abandoned. It goes back to where collectivization was roughly in 1955–56, in the sense that these people's communes continue to exist, but farmers have their own private plot. Some markets are allowed in which produce that comes from private plots can be traded or bartered. So, not a great deal is done, but enough to get the country more or less out of famine.

ASSESSING THE TOLL

Roberts: Let's talk about the toll during the 1958–62 period. How do people go about trying to estimate the number of deaths, and what do you think the best estimate is?

Dikötter: Twelve million used to be the official estimate of the party itself, which I think is an extraordinary admission. It's quite shocking. But most demographers take thirty million as a sort of reasonable figure.

Roberts: As you point out in the book, people weren't just dying of hunger. There are industrial accidents and so on—it's not a very pleasant time on lots of dimensions. So, let's say thirty million, but you think the number is bigger.

Dikötter: Once you gain access to the archives, you see unpublished figures that have been compiled by the Bureau of Statistics, or compiled by very powerful teams that were sent to investigate the countryside after 1962 to find out what had really happened. If you compare those numbers with the published statistics, you find a very large gap: sometimes 30 percent; sometimes 50 percent; sometimes by an order of three, four, or five; it varies enormously. So, I don't have a figure, but I say it should be at least forty-five million.

Roberts: Some have put the number at fifty-five million.

Dikötter: I have a very good colleague from Hunan who spent a decade working in county archives, and he comes up with the number of fifty-five million. That, incidentally, is very close to a number produced by a team of researchers sent in the 1980s to the archives to find out what had happened. The head of that investigation fled to the United States after the Tiananmen Square massacre in 1989. His figure was about forty-eight million.

Roberts: So, in a nation of six hundred million or so at the time, the toll is something just under 10 percent.

Dikötter: Yes, but over a period of several years. I've been criticized for this number, as you can imagine: "It's far too high; it's utterly implausible." I don't really see what's so implausible about it. We're talking about four years. The Khmer Rouge managed to get rid of 1.6–2.4 million out of a population of 8 million.

"If you were able to steal anything—even a handful of grain as you walk through the fields, which you eat raw—that will help you survive. If you refuse to steal, you die."

Roberts: Well, I look at it a different way. Whether it's twelve, forty-eight, or fifty-five million, it's just—

Dikötter: Mind-boggling.

Roberts: It's a horrible tragedy, but we don't seem to have much awareness of it. So, I'm glad you wrote your book, and I'm glad we're talking about it. But I wonder how well-known it is in China. Obviously, people told their children. People are alive today who remember it. Do you have any feel for how well understood it is by young people who were not alive, and whether people can talk about it?

Dikötter: I think at the time there was a massive divide between the countryside and the cities. It was not just a social/political divide; it was a legal divide. And it lasts to this very day: one is classified as being born in the countryside or born in the city. And it leads to a very different series of entitlements. It's a status that is inherited through the mother. If you are born to a mother who is classified as a peasant, you are a peasant whether you live

in a city or not. Peasants don't have the same entitlements to schooling, medical care, or any type of social service. It's like a caste system. The point I'm trying to make is that

“If the chairman from Beijing tells you that deep plowing is good, you will try to outdo the next-door village by plowing even deeper.”

the cities were protected during the famine; and people in the cities at the time didn't always realize what was going on. They realized it was bad and that things were not working at all, but they didn't see entire villages starve to death—quite literally. So, there's a very different way of remembering in the countryside versus remembering in the city. Intellectuals are in the cities, and workers tend to be in the cities. I very much doubt that today you would be able to walk into a village and nobody would remember what happened during the Great Leap Forward. I very much doubt that. ■

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The Ghost of Weimar?

Germany today possesses peace, prosperity, democracy—and **episodic violence** like that which led to the rise of the Nazis. A report from the heart of Europe.

By Josef Joffe

Agitators and their opponents marching through town. In-your-face Nazi symbols, along with racist and anti-Semitic slogans. Arms raised in a Hitler salute. Bottles hurled into a Jewish restaurant. One person killed; many wounded. The police can't separate the combatants.

Charlottesville, Virginia, in 2017?

No, last summer in Chemnitz, a city of 120,000 in former East Germany. On August 25, right-wing groups took to the streets in reaction to the alleged murder of a local man by Arab immigrants. The clash came at a tense time, as Chancellor Angela Merkel's shaky coalition was sinking in the polls.

Key points

» Despite seventy years of continuous democratic development, Germany is linked to a government that collapsed into Hitler's hands in 1933. Yet today's conditions are entirely distinct.

» Today, Germany is encircled only by friends, a first in its history.

» The Chemnitz marches are like Charlottesville: ugly, shameful, and terrifying, but no threat to the democratic fabric.

*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, a senior fellow at Stanford University's Freeman Spogli Institute for International Studies, and publisher-editor of the German weekly **Die Zeit**.*

CHEMNITZ
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As horrifying as the clashes were between antifa and neo-Nazis in Charlottesville, only the deranged would argue that the United States was descending into fascism. But history keeps hounding Germany. Even after seventy years of continuous democratic development, the shibboleth of the day is *Weimar*: Germany's first try at popular rule after its defeat in World War I. The experiment lasted only fourteen years, collapsing into Hitler's hands in 1933. Today a *Stern* magazine columnist sees Germany at a "tipping point," about to degenerate into a "failed state." The daily *Frankfurter Rundschau* trumpets: "Berlin is turning into Weimar." Princeton historian Harold James conjures up the "specter of Weimar."

Punditry invites hype. In this case, the Weimar analogy is as persuasive as the flat-earth theory. None of the conditions that conspired to kill German democracy in the 1920s is present in today's Federal Republic.

THEN: A PUNISHING PEACE

Start with the international setting that turned Weimar into an encircled pariah state. Although there was plenty of blame to be shared among great powers for starting World War I, the Treaty of Versailles had stuck the defunct Wilhelmine empire with sole responsibility. The punitive peace meted out by the victors forced Germany to cede lands in the east, such that even Germany's democratic parties soon rallied around a revanchist agenda.

Threatening to overturn the postwar order, however, wasn't a good way to win friends. The economic consequences of peace were deadly, and the astronomical reparations Berlin was forced to pay continued to sabotage its economic recovery. The German army was cut to a hundred thousand. Defenseless, Germans looked on in humiliation as the French occupied the industrial heartland of the Ruhr Valley from 1923 to 1925.

Hyperinflation immiserated the German working and middle classes. The economy was barely back on its feet when the Great Depression struck in 1930, condemning 30 percent of the workforce to a paltry dole. The domestic scene became ripe for the Communist and Nazi parties, which ground down the frail democracy from the left and the right. In 1928 the Nazi Party had eked out less than 3 percent of the vote; in 1932, its take grew fourteenfold. The Communists doubled their haul. Germany became ungovernable, a failing state. Governments lasted an average of eight months.

ROUGH BEAST: A bronze wolf sculpture by German artist Rainer Opolka (opposite) gives a Nazi salute in front of a bust of Karl Marx in Chemnitz, Germany. Opolka said his pack of sinister wolves, displayed at cities around Germany, is meant to remind Germans of their history. The sculptures were shown in Chemnitz two weeks after violent protests there by far-rightists. [Jan Woitas—DPA]

Now compare the waif of Weimar to the wunderkind of the Bonn-Berlin Republic, the successor of the Third Reich, founded in 1949. Instead of being bled dry by reparations, Hitler's successors profited from the Marshall Plan, which jump-started the economy. Instead of rampant protectionism, there was free trade. Fourteen million refugees from German territories incorporated by the Soviet Union and Poland were reintegrated quickly in the 1950s, along with those expelled from the rest of Eastern Europe.

Today the country is encircled only by friends, a first in German history. And 72 percent of Germans say they are happy with democracy.

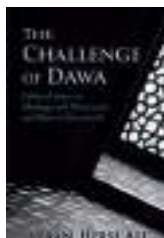
NOW: A DURABLE DEMOCRACY

Given this miracle, the Chemnitz marches should be viewed like Charlottesville: ugly, shameful, and terrifying, but not a threat to the democratic fabric. Nor is the right-wing anti-immigrant party Alternative for Germany, though it vaulted to 13 percent in the 2017 elections. This left 87 percent for mainstream parties. In 1932, the Nazis and Communists grabbed the majority of the votes.

In Weimar, everything that could go wrong did, and so the republic died from an overload of problems. Germany today suffers from only one serious ailment: uncontrolled immigration through its porous borders. That is the issue that gave rise to the right-wing Alternative, plus assorted hooligans decked out in Nazi regalia like their kin in the United States.

There is no such overload today. Berlin can't stop unwanted immigration completely—no nation can. But the Merkel government has learned a lesson since it welcomed a million migrants in 2015, triggering the right-wing insurgency. New migrants have decreased to a manageable thirteen thousand a month, minus about two thousand who are sent out of the country. Weimar's democrats would have been delirious with joy if they had faced only Merkel's travails. ■

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“The Problem Is Sovereignty”

Will Britain really leave the European Union, as Prime Minister Theresa May has promised? And if it does, what then? Lawmaker Daniel Hannan explains.

By Peter Robinson

Peter Robinson, Uncommon Knowledge: The United Kingdom has been a member of the European Union since 1973, but in a referendum in June 2016, the British people voted narrowly to leave the union. The questions of whether and on what terms the United Kingdom will actually leave the EU, whether there will really be a Brexit, have roiled British politics ever since. With us today, one British figure who believes Britain can't Brexit fast enough.

Daniel Hannan was elected to represent a constituency in southern England in the European Parliament, a body from which he believes Britain should remove itself altogether, but to which he has been re-elected three times. During the referendum debate, he was one of the founders of Vote Leave, the organization that campaigned in favor of withdrawing from the EU.

On June 23, 2016, Hannan seemed to get his way when the British voted to leave the EU by 52 to 48 percent. I say he *seemed* to get his way because

Daniel Hannan is a Conservative member of the European Parliament for South East England and the founding president of the Initiative for Free Trade. Peter Robinson is the editor of the Hoover Digest, the host of Uncommon Knowledge, and the Murdoch Research Fellow at the Hoover Institution.

it is now unclear when and on what terms Britain will finally implement a withdrawal from the EU. In a word, Hannan still has a fight on his hands. Welcome.

Daniel Hannan: Great to be back.

Robinson: The European Union is a peaceful organization of four hundred million people in twenty-eight democratic nations. It's rich, stable, and humane, and yet as long ago as your university days, when you founded the Oxford Campaign for an Independent Britain, you have been railing against the EU with all your considerable energy. How come?

Hannan: If the EU were simply an association of rich, stable, democratic states, you'd have to be mad to be against it. There'd have been no argu-

ment, and no referendum. Who would have a problem with working with friends and neighbors to achieve collectively what we can't achieve

"I took a 52–48 result as a mandate for a phased, gradual recovery of power. It's not a mandate to walk away."

singly? But the EU is not just an association of states. Uniquely, it creates its own legal order that is superior to the national laws and constitutions of its members, and it does this because it wants over time to become a single state, or something very close to a single state—a country called Europe, as the sign in the European Commission calls it. And it has acquired, one by one, all the attributes and trappings that we normally associate with nations. It has a parliament, currency, passport, flag, national anthem, national day, supreme court, president, external borders, and representation at the United Nations.

So, this is not a question of international cooperation. Britain is an enthusiastic participant in the G-7, the Commonwealth, NATO, and the Council of Europe. We have no problem with that. The problem is to do with sovereignty and with the right to hire and fire the people who pass our laws.

Robinson: Let's discuss the referendum itself. You have 70 percent of eligible voters casting their ballots. It's a fairly high turnout, and they vote to leave the EU by not quite 4 percent. But let's run through the arguments. According to the unwritten but venerable constitution, some argue, no referendum can be anything other than advisory. A thousand years of British history leads to the conclusion that the final decision must be taken by Parliament, and the people in a referendum can do nothing but advise Parliament. So, it's

up to Parliament to pursue or to let lie the question of separation from the EU.

Hannan: What's striking is that the people who now say that were taking the opposite line rather strenuously in the run up to the vote. So, the Nick Clegg and Paddy Ashdowns and so on, before the vote, when they thought they were going to win, were saying, "This has to stand. There'll never be a second referendum. Anyone who doesn't accept the result will be betraying the will of the people." And they were right the first time, because the constitution, to the extent that it can be said to exist, elevates Parliament and there's no mechanism for a referendum. But this Parliament chose as a sovereign body to legislate for a referendum. It made clear that it would accept the result, and MPs then voted accordingly to trigger the process of leaving.

So parliamentary sovereignty has been maintained and will be enhanced when powers come back from the EU to Parliament. It's a pity, though, because it was a narrow result.

Robinson: Four points.

Hannan: It seems to me, in the aftermath of that result, that we should try to find a compromise that both sides could live with. It might go too far for some, not far enough for others, but a model of association with the EU that would reflect on geographical proximity and our historical links and the division of opinion in the United Kingdom. In other words, I took a 52–48 result as a mandate for a phased, gradual recovery of power. It's not a mandate to walk away. Unfor-

tunately, instead of having that debate, we've now spent more than two years stuck in June 2016, arguing about

"The EU is not just an association of states. Uniquely, it creates its own legal order that is superior to the national laws and constitutions of its members."

whether it's going to happen at all. Instead of building a consensus about how to make a smooth, cordial Brexit that brings benefits to the EU as well as to us, we've had this endless rerun of whether it was a legitimate referendum, and you said this and they said that, and so on. Apart from anything else, it soured the atmosphere in a way that is really unfamiliar in Britain.

I think of that Thomas Jefferson line about never seeing a difference in politics, philosophy, or religion as a cause to withdraw friendship. There've been a lot of withdrawn friendships over the last few years, and this is new for us.

It's not in our experience, and it's terribly sad because it's created a captious atmosphere that is not only unpleasant in itself, but it has made us ineffective in the renegotiation process and it's made less likely a good outcome.

Robinson: Beginning in 2015, hundreds of thousands of migrants from the Middle East and Africa make their way into continental Europe. Angela Merkel accepts more than a million immigrants in the course of one year, and British people look at that and say, "It may happen on the Continent, but we're not going to let it happen here." The vote for Brexit, so goes the argument, was a xenophobic, racist, anti-immigrant vote. It was fear of immigration that gave you that 4 percent victory. How do you answer that?

Hannan: I'm sure you could find some people of whom that's true. It was 17.4 million people, so there will have been voters motivated by all sorts of different things, some more eccentric than others. But you can test empirically what were the biggest issues for "leave" voters. There was a series of qualitative and quantitative polls done—surveys of why they were voting the way they did—including a massive exit poll on the day, more than twelve thousand people, much larger than normal. And all of them said the same thing, that the top issue for "leave" voters was the principle of decisions that affect the United Kingdom being made in the United Kingdom. Immigration was offered as a separate topic and it usually came a distant second. So, it was an issue, but it wasn't *the* issue. Any Brit who tells you that it was all about immigration was a "remain" voter. I've yet to come across an exception to that rule. It's a remarkable unwillingness to look at what the actual data say.

Robinson: The curious thing is that even though we're talking about a vote that took place more than two years ago, we have to talk about the vote,



[Taylor Jones—for the Hoover Digest]

because it's still being talked about in this way. There's this kind of strange sense in which everything has just been frozen in Britain.

Hannan: But that didn't need to happen. In Scotland there was a referendum on independence in 2014. It was a 55–45 result, so still fairly narrow as these things go. Very quickly, the two sides came together and said, “OK, if we're going to build any kind of consensus here, it will have to be on the basis of further devolution that stops short of complete independence.” Some



people are going to say that's too much, others are going to say it's too little, but at least both sides can live with it. Something similar ought to have happened by now on Brexit, and because of intransigent voices on both sides, that debate hasn't happened. Now I hope it may happen, because the bill that takes us out has gone through Parliament, so the fact of Brexit is no longer in dispute.

Robinson: We'll come to that in a moment. What was Project Fear?

Hannan: During the campaign, not only “remainers” but the Treasury, the Bank of England, the International Monetary Fund, and the Organization for Economic Cooperation and Development came out with the most hair-raising predictions of economic meltdown in the event of a “leave” vote. This was what they were saying would happen immediately after *voting* “leave,” not after we actually left.

Robinson: These were central arms of the government, engaged in what I think has to be referred to as a propaganda campaign.

Hannan: They said there would be a recession in 2016. We grew faster in the six months after the vote in 2016 than in the six months before. They said that our pensions would all be wiped out because of the collapse of the Stock Exchange. The Stock Exchange is at record levels. They said that unemployment by now, two years on, would have risen by between 520,000 and 820,000. That was the official Treasury prediction. It has in fact fallen by more than 500,000. There are more people in work than ever before in British history. Exports are up, consumer confidence is up, manufacturing is up, investment is up. You can measure it any way you like. Here's the really interesting thing. How do they respond, the people who got it wrong? Do they respond by saying, “Thank heaven I got that wrong. Maybe I should check some of my prejudices or go back to some of my foundational assumptions”? Of course not. They behave like doomsday cultists. “The apocalypse is still coming. Yeah, it didn't happen on the day I said it would. But just you wait.” And, again, this makes for a very sour and difficult ambience.

THE CLOCK IS TICKING

Robinson: Take me through the political effects so we can understand a little bit the buffeting that took place immediately after the vote. The British people voted to leave, then Prime Minister David Cameron resigned and Chancellor of the Exchequer George Osborne was sacked by the new prime minister.

Hannan: David Cameron resigned, I think, because he had invested so much in this policy and felt that it would have been dishonorable to carry on. He and I were obviously on different sides in the referendum, but I've always thought he is somebody who tries to behave as he thinks a gentleman ought to behave, and this was a good example. He has, by the way, comported himself flawlessly since the referendum. He's never questioned the result. He hasn't taken back any of the things he said in favor of the EU, but he respects the verdict.

Robinson: The Conservative Party elects in his place Theresa May, who also opposed Brexit. How did that happen?

Hannan: That was a big surprise. Most of the pundits had said the government now had to be led by somebody who campaigned "leave," but

history branches in funny ways. Through a series of rather unforeseeable events, the main "leave" leadership candidates—Boris Johnson and Michael Gove—kind of disemboweled each other. So, Theresa May was left, simply by standing still, as the only serious contender in the ring.

"They behave like doomsday cultists. 'The apocalypse is still coming. Yeah, it didn't happen on the day I said it would. But just you wait.'"

Robinson: On March 29, 2017, Prime Minister May invoked Article 50 of the Lisbon Treaty, according to which the United Kingdom would exit the EU in two years. And Britain may negotiate terms for withdrawal, or Britain may leave without terms negotiated, but one way or the other, two years after that clock started running, Britain is out. Correct?

Hannan: Unless there is unanimous agreement by all twenty-eight countries—so Britain and all of the others—to extend the two-year period.

Robinson: And you think the likelihood of that is?

Hannan: I suppose it's possible that there could be an extension for a few weeks if they were in the middle of doing something. Other than that, I think it's very unlikely.

The good news is that, just prior to this interview [June 2018], the principal attempt in Parliament to effectively block Brexit was defeated.

Robinson: Explain that.

Hannan: Very few people come out and say, "I believe that the people are a bunch of idiots and we should ignore their verdict." Very few members of

Parliament can say that, at any rate. So, what they say if they want to stop Brexit is something that sounds incredibly reasonable, which is, “Parliament should have a final say on the deal. Until there has been an additional specific vote by us, we should just keep the talks process going.”

But stop and think about this for five seconds. Once such a vote had gone through, the EU would have had no incentive even to carry on the discussions, let alone to have offered any concessions, because as long as Parliament is saying, “We will stay in until we like the terms, you are incentivizing the EU to offer the worst possible terms. And everybody knew that, including the people proposing it. They were perfectly aware of what they were doing. In the end, their amendment was narrowly defeated, so I think the

fact of Brexit is no longer in jeopardy. The terms are of course still to be discussed, and this is the argument that we should have been having over

“We have a stake in their prosperity. We don’t want to leave in a way that is traumatic for either side.”

the past few years that I hope now finally can begin: how do we have a Brexit that works for our European allies as well as for us?

We have a stake in their prosperity. We don’t want to leave in a way that is traumatic for either side. We want to keep the things that benefit both sides—trade and so on. Until we have a united national consensus on what kind of Brexit that is, we are in a weak position.

Robinson: Let’s just nail this down. When the prime minister said last March that the United Kingdom would be leaving the EU on March 29, 2019—that stands?

Hannan: That now seems overwhelmingly likely, yes.

Robinson: So that gives you a matter of months in which to achieve this national consensus that you’re talking about and then run over to Brussels and negotiate. You’re not going to be able to do that.

Hannan: This has been the problem.

Robinson: What are you going to do?

Hannan: The prime minister in every speech she’s made from the start has said, “I want to be the EU’s closest friend and strongest ally. We want to be good partners.” Far from reciprocating, the European negotiators have taken an almost deliberately derisive tone—“you’re going to have to be seen

to pay for this”—and quite extraordinarily talking as though we were an unfriendly state, like we were Russia or Iran or something. And the reason they’ve been doing that is because they can see—well, they could until last week—British “remainers” doing their work for them. Why make any concessions when the Lords and Commons may deliver what you want: a reversal of Brexit or, even better from their point of view, keeping Britain in as a kind of nonvoting member or vassal state that is subject to all the rules, but without representation in the institutions, without a veto, without a vote—subject, as you guys might put it, to taxation without representation. Only now that it’s clear that we’re leaving can we begin to have serious talks with the EU about the terms of disengagement.

“We blasphemed against the doctrine of ever-closer union by voting ‘leave.’ We now need to be excommunicated for the heresy.”

Because unless it’s clear that we’re prepared to walk away, if the terms are not good, why on earth would the EU make any concessions at all?

Robinson: Give me an education on what’s going to be happening between now and March 29. In the United States, people keep talking about a distinction between a hard Brexit and a soft Brexit. What would those be? What’s the likelihood of each?

Hannan: They’ve become almost meaningless terms, because people use them to advance whatever are their personal preferences.

Robinson: So, let me put it this way. If the events of the last week were so critical, and this is the first moment Britain really is in a good position to begin negotiations, do you know? Has the government made clear its negotiating position? Or is there now a mad scramble for the government to pull itself together?

Hannan: Yes. The government has in broad terms, and even sort of medium-range terms, made its position clear. We want to be part of a common market, we want to be part of a continuing security arrangement, and so on.

For Americans, let me put it like this. You have on your doorstep a sovereign country with about a tenth of your population that is about as close to you in security, intelligence, diplomatic, military, and economic and trading terms as a country can be while remaining sovereign.

No one seriously suggests that federal judges will be able to appoint Canadian judges, but it's basically as close as it can be in terms of friendship between neighboring countries. I think that's the kind of model we're after.

That's been the position of the prime minister and the foreign secretary in every utterance they've made. What's interesting is that it's the EU bureaucrats—not the national capitals, which I think are very favorable to the secession outcome—who take an almost theological position on this. We blasphemed against the doctrine of ever-closer union by voting “leave.” We now need to be excommunicated for the heresy. And I think without doubt—I've spoken to a number of them in Brussels—there are people who would rather see a cost paid by all sides and would rather see the EU twenty-seven and Britain come out of the process with a less-than-beneficial deal than see a post-EU Britain prosper.

Robinson: Britain must be punished even if the EU is punishing itself—in the interest of preserving the rest of the union. That's their argument. “If we make it easy for you, then the Italians will come after us next.”

Hannan: The only way that you can sanction another country in economic or commercial terms is at some cost to yourself. And in fact, the cost is disproportionately to yourself. It seems to me unimaginable in any situation that a post-EU United Kingdom will start imposing tariffs or trade barriers on its former partners. Any tariffs or trade barriers would therefore be on the EU side, and as we know, a tariff is always more damaging to the country applying it than any incidental damage felt by the exporters of the other countries.

FREE TO CHOOSE

Robinson: What does Brexit mean for the United States?

Hannan: Well, I think we've got a terrific opportunity now to have a proper and comprehensive bilateral free trade agreement. You are our biggest trading partner and we are yours. A million Americans every day turn up to work for British-owned companies. A million Brits every day clock into work for American-owned companies. And this is happening *without* there being any trade deal, because the EU will not sign a trade deal with the United States, for a whole bunch of reasons to do with protectionist interests on the continent. That can change, and the challenge is to get not just a trade deal between the United States and the United Kingdom. That's going to happen. Both governments have committed to it.

The real opportunity is to make it a proper and comprehensive trade deal based on complete mutual recognition, so that whatever is legal in your country is automatically legal in mine and vice versa. A drug is approved by the FDA; that's good enough for us. If a guy is qualified to practice in the City of London, he can practice on Wall Street. If we could do that different way of doing trade, instead of trying to regulate and standardize—just have reciprocity—that would massively boost both our economies and it would provide the world with a different and better model of liberalization.

Robinson: The year is 2023—not the deep distant future, just a few years from now. Describe the state of the British economy, the state of the British relationship with Europe, and the state of British morale.

Hannan: Well, it depends how our next election goes. Brexit on its own does not add a farthing to our national wealth. What it does is remove constraints and allow us to make different choices. Being free as a country includes the freedom to fail. So what kind of post-EU future are we going to have? We could be a high-seas free-trading nation in the mold of New Zealand, Singapore, or Australia. Or we could be Venezuela under Jeremy Corbyn [the Labour leader who was a great Hugo Chávez fan and indeed regularly used to cite Chávez as a role model]. Or we could be somewhere in between the two. That is what being in a democracy means.

In general, I believe that if you give people more responsibility, they behave more responsibly. Your country was founded on that principle, and I can't help noticing that it's done OK. You voted "leave" in 1776, and it's worked out, right? Very few countries over time become poorer as a result of becoming more democratic and more independent. So, we may make some bad choices, but I would rather live in a country where people are free to make those choices than live in one where their choices are circumscribed by bureaucrats who claim to know better. ■





Trade, Britannia

Brexit-bound Britain thinks it can strike its own trade deal with China. Such deals never come cheap.

By Michael R. Auslin

A ground-breaking free trade agreement between Britain and China, the world's ascendant superpower, would be the great boon the British government so desperately needs. Brussels rebuffed Prime Minister Theresa May's Chequers plan for Britain's future relationship with the EU, and President Trump's offer of a "beautiful, beautiful" UK-US deal seems to have vanished. A China deal would give Britain a trading relationship with a country which the EU's trade negotiators have so far failed to master, and give credence to the Brexiteers' argument that an independent Britain can be far more fleet of foot in its trade negotiations than a plodding EU can.

The new foreign secretary certainly seemed to make progress during a visit to China last summer. Beijing's openness to Jeremy Hunt's advances suggests that "global Britain" can indeed forge ahead into the new Asian century, never mind the old world order. China, moreover, is eager to expand its influence over America's key global ally. Foreign Minister Wang Yi flattered Hunt by proclaiming that Britain and China would uphold global free trade.

But Wang then turned the knife, stating that "whoever takes the unilateral approach will be isolated." It was a warning to Washington, but one that

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could equally apply to London. What Wang was really saying was that he expected Britain to play along to China's tune.

THE DEBT TRAP

No matter how appealing a trade deal between Britain and China, it comes with costs. For a start, greater trade with China invariably means larger trade deficits. At present, UK-China trade is relatively small at £67 billion, but it is very much in China's favor—Britain has a £23 billion trade deficit with the country. This would only balloon if Hunt got the free trade deal he wants. China's low labor costs already give it a big advantage in manufacturing, something which is bound to grow as Xi Jinping pushes through his ambitious “made in China” program to make the country dominant in advanced technology, aviation, energy, and IT by 2025.

It is no use arguing that Britain can supply high-value research and development while China provides the raw people-power. China has a record of building its industries on the theft of intellectual property.

When economies become dependent on trade with China, the costs grow and grow. The danger for Britain is of becoming a pawn, albeit an unwilling one, in China's global chess game with the United States. Beijing's goal increasingly appears to be to create a “greater China” in its near abroad, making large swaths of Eurasia and the western Pacific Ocean pliant as a necessary step to solidifying its global position, and then extending its influence even further afield.

Beijing specializes in what is called “debt trap diplomacy,” combining economic entanglement with demands for strategic accommodation of China's overseas interests. It starts by making a country dependent on trade with China. Sri Lanka learned this the hard way when it was forced to hand over control of its largest port, Hambantota, to China after it could not pay its bills to Chinese firms. This gave Beijing a strategic outpost in the Indian Ocean, where its naval ships now routinely sail.

China also took a 70 percent stake in a similarly useful port in Burma in 2017. A similar dynamic is under way in Vanuatu in the South Pacific Ocean. By these means the Chinese navy has gained access to vitally important waterways and potential military openings to land routes across Asia.

Australia is another country that has fallen into the trap. Because of its dependence on Chinese investment, Canberra has been hesitant to oppose Beijing's aggressive behavior in the South China Sea. Beijing has further been accused of intimidating Australian media to drop critical coverage of

China and of pressuring or bribing Australian politicians to support Chinese policies.

A QUEST FOR “GREATER CHINA”

For many Brexiteers, the chief motive of leaving the European Union is to regain sovereignty from Brussels. Yet increasingly, doing business with China itself involves a certain loss of sovereign power.

For nearly two decades, China has been the world’s second-largest military power, with spending on weapons now estimated at \$175 billion. China watchers presumed that Beijing would use this massive buildup, which includes stealth fighters, missiles, aircraft carriers, submarines, and cyberweapons, to drive the United States out of Asia and intimidate American allies. We’ve all heard dire warnings that China wants to be “number one” and is heading towards an unavoidable martial confrontation with America.





[Taylor Jones—for the *Hoover Digest*]

Yet such prognostication may have missed the larger aim of China's global strategy and how it intends to use its military. Far from catastrophically rushing into war, China is using its military strength to further its goals of economic dominance and political influence around the globe, starting close to home.

Sri Lanka was forced to hand over control of its largest port to China after it could not pay its bills.

It is like imperialism in reverse. The old empires would start by invading lands before building trade networks with them and creating biddable

governmental systems; China, by contrast, starts by creating new trade links, then gains political support to achieve economic dominance, which is then translated into greater military might. As this process deepens, Beijing increasingly seeks to integrate its trade and military relations, using its power to protect trade routes, whether on land or sea.

Greater China begins in Asia, where Beijing's primary trade and military presence is felt. Despite official statements assuring the world that China seeks only mutually beneficial trading arrangements, Chinese writers and analysts openly talk about the country regaining its traditional position as Asia's hegemon. Other nations, in order to establish trading links, must acknowledge Chinese national interests, and either willingly accept them or at least choose not to challenge them. Countries such as Pakistan, Laos, Cambodia, and North Korea have long allied themselves in varying degrees to China. All have deepening trade and aid ties with China, which have turned into closer military ties and even, in the case of Pakistan, increased Chinese military access to territory.

The benign face of Chinese expansion is symbolized by the Belt and Road

Greater trade with China invariably will mean larger trade deficits for Britain.

Initiative (IBR)—
a.k.a. the Silk Road
strategy. President
Xi Jinping has
pledged \$1 trillion

to IBR, his flagship international policy, which involves building infrastructure across Eurasia. The scale of it is hard to exaggerate. The project's purpose is to link land- and sea-based trade routes, running from east to west and north to south, with all belts and roads leading back to China.

In January 2018, during her first bilateral trip to China, Theresa May sidestepped a Chinese push for a formal British endorsement of the Silk

Road strategy. Britain was a “natural partner” for the project, she said, but she would not give it her full backing. Such reticence may not be possible if Britain wants to achieve a free trade agreement with China.

BLOODLESS VICTORY

Beijing’s priority is not Britain, of course. It first wants to neutralize the opposition of those near neighbors with whom it has territorial or political disputes. Beijing has made clear that it will respond with military action if Taiwan, with whom it has around \$130 billion in trade, should so much as hold a referendum on independence, and it has steadily eroded Hong Kong’s freedoms despite promises not to do so.

China is also increasingly willing to take on Asia’s largest nations, attempting to wear down their opposition to its territorial claims. Despite more than \$300 billion in bilateral trade with Japan, Beijing regularly challenges Tokyo’s control over the contested Senkaku/Diaoyu Islands in the East China Sea with maritime patrol boats. On land, Chinese forces spent much of 2017 in a face-off with Indian army troops high up in the Himalayas, over a disputed border with Bhutan.

Perhaps most brazenly, China has systematically militarized its possessions in the South China Sea over the past five years. Beijing contests the sovereignty of the

Spratly and Paracel

Island groups with a half

dozen other Southeast

Asian nations, in waters

through which nearly

70 percent of global trade passes. The Chinese military has turned once-submerged reefs into island bases through a massive reclamation project, emplacing airstrips, radar installations, weapons bunkers, and anti-air missiles.

This militarization, undertaken despite Chinese promises not to do so, has shifted the balance of power in one of the world’s most vital bodies of water, which links the western Pacific to the Indian Ocean and routes to Europe. Chinese media channels have darkly warned of war if Washington should try to force China to stop its island-building campaign. Will London risk trade ties with China by insisting on sailing the *Queen Elizabeth* through these waters to uphold freedom of navigation?

Beijing’s goal is to “win” Asia and create a wider sphere of influence, all without firing a shot. It sees Trump’s withdrawal from the Trans-Pacific

China is using its military strength to further its goals of economic dominance and political influence.

Partnership and lingering doubts about his willingness to defend allies as an opportunity to supplant America's role as global hegemon.

In some ways, Beijing is merely doing what all rising powers do. But that is no consolation to Western powers, which have not been challenged so strongly for centuries. The military and trade ambitions of greater China are almost certain to prove the most important strategic challenge for the next generation. The closer Britain gets to China, the more it will face pressure to conform to Chinese interests. Any accommodation will simply embolden Beijing, while also driving a wider wedge between Britain and America. Sometimes, a sweet deal conceals a bitter pill. ■

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Fables of the Unequal Outcome

Economic outcomes often differ greatly among individuals, groups, institutions and nations. Why? Because of unfair and unjust discrimination? Usually not. Hoover fellow Thomas Sowell on his new book.

By Peter Robinson

Peter Robinson, Uncommon Knowledge: Some people are rich, and many are poor. Some are fortunate, and many are not. On the very face of it, that is wrong and unfair, and something must be done—or so you might think, until you read the work of Dr. Thomas Sowell. He has studied and taught economics, intellectual history, and social policy at institutions that include Cornell, UCLA, and Amherst. A senior fellow at the Hoover Institution, Dr. Sowell has published more than a dozen books, including his newest, *Discrimination and Disparities* [Basic Books, 2018].

My first question is about *disparate impact*, the legal standard holding that statistical differences in outcomes among groups can be enough to establish illegal discrimination even in the absence of evidence of intentional discrimination. In your new book you write, “The disparate-impact standard

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represents a major departure from American legal principles where the burden of proof is usually on those making the accusation.” What about the notion that we need a disparate-impact test because discrimination, particularly racial discrimination, particularly against African-Americans, is so deeply embedded in the fabric of this country that people discriminate all the time without even being aware of it?

Thomas Sowell: If you’re going with that assumption, then you don’t need the disparate-impact theory. You just simply say what you’ve just said [about discrimination]. I might also add that whenever you look at theory, you see this implicit assumption that all of the groups are very similar in their capabilities, what they want to do, and so forth. When you look at facts, you find disparate impacts everywhere.

If you just go back to the nineteenth century and you take the Irish, the Italians, and the Jews, just to pick three European groups, something like 40 percent of all the Italian immigrants to the United States return to Italy. The Irish and the Jews were not going back to anywhere. They were glad they got out of where they got out of, and they stayed here. In politics, the Irish were so much more advanced politically than either the Italians or the Jews that for generations you had Irish politicians representing neighborhoods that were overwhelmingly Italian or Jewish. Everywhere you turn, my gosh, you find these disparate impacts.

Robinson: The point is reality is lumpy and uneven and particular. And it doesn’t fit the kind of bland, smooth reality that seems to be in the back of the theorist’s mind.

Sowell: Yes.

Robinson: Let’s get to the underlying argument of the book. “The fact that economic and other outcomes often differ greatly among individuals, groups, institutions, and nations poses questions to which many people give very different answers. At one end of the spectrum: the belief that those who have been less fortunate are genetically less capable.” That’s the racist argument, essentially.

Sowell: Yes.

Robinson: All right. “At the other end, the belief that those less fortunate are victims of other people.” That’s the argument liberals or progressives tend to make.

Sowell: Although I will say Progressives were in the forefront of those putting forth the genetic argument a hundred years ago.



A CLOSER LOOK: Hoover senior fellow Thomas Sowell, author of more than a dozen books, continues to write and speak about economics. [Hoover Institution—Uncommon Knowledge]

Robinson: For example, Woodrow Wilson was a leader of the Progressive movement and one of the leading racists of the day.

Sowell: Yes. And many people look back and say, “Well, his racism was just an exception to his liberalism.” No, that was what Progressives were pushing that whole time. And not so much against blacks, because they just assumed that blacks couldn’t do anything, but they were pushing it against immigrants from Eastern Europe and Southern Europe, and it was they who pushed the ideas that led to the great immigration restrictions of the 1920s.

Robinson: You write that “disparities can reflect the plain fact that success in many kinds of endeavors depends on prerequisites peculiar to each endeavor; and a relatively small difference in meeting those prerequisites can mean a very large difference in outcomes.” You illustrate that point by describing an experiment that Professor Lewis Terman here at Stanford conducted at the beginning of the twentieth century.

Sowell: It was an empirical study. He picked some fifteen hundred people who had IQs in the top 1 percent, and his program followed them for more than

fifty years to see how they turned out. The top third, for example, had more than ten times as many postgraduate degrees as the bottom third, among

people who were all in the top 1 percent. Also, two people who failed to make the 140 IQ cutoff ended up getting Nobel Prizes in

“See, only whites could vote, but both whites and blacks could pay money.”

physics. No one among the fifteen hundred did. So obviously, many things had to come together.

Robinson: You write that the biggest differentiating factor in that study was family backgrounds.

Sowell: Yes. The ones who were in that top third came from families that were more educated. Of the ones in that bottom third, many had a parent who had dropped out of school before the eighth grade. So it doesn't matter how much brain power you may have: if you're not raised in a home where people are thinking, where they're doing intellectual things, you're not in the same position as someone with the same IQ who's in a family with that kind of background.

Robinson: So you've got these fifteen hundred brilliant kids, and the principal factor that accounted for their success was family background, and that's not victimization—that's a question almost of cosmic luck.

CONSEQUENCES

Robinson: You of all people then go on to quote approvingly from Friedrich Engels, Karl Marx's co-author in *The Communist Manifesto*, and he has this phrase, “What emerges.” Engels makes the argument that intentions don't matter as much as “what emerges.” So explain that.

Sowell: Well, what Engels says is that what each person wills is obstructed by everyone else, and what emerges is something that no one willed, so you can't go from intentions to results.

Robinson: A couple of illustrations from the American experience. In the American South after the Civil War, whites employed measures to keep down the earnings of black workers and sharecroppers, to keep them poor. And yet, you write, “Black incomes in 1900 were almost half again higher than they had been in 1867–68. This represented a rate of growth higher than that in the American economy as a whole.” Just-freed slaves improved their

material well-being faster than the rest of the nation in spite of agreements intended to keep them down. How come?

Sowell: Many of these agreements simply fell apart, especially in agriculture, because as spring comes in, you've got to get a workforce out there to plow that ground and plant the seeds. Otherwise there's no crop. So the people who decided they weren't going to stick by these agreements got first dibs on the black workers and sharecroppers, and the others had to take what was left.

Robinson: Then, as you write, "Three decades after the end of slavery, laws mandating racially segregated seating in municipal transit vehicles began to be passed in many Southern communities." This didn't happen immediately after the Civil War. It's toward the end of the nineteenth century. "Municipal transit companies fought such laws." Why?

Sowell: They may have had exactly the same racial views as the people who passed the laws, but the people who passed the laws paid no price for it, unlike the

people who owned the transit companies. See, only whites could vote, but both whites and blacks could pay money. The incentives were very different for the people who owned transit companies as opposed to politicians.

Robinson: A final example of this difference between intentions and what actually emerges: housing here in Northern California. Beginning in the 1970s, as you explain in the book, San Francisco and other communities began enacting building restrictions in the name of protecting the environment. By 2005, you write, "the black population in San Francisco was reduced to less than half of what it had been in 1970, even though the total population of the city as a whole was growing." What happened?

Sowell: Well, as the restrictions were put in, of course that meant the growing population was not accommodated by a growing amount of housing. In Palo Alto, for example, the price of housing almost quadrupled in one decade. It was not because they were building luxury homes; there was not a single new house built in Palo Alto during that decade. It was existing houses that

"If you're not raised in a home where people are thinking, where they're doing intellectual things, you're not in the same position as someone with the same IQ who's in a family with that kind of background."

almost quadrupled in price. It's amazing how in California people ask, "What can we do about affordable housing?" and they'll appoint some blue-ribbon committee. It's like appointing a blue-ribbon committee to go and find out why the ground is wet after the rain. It's almost miraculous how they can avoid the obvious.

Robinson: So, Tom, if we were to apply the disparate-impact standard to the question of the legal building regime in San Francisco, we would be forced to conclude that the devout liberals of San Francisco have enacted a soft version of Jim Crow.

"To admit that we can do nothing about what happened among the dead is not to give up the struggle for a better world but to concentrate our efforts where they have at least some hope of making things better for the living."

Sowell: Absolutely. But they never seem to get around to applying the disparate-impact theory in those cases.

Robinson: Why do we still have this prevailing social vision that seems not only to avoid asking

whether our fine intentions are actually achieving the ends we wish for, but almost refuses to look at the massive evidence to the contrary? What's going on?

Sowell: What's going on among professional politicians is that it can be the end of a whole career to admit you were wrong. Instead there will be a thousand rationalizations, and the ability of the human mind to rationalize is just phenomenal.

FOR TODAY AND TOMORROW

Robinson: Tom, you haven't had anything to prove to anybody for at least three decades. What keeps you at it? Why do you work so hard? I'm happy you do, you understand, but why do you?

Sowell: Well, I don't work nearly as hard since I discontinued the column. I did that after spending some time in Yosemite with a couple of photo buddies, and I realized in those four days we hadn't watched a single news program, we hadn't seen a single newspaper. I said, "This is the life." Most of the foolish things that are said on these programs were said twenty and thirty and forty years ago and refuted twenty and thirty and forty years ago.

Robinson: By you, quite often.

Sowell: By me, but by many other people too.

Robinson: But you're happier when you're not reading the news.

Sowell: Absolutely.

Robinson: At the same time, you're also happier when you're working on a book.

Sowell: Yes, when I can go out there and get the hard data and find out what's really happening.

Robinson: Tom, would you close our program by reading a passage from your marvelous new book, *Discrimination and Disparities*?

Sowell: It's about people who want to redress the past. "The only times over which we have any degree of influence at all are the present and the future, both of which can be made worse by attempts at symbolic restitution among the living for what happened among the dead, who are far beyond our power to help or punish or avenge. Any serious consideration of the

"Among professional politicians it can be the end of a whole career to admit you were wrong."

world as it is around us today must tell us that maintaining common decency, much less peace and harmony, among living contemporaries is a major challenge, both among nations and within nations. To admit that we can do nothing about what happened among the dead is not to give up the struggle for a better world but to concentrate our efforts where they have at least some hope of making things better for the living." ■





“Slick, Seamless, and Popular”

As foreign powers manipulate international journalism, Hoover fellow Markos Kounalakis looks for ways to distinguish news from propaganda.

Center on Public Diplomacy: Your new book, *Spin Wars and Spy Games*, discusses the foreign policy implications of global news media and intelligence gathering that are increasingly dominated by non-Western, state-sponsored sources. Why is this important for public diplomacy? Why should we pay attention?

Markos Kounalakis: The tables are being turned. Not only are non-Western news networks growing rapidly and broadly, there is a simultaneous retreat by the Western institutions as a result of a business model collapse. During the twentieth century, Western media institutions had a near-monopoly on global news and information gathering and were present in far-flung places. What I point out in the book is that aside from the soft-power effects that these institutions and individuals have had in the field and abroad—the influence they’ve had on political elites and policy agendas—they’ve also been performing a role that has been mostly hidden. A valuable and irreplaceable role: they have been functioning as informal diplomatic structures *and* as informal intelligence-gathering operations.

*Markos Kounalakis is a visiting fellow at the Hoover Institution and a senior fellow at the Center for Media, Data, and Society at Central European University in Budapest, Hungary. He is the author of **Spin Wars and Spy Games: Global Media and Intelligence Gathering** (Hoover Institution Press, 2018).*

On the diplomatic front, both institutions and individuals have worked as informal intermediaries between states, at times taking a prominent role in negotiations that otherwise have no other means for dialogue. I use a few examples of this in my book, including the Cuban missile crisis and the role played by ABC reporter John Scali, to illustrate how journalists have found themselves in a position to effect political and diplomatic outcomes. I, too, participated in this activity during my time as a foreign correspondent in a conflict that was brewing militarily between the United States and Haiti but which found a political solution in small part thanks to an intervention by me and my CBS colleague Terry Phillips (he and I knew each other from our time as Moscow correspondents).

It was not until I started my research that I realized how widespread and socialized this practice was among my colleagues. Now, with Western media organizations effectively AWOL, bureaus closed, and correspondents absent, these opportunities no longer avail themselves to the West. In fact, the vacuum is being filled by non-Western, predominantly Russian and Chinese organizations and, therefore, opening the field to them for their diplomatic operations with institutions and individuals who are much more aligned to their state sponsors and without the reservations of performing this function. Rather, they are much clearer on their role and purpose. The traditional informality that exists between the journalist and state in the West is not the same for Russia and China, where the journalist-state relationship needs to be understood as an established and expected formal relationship in the non-West. If you work for RT or CGTN or Xinhua, you work for and with the state. This has enormous implications, especially as the practice extends to intelligence gathering. I continue to do this research from my perch at the Hoover Institution.

CPD: You interviewed a wide range of professionals from Western and non-Western global news networks. What are some of the patterns you observed in their practices that unite them, and what differentiates their approaches?

Kounalakis: Media conventions are now universal. The language used for presentation, the look and feel of televised or online reports, is now nearly indistinguishable between the West and non-West. That was not always the case. There was a clunkiness to the non-Western product in the past that made it smack of propaganda and reek of amateurism. Now, non-Western output is slick, seamless, and popular. Until recently, RT enjoyed the highest online viewership of any news source on YouTube. Russian and Chinese news networks are able to hire some of the laid-off, underpaid, and unemployed

Western professionals—whether on-air talent, on-the-ground reporters, or behind-the-scenes consultants—who have been able to give the networks instant credibility, a professional look and feel, and the digital Rolodexes, high-level access, and analytical insights that never would have been available to them in the past.

Larry King on RT is a real coup for the Russian network, for example, because his form of interview and program is familiar, credible, and celebrity-oriented with his brand lending acceptability and normalcy to a network that only recently has had to register itself officially with the US Foreign Agents Registration Act (FARA). For most casual viewers, this means nothing. In essence, the practices are indiscernible, the personnel are fluidly moving between Western and non-Western institutions, and the main difference between them is that those working for Western institutions have either no relationship or, at most, an informal relationship to the state, while those working for non-Western institutions have a direct and defined relationship to the state, even if they can personally justify their work or feel distant and disengaged from the direct value of the intelligence gathering they perform and deliver to the non-Western state.

“The traditional informality that exists between the journalist and state in the West is not the same for Russia and China.”

CPD: You spent much of your journalism career as a foreign correspondent, a role you describe as inherently—albeit unintentionally—linked to public diplomacy. What are the linkages?

Kounalakis: In my role as a foreign correspondent, I regularly engaged with the countries and communities where I lived. I don’t write about this in the book, but when I worked for *Newsweek* and lived in Prague, Czechoslovakia, I lectured on journalism at Charles University at a post-Velvet Revolution department that was still oriented toward teaching propaganda skills where students wanted to know things like “what questions does the government allow you to ask?” My colleague Mark Bauman and I spent a lot of time training new journalists in that country. He and I both helped and wrote for new publications, like *Reflex*, where, for example, we did some investigative work that exposed former Communist Party members spiriting funds over the border and into secretive Austrian banks. Hard-hitting, investigative reporting on a government that previously had no public or journalistic check on it was



LET'S CHAT: Russian leader Vladimir Putin is interviewed by Larry King in 2010. Today, King has a show on RT—formerly Russia Today—and his presence lends credibility and familiarity to the Russian network. Russian and Chinese news networks are hiring many of the same news professionals who appeared on Western programs. [Alexei Nikolsky—RIA Novosti]

remarkable at the time and had a public-diplomatic effect in that it helped evolve the journalistic practice and public expectation of accountability.

Unintentionally and unconsciously, my colleagues and I were also performing not only a public-diplomatic role, but a real diplomatic role (as with the Haiti example) as well as an informal intelligence-gathering function. On the intel side of the equation, the work we produced entered into the realm of “open source” intelligence (OSINT), the news reports and broadcasts that reached everyone but would be especially noted by embassies, intelligence analysts, and policy makers. There is nothing dark or suspicious about this work, as it is open and available to everyone. My book goes into detail about how this informal newsgathering and intelligence role, however, is extended and also shared via informal back channels, private briefings, or social cocktail party situations.

CPD: What surprised you in writing and researching *Spin Wars and Spy Games*?

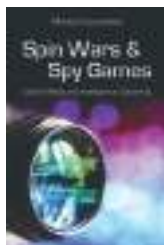
Kounalakis: Starting out, I had two assumptions. One was that the current crisis in journalism meant that there were fewer foreign correspondents and bureaus around the world. I was surprised to find out that there are more foreign correspondents than ever. They just are not Western foreign correspondents. The second assumption was that the loss of Western foreign-corresponding resources and capacities would have a political effect on democracy, depriving citizens of information that would keep them educated on issues that allowed them to make informed political decisions to influence foreign policy. I thought that there were direct policy implications and that

the so-called “CNN effect” had distinct bearing on issues of war, peace, and humanitarian interventions. This one surprised

“Non-Western output is slick, seamless, and popular.”

me, too. What I found is that while an informed populace is, of course, important to the health of a democracy, an equal (and at times more important) role played by foreign correspondents in policy formation and policy making is their performance of both informal (and sometimes formal) diplomatic and intelligence-gathering roles. As I write in the book, “journalists are neither spies nor diplomats.” Not Western journalists, at least. My conclusion? Russia and China are in large part investing in their global news networks to develop relatively inexpensive diplomatic missions and intelligence-gathering operations. ■

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New from the Hoover Institution Press is **Spin Wars and Spy Games: Global Media and Intelligence Gathering**, by Markos Kounalakis. To order, call (800) 888-4741 or visit www.hooverpress.org.



Lost in Space

Former governor Jerry Brown shot for the stars. He should have aimed for Market Street.

By Bill Whalen

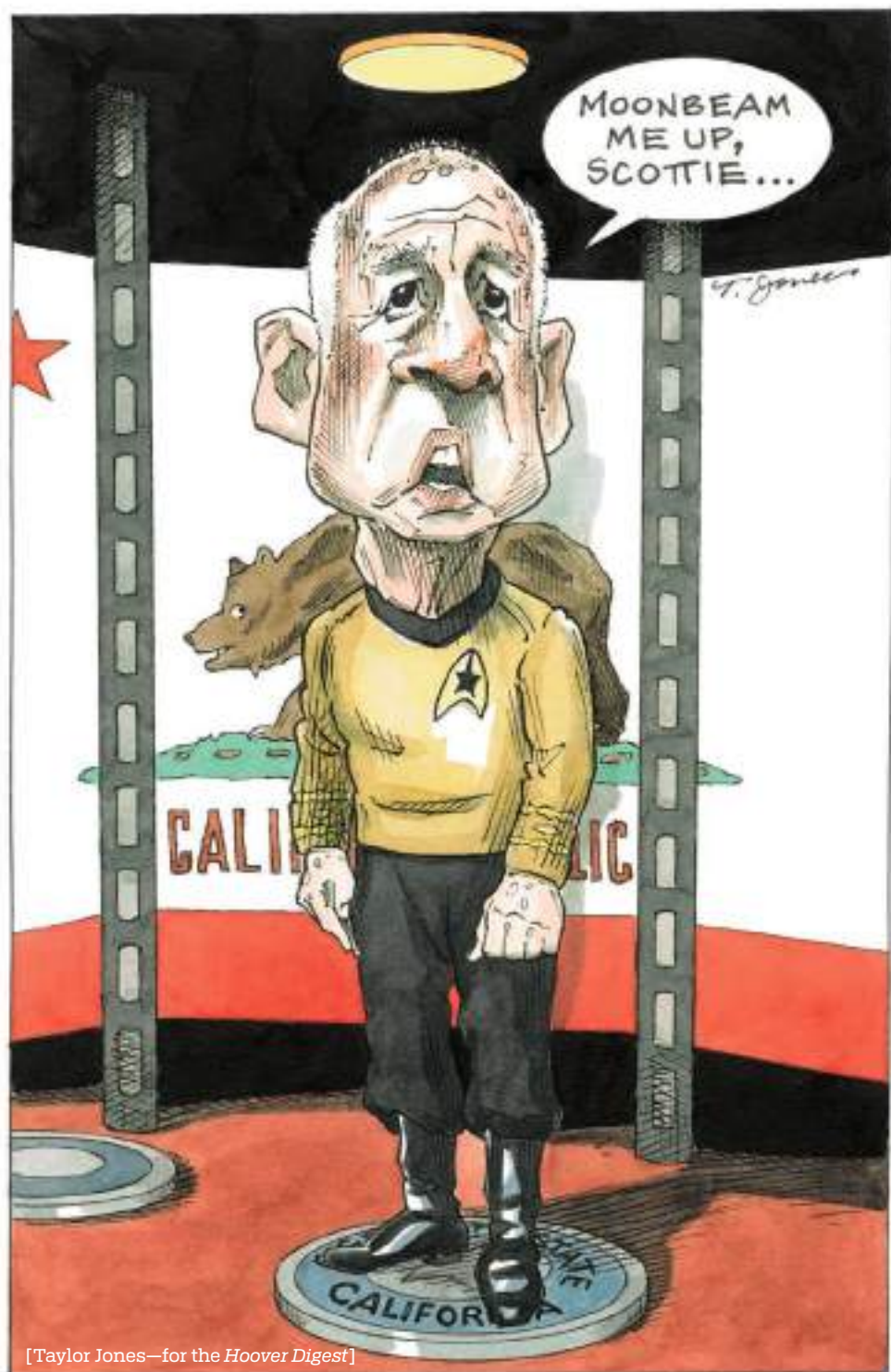
For a governor who renounced any interest in discussing his legacy, Jerry Brown had a funny way of coming full circle.

Last fall, California's former chief executive told a San Francisco climate-change audience that he was literally looking to the stars for bold action, suggesting it was high time that the Golden State had its own bird in the sky. "We're going to launch our own satellite—our own damn satellite to figure out where the pollution is," Brown bellowed in remarks before the Global Climate Action Summit, "and how we're going to end it."

It wasn't the first time Brown had entered launch mode. "If Trump turns off the satellites, California will launch its own damn satellite," Brown said in an earlier San Francisco speech, in December 2016. "I remember back in 1978 I proposed a Landsat satellite for California. They called me 'Governor Moonbeam' because of that."

And that's how California's newly departed governor came full circle. Brown earned the nickname "Moonbeam" courtesy of the late, great Chicago columnist Mike Royko, who observed all the way back in 1976 (the year of the first of Brown's three presidential runs) that the youthful governor appeared to be chasing "the moonbeam vote."

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



[Taylor Jones—for the *Hoover Digest*]

Royko continued using the “M-word” to describe Brown’s nontraditional approach to office. Royko called California “the world’s largest outdoor mental asylum.” In one column, he wrote: “California’s major export . . . has been craziness. If it babbles and its eyeballs are glazed, it probably comes from California.”

Toward the end of his career (Royko died in 1997), the columnist came to regret the label. “Enough of this ‘Moonbeam’ stuff,” Royko wrote in 1991. “I declare it null, void, and deceased.”

Brown, on the other hand, embraced the label, telling a *New York Times* reporter while seeking a third gubernatorial term in 2010: “‘Moonbeam’ also stands for not being the insider. Standing apart and marching to my own drummer. And I’ve done that.”

That’s true. Jerry Brown marched to his own beat. But would California’s pursuit of a satellite capable of tracking climate-altering emissions be an example of a governor in step with his state’s competing realities—or an illustration of a

state that, to put it politely, is lost in space?

While in San Francisco for the

climate-change summit, Brown also took time to sign sixteen new laws with a save-the-planet theme. His backdrop for the bill-signing event: the maiden voyage of the San Francisco Bay Area’s first plug-in hybrid ferry—a sightseeing boat that can hold up to six hundred passengers. The irony was hard to miss: California is awash in problems that aren’t as sexy as satellites in orbit or as pristine as a clean and green ferry, but are urgent nonetheless.

Let’s start with San Francisco. Residents call the city’s hotline sixty-five times a day complaining about human feces littering streets and walkways. A popular tourist attraction is the newish Millennium Tower—not for the spectacular views, but because the 645-foot high-rise is slowing sinking and tilting to the west.

Then there’s Los Angeles, a metropolis that has witnessed a 75 percent surge in people living in shelters or on the street, turning parts of the region into virtual tent cities. If you’re moving to the Southland, good luck finding a short-term rental.

Census data show that nearly one in five Californians live in poverty, with the exorbitant cost of housing a major culprit (Californians pay nearly \$1,450 per month in rent and utilities, \$300 above the national norm; median home

In rural counties, a shortage of law enforcement means response times may be measured not in minutes but in hours.

prices approach \$530,000, more than double the \$240,000 national median). Meanwhile, rural counties face a different kind of crisis: a shortage of law enforcement staff. It means response times to emergencies in less-populous stretches of the state are measured not in minutes but in hours.

I mention these ragged aspects of the California existence not to question the outgoing governor's commitment to climate change. I merely want to

point out how at times he was too enamored of the shiny object—lamenting with the powerful and wealthy over the future of

“California’s major export,” said Mike Royko, “has been craziness.”

the planet—to confront the uglier side of his nation-state.

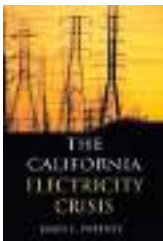
This ties into a larger debate about whether California is a standard for the rest of America or a cautionary tale of progressive intent and inaction—a debate which, I suspect, will ramp up as various California Democrats test the presidential waters.

The left would have you believe that the Golden State, in its pursuit of diversity and futuristic applications to life, science, and commerce, is an elegant piece of crystal stemware.

The right would have you believe that said stemware, with its high taxes, bureaucratic overreach, and coastal-inland disconnect, is more like a gilded dribble glass.

In truth, California falls somewhere in the middle of beauty and ugliness. It's half empty and half full. Scenic and unsettling. Even if the view from the governor's new ferry is hard to beat. ■

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New World Order, We Hardly Knew Ye

President Trump didn't kill the postwar order. He just buried the corpse.

By Victor Davis Hanson

The persistence of institutions such as the EU, NATO, and the United Nations suggests that the world goes on exactly as before. In fact, these alphabet organizations are becoming shadows of their former selves, more trouble to end than to allow to grow irrelevant. The conditions that created them after the end of World War II, and subsequently sustained them even after the fall of the Berlin Wall, no longer exist.

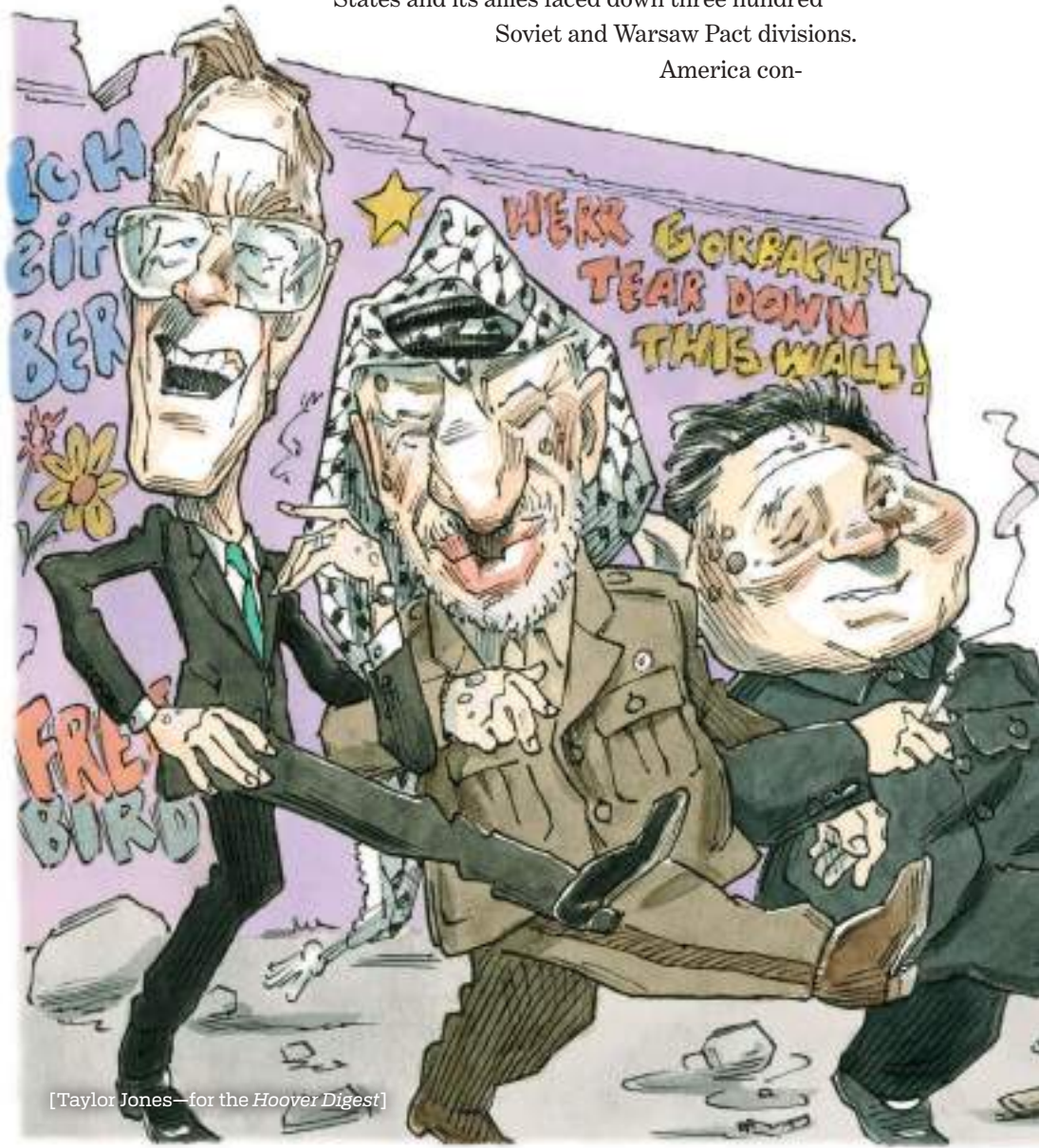
Key points

- » In the 1990s, the impending world confluence seemed as if it might make war and other age-old calamities obsolete.
- » Terrorist attacks, wars in Afghanistan, Iraq, Libya, and Syria, the spread of Islamist terrorism, and the 2008 financial meltdown wrought sudden instability.
- » Donald Trump adopted the spirit of the Roman general Sulla: allies would find in the United States “no better friend” and enemies would learn there was “no worse enemy.”

Victor Davis Hanson is the Martin and Illie Anderson Senior Fellow at the Hoover Institution and the chair of Hoover's Working Group on the Role of Military History in Contemporary Conflict. He is the recipient of the 2018 Edmund Burke Award, which honors those who have made major contributions to the defense of Western civilization. His latest book is *The Second World Wars: How the First Global Conflict Was Fought and Won* (Basic Books, 2017).

The once-grand bipartisan visions of American diplomats such as Dean Acheson, George Kennan, and George Marshall long ago fulfilled their enlightened promises. The United States in 1945, unlike in 1918, rightly stayed engaged in Europe after another world war. Then America helped rebuild what the Axis powers had destroyed in Asia and Europe.

At great cost, and at times in both folly and wisdom, the United States and its allies faced down three hundred Soviet and Warsaw Pact divisions. America con-



[Taylor Jones—for the Hoover Digest]

tained communist aggression through messy surrogate wars, avoided a nuclear exchange, bankrupted an evil communist empire, and gave Eastern Europe and much of Asia the opportunity for self-determination. New post-war protocols enforced by the US Navy made the idea of global free trade, commerce, travel, and communications a reality in a way never seen since the early Roman empire.



The original postwar order was recalibrated after 1989, as the Soviet Union vanished and the United States became the world's sole superpower. On the eve of the first Gulf War, President George H. W. Bush, in a September 11, 1990, address to Congress, introduced "the new world order" (the 9/11 date would provide an eerie coincidence). The Bush administration's ideal was an American-led, global, ecumenical community founded on shared devotion to perpetual peace and pledged to democratic nation building.

The once-grand bipartisan visions of US diplomats such as Dean Acheson, George Kennan, and George Marshall long ago came to pass.

The 1990s were certainly heady times. A year after the fall of the Berlin Wall, Germany was reunited. A UN-sanctioned global coalition in 1991 forced Saddam

Hussein out of Kuwait. Francis Fukuyama published *The End of History and the Last Man* in 1992, suggesting that all the ancient political, economic, and military controversies of the past were coalescing into a Western, and mostly American, consensus sweeping the globe.

The ensuing world confluence might well make war and other age-old calamities obsolete. The transformation of the once loosely organized and pragmatic European Common Market into a utopian European Union was institutionalized by the Maastricht Treaty of 1993. Fossilized European notions such as borders and nationalism would supposedly give way to a continentwide shared currency, citizenship, and identity.

HALCYON DAYS

For a while these utopian ambitions seemed attainable. America, under the guise of NATO-led multilateral action, bombed Serbia's Slobodan Milošević out of power. Calm seemed to return to the Balkans at the price of fewer than ten American combat deaths. The United Nations grandly declared no-fly zones in Iraq to stymie a resurgent Saddam Hussein.

President Bill Clinton ushered in a supposedly lasting Middle East peace with the allegedly reinvented terrorist Yasser Arafat in 1993 at Oslo. Palestinians and Israelis would live side-by-side in adjoining independent nations. Wars would soon give way to economic prosperity that in turn would render their ancient differences obsolete.

Boris Yeltsin's post-Soviet Russia seemed on the preordained pathway to Western-style consumer capitalism and constitutional government. Hosts

of Western intellectuals, academics, and “investors” swarmed into Russia to help speed the inevitable process along.

The former Warsaw Pact nations went from Russian satellites to NATO partners as magnanimous Western statesmen talked of welcoming even Russia into the alliance. The Tiananmen Square protests of 1989 were considered only a temporary setback for Chinese democracy. Certainly, the commercial arc of retiring reformist Chinese strongman Deng Xiaoping would ultimately bend toward the moral embrace of American ideas like constitutional government and unfettered expression. Everyone just knew that democracy followed capitalism, as day did night.

Western intellectuals bragged of *soft power*. They went so far as to suggest that the moral superiority of Europe’s democratic socialism and its economic clout, fueled by state-aided industries, had overshadowed calcified American ideas of unfettered free enterprise, carrier battle groups, and the resort to military force.

In short, never had the Western world seemed so self-satisfied. The brief calm from 1989 to 2001 was often compared to the legendary ninety-six years of the so-called “five good emperors” of imperial Rome, the Nerva–Antonine dynasty that historian Edward Gibbon canonized as “the period in the history of the world during which the condition of the human race was most happy and prosperous.” In the absence of a cold war and global chaos, the only crisis the West seemed to be worried about was “Y2K,” a fanciful notion of a worldwide computer shutdown at the start of the new millennium. Meanwhile, globalization had delivered two billion people out of poverty.

The first Bush administration’s goal was an American-led, global community founded on shared devotion to perpetual peace and pledged to democratic nation building.

ALL FALL DOWN

Then the mirage blew away on September 11, 2001, with terrorist attacks against the World Trade Center and the Pentagon, followed by messy wars in Afghanistan, Iraq, Libya, and Syria, the spread of radical Islamist terrorism, the 2008 global financial meltdown and a decadelong anemic recovery, institutionalized near-zero interest rates and stagnant economic growth, and massive waves of illegal immigration across the Mediterranean into Europe and freely across the southern US border. There were fresh wars in the

Middle East between Israel and a coalition of Hamas, Hezbollah, and radical Islamists. Russia made a mockery of the Obama administration “reset button” outreach. Moscow annexed the Crimea, absorbed eastern Ukraine, and in 2012 went back into the Middle East to adjudicate events after a hiatus of nearly forty years. North Korea built nuclear missiles that could be aimed at Portland and San Francisco.

The United States increasingly found itself isolated and unable to control much of anything. The Obama administration had declared its lethargy a planned “lead from behind” new strategy, and contextualized American indifference through the so-called apology tour and the postmodern Cairo speech of 2009. Certainly, all the old postwar referents were now either impotent or irrelevant.

An increasingly anti-democratic and anti-American European Union started to resemble a neo-Napoleonic “continental system,” with Germany now playing the imperious role of nineteenth-century France. Indeed, the EU

was soon drawn and quartered. Southern nations resented what they saw as a Prussian financial diktat. Eastern European nations of the EU balked

The Trump administration spoke of “principled realism,” a sort of don’t-tread-on-me Jacksonism.

at Berlin’s orders to open their borders to illegal immigrants arriving from the Middle East. The United Kingdom fought Germany over the conditions of Brexit. Its elites soon learned why the people of Britain wanted to be free of the German-controlled league.

But it was in the United States that the erosion of the costly postwar order of adjudicating commerce and keeping the peace proved most controversial. An increasing number of Americans no longer believed the accepted wisdom that an omnipotent, omnipresent United States could always easily afford, for the supposed greater good, to underwrite free, but not fair, global trade, police the world, and subsidize the trajectories of new nations into the world democratic community.

In truth, globalization had hollowed out the American interior and created two nations: one of elite coastal corridors where enormous profits accrued from global markets, outsourcing, and offshoring; and one born in a deindustrialized interior where any muscular job that could be shipped abroad cheaply eventually was.

Wars were fought at great cost in Afghanistan, Iraq, and Libya, but not won—and often waged at the expense of those Americans often dubbed

“losers.” Most NATO members followed Germany’s lead and reneged on their defense spending commitments, despite their greater proximity to the dangers of a resurgent Russia and radical Islam.

Germany itself ran up a \$65 billion trade surplus with the United States, warping global trade and insisting on asymmetrical tariffs with America. It usually polled as the most anti-American nation in Europe.

In sum, by 2016 Americans saw the postwar order as a sort of a naked global emperor and felt themselves compelled to lie about his invisible, splendid clothing.

TRUMPED

Then came along the abrasive Donald Trump, who shouted that it was all pretense. What was the worth to America of a postwar order with a \$20 trillion national debt, huge trade deficits, and soldiers deployed expensively all over the world—especially when Detroit of 2016 looked like Hiroshima in 1945, and the Hiroshima of today like the Detroit of 1945?

Without regard to august think tanks or Ivy League government departments, President Trump abruptly pulled out of the multilateral Iran deal.

He quit the Paris

Climate Accord,

bragging that US natural gas did far more in reducing global emissions than the redistributive dreams

Globalization hollowed out the American interior and created two nations: one of elite coastal corridors and one of shuttered factories and exported jobs.

of Davos grandees. He took up Sarah Palin’s call to “drill, baby, drill,” as the United States, now the world’s largest producer of natural gas and oil, made OPEC seem irrelevant.

Trump jawboned NATO members to pony up their long promised, but even longer delinquent, dues—or else. He renegotiated NAFTA and asked why Mexico City had sent eleven million to twenty million of its poorest citizens illegally across the border, run up a \$71 billion trade surplus, and garnered \$30 billion in remittances from the United States.

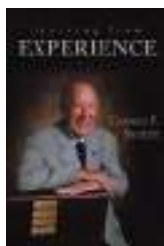
Trump moved the US embassy in Israel to Jerusalem and declared the Palestinians no longer refugees after seventy years, and thus no longer in need of US largess. Likewise, he dissolved US participation with the International Criminal Court and questioned why the United States subsidized a United Nations that so often derided America.

Establishments both at home and abroad accused Trump of destroying the postwar order. In its place, Trump's advisers talked of "principled realism," a sort of don't-tread-on-me Jacksonism that did not seek wars, but, if forced, would win them. In a world of multilateral bureaucracies, Trump adopted the spirit of the Roman general Sulla: allies would find in the United States "no better friend" and enemies would learn there was "no worse enemy." Both trade and war would now be adjudicated through bilateral relations, not international organizations.

Perhaps in the twenty-first century we are returning to the old nineteenth-century notions of balance of power, reciprocal trade, bilateral alliances, and military deterrence in keeping the peace, rather than soft power and UN resolutions.

The late twentieth-century global order of grand illusions, which long ago went comatose, only now has been taken off life support. Trump is blamed for ending the postwar order, but all he did was bury its corpse—very loudly and bigly. ■

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First Her Voice, then Her Vote

Hoover fellow Elizabeth Cobbs tells the story of the “Hello Girls,” the pioneering female soldiers who handled communications on the Western Front during the First World War. Their service helped convince Americans that women deserved a seat at the political table.

By Julie Zeilinger

When Grace Banker graduated from Barnard College in 1915, women did not yet have the right to vote. But lacking this basic right didn't stop Banker from serving her country—and breaking barriers in the process.

Just two years later, Banker volunteered for and was chosen to head a team of women assigned to fulfill a crucial communications role alongside American service members deployed to France during World War I. These women joined 190 others recruited to serve in the US Army Signal Corps by connecting American and French forces via newly available phone lines after military officials discovered that male infantrymen were struggling to connect these calls quickly enough.

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The bilingual team of women served on the front lines, connecting twenty-six million calls for the American Expeditionary Forces in France. They served at military headquarters and outposts in the field alongside the troops, connecting the front lines with supply depots and headquarters. They became known as the “Hello Girls.”

Yet despite their service—and despite taking a military oath—the Hello Girls were denied veteran status and benefits when they returned home. After petitions for recognition were sent to Congress more than fifty times, lawmakers in 1977 finally relented and passed legislation to acknowledge the military service of the women of the US Army Signal Corps. And last summer, Senator Jon Tester of Montana introduced the Hello Girls’ Congressional Gold Medal Act, which would award the Hello Girls one of the nation’s highest civilian honors. Senators Dean Heller, Tammy Baldwin, and Elizabeth Warren signed on as co-sponsors.

“The Hello Girls stepped up to the plate and got the job done, and they played an important role in our nation’s history,” Heller said when the bill was introduced. “They pioneered the way for female veterans, and like all of our nation’s service members, they should be recognized for their bravery and contributions.”

“I’m so proud to join this bipartisan effort to honor the brave, trailblazing women who stepped up to serve their country, and to acknowledge their decades-long fight to be given the recognition they deserve,” Baldwin said.

Task & Purpose spoke to Elizabeth Cobbs, author of *The Hello Girls: America’s First Women Soldiers*, about these women who changed the course of history.

Julie Zeilinger, Task & Purpose: What exactly did the Hello Girls do during World War I?

“Women had proven in World War I that the war couldn’t be fought without them.”

Elizabeth Cobbs: The Hello Girls were America’s first female soldiers, meaning that they were the first women whose job

in the US Army was not to bind up the wounds of war, like nurses, but rather to advance the objective of winning the war as other soldiers, male soldiers, did previously.

This was the first time ever in world history that telephones were the primary means of communication between the very front lines and headquarters and supply depots and leaders. [The women] would know secret codes in



HELLO THERE: Uniformed American women dubbed “Hello Girls” gather for a group photo. The bilingual telephone volunteers served on the front lines, connecting twenty-six million calls for the American Expeditionary Forces in France during World War I. [Wikimedia Commons]

order to direct your call appropriately. She would be listening to see whether or not the call had been tapped. She would have to redirect the call if she couldn't get someone else down the line to pick up—so she'd have to reroute calls manually.

Zeilinger: Why was their work so valuable?

Cobbs: The telephone was this very specialized department that in retrospect seems kind of simple but was at the time a very high-paced, high-pressure kind of occupation. You had to multitask. You had someone yelling at you in one ear, you're writing down notes about where the connection is going, you're looking for other lines that are flashing because other calls are coming in, you're trying to see which calls have switched off—and they were doing this all at once. They found that women were better at it. Before the Hello Girls were recruited, the average male Army recruit could connect a call in sixty seconds. It took the average woman

ten seconds. In wartime, the difference between ten and sixty seconds is life and death.

Sometimes on a slow night when they weren't handling tons of calls, the men would call these women to hear somebody's voice—especially to hear an American woman's voice. It was very comforting. One Associated Press reporter who had been exposed to wartime conditions said there was something about the operators' voices—so calm, it was like you were still in New York or Los Angeles, because it was just like an AT&T operator—"number, please"—and you felt like the world was going to be all right.

Zeilinger: How were the Hello Girls recruited?

Cobbs: The Department of War sent press releases out to newspapers all over the country—tiny little newspapers in rural communities, big city newspapers. This call went out all around the United States and also into Canada because these women had to interact with French operators and they, therefore, needed people who were bilingual.

I've read articles from newspapers that said things like, "this is women's chance to be in the regular Army and wear the uniform just like regular

soldiers and take the oath. . . . This is your chance to do as much in your own way as the men who go over the top"—"over the top" was a phrase used at that time to describe climbing out of your trench and going

"They were the first women whose job in the US Army was not to bind up the wounds of war, like nurses, but rather to advance the objective of winning the war."

into the machine gun barrage of that horrible trench warfare. Within several weeks, 7,600 women had applied for the first hundred jobs. This is remarkable because half of the men in the war had volunteered, but all of the women did.

Zeilinger: What was the greater political significance of what the Hello Girls did?

Cobbs: This was a test of women getting the vote. Not long after the war ended, Congress approved the Nineteenth Amendment, granting the vote to women. The Hello Girls came home to a situation where states now had to ratify the amendment—in August 2020, it will be the hundredth anniversary

of its ratification. The women's participation in the war, and their participation in victory parades, was a part of men saying "OK, maybe they deserve a seat at the table."

Grace Banker was awarded the Distinguished Service Medal by the US Army. Only eighteen officers out of sixteen thousand eligible members of the Signal Corps, the communications branch, received that medal.

The Hello Girls also forged a path for women in the Army for decades to come. The Women's Army Corps was created in May 1942, six months after Pearl Harbor, because the Army understood that women were going to be needed in their war efforts; women had proven in World War I that the war couldn't be fought without them. During World War II, the Army realized they had to get serious about bringing women into the military in a way that's routine, that honors them, and that compensates them and gives them benefits.

Zeilinger: And yet the Army still did not recognize the Hello Girls as veterans for sixty years.

Cobbs: The Army itself officially took the position that the women had not served, that they had been effectively civilian contractors. This was very odd,



SPEAK UP: Grace Banker (1892–1960), head of the female US Army Signal Corps operators unit during World War I, was awarded the Distinguished Service Medal for her service. But not until 1977 did Congress enact legislation to recognize Banker and her team as veterans. [Wikimedia Commons]

because the women had never been given contracts. They had taken oaths and were told, “you’re in the Army now.”

They were acknowledged initially; about thirty women received commendations. But when they got home and applied for the financial bonuses available for soldiers who had gone abroad, they were told they had never

been in the Army. They were asked for their discharge papers and were told the papers weren’t valid. What’s more, the bonuses were pegged

“Our history gives us courage. History lets us know the challenges that people have overcome.”

to how many days soldiers had served abroad, and the women generally went abroad before the men and then came home after them. The women served longer than most doughboys because they were in these logistical positions, and so the days they served would have been higher than most of the men on average. It wasn’t until 1979 that the women got their discharge papers.

The stories about what happened were so sad. One woman, for example, came back from France with TB. This tuberculosis was in her spine, vital organs, and lungs. She was declared totally disabled, but the Army still fought her being hospitalized in Army hospitals. The Army finally provided hospitalization, but I found a letter in her file from 1931 that stated that this woman was no longer totally disabled and would no longer receive benefits. She died eight years later and was buried at the age of forty-four.

“It was like you were still in New York or Los Angeles, because it was just like an AT&T operator—‘number, please’—and you felt like the world was going to be all right.”

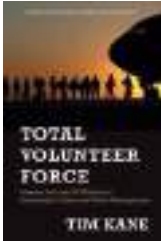
know the challenges that people have overcome. It lets us know that Americans have collaborated despite their differences, that people across a diverse spectrum have carried important causes forward. In this case, knowing the story of women in the Army is helpful; acknowledging the importance of what they did will be very useful. Whenever a medal is offered posthumously, you might say, “who cares?” But to have the symbol of the people who started

Zeilinger: After all this time, why is it important for the Hello Girls Congressional Gold Medal Act to pass?

Cobbs: Our history gives us courage. History lets us

a process acknowledged is very important because I think those processes are what bind us as a nation. Showing the idea that all people are created equal and that we can collaborate to create a better world gives people a sense of belonging and a sense of hope. ■

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“Herr Himmler’s Agents”

In 1941, a former minister and his “Friends of Democracy” began telling everyone who would listen that Hitler was out to subjugate not only Europe but America as well. A document in the Hoover Archives shows how Leon M. Birkhead tried to ferret out Nazi sympathizers and spies, while sounding prescient warnings of atrocities to come.

By Benedetta Carnaghi

“There is only one way to insure our freedom and our lasting safety. To the limit of our resources we must engage in the free world’s battle against the powers of evil that menace all that we hold dear. We must do this now, while there are still other free forces waging that fight and ready to co-operate with us in destroying the sinister threats of Nazism, both from within and without. This means all-out aid to Britain now!”

This passionate appeal concludes a pamphlet, titled *The Gestapo: Hitler’s Secret Police*, held in the Harry Clair Shriver Collection of the Hoover Institution Archives. At first glance, it reads like a propaganda message against all those who thought the United States should not enter World War II—first and foremost, the America

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First Committee. The pamphlet bears the date 1941, leaving its exact time of appearance unclear. However, these parting words, with their call to join the fight and help Britain, leave little doubt that the pamphlet must have been published before the December 7 attack on Pearl Harbor and the official US declaration of war.

How much did the American public know at the time about Nazi Germany and its dreaded secret police, the Gestapo? Of course, it was possible to know a lot: in the first years of the Second World War, people—including eminent intellectuals and exiled German writers such as Thomas Mann—immigrated to the United States from Europe and started relating this information in various venues. But to what extent was this information accessible to the larger American public? That answer is much harder to determine.

It is striking how accurately the articles, photographs, and documents in this pamphlet depict the Gestapo (or *Geheime Staatspolizei*), from its institutional premises to the list of its activities in the “once-free states.” And it is even more striking that the pamphleteers mention the initial Nazi deportations to concentration camps—about which the US government was not eager to alert the

American public. This information makes the pamphlet a remarkable bit of investigation and

Nazi spies were indeed active in Europe and the United States.

prophecy—yet another example of how artifacts in the Hoover Institution holdings may illuminate unknown corners of history.

Ultimately, in order to push America to fight for human freedom in Europe, the pamphleteers argued that the Gestapo would crush the very premises of the American Constitution. Its conclusion about the clash of civilizations: “Only one can survive.”

ACCURATE AND HIGHLY DETAILED

Who were the pamphleteers? The last page informs us that the text was published by Friends of Democracy Inc., an organization directed by Leon Milton Birkhead. Birkhead (1885–1954) was a socially active former Unitarian minister. He had begun his ministry in the Methodist Church but resigned, saying he was “out of harmony” with its emphasis on theology instead of conditions on earth, and joined the Unitarians. Along the way he helped Clarence Darrow’s defense during the Scopes evolution trial of 1925, and befriended author and activist Sinclair Lewis while Lewis was researching his novel *Elmer Gantry*.

The

GESTAPO

Hitler's Secret Police —

The Nazi Scourge In

Germany

The Conquered Countries

The United States

In 1935, Birkhead traveled to Germany, where he experienced Nazism firsthand. This trip and his further reflections prompted him to resign from his last church, All Souls Unitarian Church in Kansas City, and to found the Friends of Democracy, whose purpose was to fight totalitarianism and expose anti-democrat-

ic groups, including anti-Semitic figures in the United States, such as the radio

preacher Father Charles Coughlin. Birkhead moved the Friends of Democracy headquarters to New York City in 1939, where the group remained active during World War II and into the postwar era.

The document's insight into the operations of the Nazi secret police is quite accurate and was collected from a diverse range of news coverage. The pamphlet correctly introduces the Gestapo as a "force above the law—its actions answerable to no one but Himmler and Hitler." Heinrich Himmler is depicted as the "chief of the torture camps" and as the most powerful individual in Germany after Hitler: according to the pamphlet, under his rule, the number of political police skyrocketed from 760 in 1933 to approximately 25,000 in 1941. The Gestapo reign of terror was also facilitated by the fact that "every German spies on another." Historian Robert Gellately's work on the Gestapo validates this charge, highlighting the importance of denunciations in Nazi Germany: "for the everyday activity of the Gestapo denunciations represented the single most important factor in initiating cases." The pamphlet reiterates that "on May 2, 1935, the Prussian Administrative Court held that the Gestapo was not subject to judicial control." The Gestapo became the instrument that the Nazi regime used to operate without judicial review.

Within hours of the Reichstag fire of February 27, 1933, President Paul von Hindenburg had signed an emergency decree suspending all "civil liberties, including freedom of speech, association, the press, and privacy; the autonomy of the federal states; and the right to counsel and appeal," as Anson Rabinbach writes in *New German Critique*. Nazi Germany entered a

The Gestapo pamphlet was a remarkable bit of investigation and prophecy.

ACHTUNG: Detailed, grisly warnings about what was happening in Nazi Germany were only part of the point of this pamphlet produced by the Friends of Democracy, a group opposed to totalitarianism and rights abuses. What drove the message home was the notion that Nazi values threatened American values: that the Gestapo would crush the very premises of the Constitution. [Harry Clair Shriver Collection—Hoover Institution Archives]

A black and white photograph of a man in a dark uniform, likely a Nazi official, standing in profile. He is wearing a peaked cap and a dark jacket with a white armband featuring a swastika symbol. The background is slightly blurred, showing other people in uniform.

Humbler is a mild-appearing little man who doesn't look what he is. He has a receding chin and a piping voice. He is a student of the political

In this capacity Himmler controls, and through his aides, manages the prisons, the concentration camps, the secret investigations: the Nazis are making continuously. Most important of all he has at his command the secret dossiers kept by the police covering everybody in Germany. He can order any man without charge or assigned reasons. He can keep prisoners in custody indefinitely without responsibility to any court. He and his aides are accountable to no one but Hitler—who does not interfere with them.

The description of Kennedy's greatest previous work, politician—Napoleon's friend of Julius Joseph Fouché—as a "cold, subtle, remorseless fanatic" in *President Lincoln* too. Of all the *Sigs* that he is the most unimpeachable for, for every evidence money or honesty. He also is not among *Sigs* who in that usually grew up with the story, very few or wanted at least of anything else.

HEINRICH HODMER
The *de Vries* Foundation

Second in command to Himmler is Reinhold Heydrich, head of what the Nazis euphemistically call the "Safety Police." He is shown at the left in the photo below, next to a smiling Himmler and an almost-smiling Hitler. In his book, "Through Enemy Eyes" (Harcourt Brace & Co.), Martha Dodd, daughter of the late Ambassador to Germany, says: "Himmler's chief stooge is Heydrich, whom one journalist described to me as the most virile and perversed man he had ever known as such." The photo was taken in March, 1928, in Prague, where Himmler and Heydrich had gone to direct Gestapo supervision of the Czechs.

FOR its day-a-week Heinrich Himmler sits at head of the Third Reich's Secret Police, the Gestapo, can liquidate Germans and on the strength derive to his children from conquest the 11 weeks must all they will for the go-

The *Fremontian* bears a name too long but to liberal-minded Germans for it is clearly a manning, crafty police record-monger who has a disgraceful habit of sneaking at night and who is almost incapable in his ability to make people disappear. However there is nothing supernatural about Heinrich Himmler. He is simply a product of power politics practiced in dishabille.

But don't get the impression the Hammer is simply a past master in the art of the headbanger's act and the guitarists. Those in the Main concert will tell you that he is the most likely to fly around the stage. Or, for friends who don't mind a little "Ozzy" and a little "wonder of all Gypsy paler as well as commander of the Elite Guards," the camp of Mark-street musicians includes the South Troop orchestra, headed by Captain Karel Kozel, as the fatherly sight of June 8, 1931, with the wisdom and dignity of Capone-brothers, an uninvited former Chancellor Kurt von Schleicher and his wife, and, of course, many more. The coffee and red lipstick have, the first meeting.

And you hear little about Himm in outside Germany. The more publicized Field Marshal Hermann Goering, the leader's personal favorite, was close with his hit uniforms and multimillion dollar, and Paul Joseph Goebbels, the wage manager of the Nazi propaganda speeches and the official voice of German culture, moved the headlines. Himm is the wife, sister, daughter, mother, who was not even mentioned from Nazi German classes, who played the role of the "other woman" in the lives of the top leaders. It was not until the 1960s that she was brought into the books of the world, and then it was just a part of the game, as played by the Nazis.

He has donors on every page of his campaign in Germany. Party functionaries, political leaders, churchmen, diplomatic army officers or state officials—all are thanked for the day when their contributions might be needed in a North Atlantic or German emergency in the past. Those Marx will never let out the door are his donors or donors.

Where Himmelfarb succeeded and where Norton fell was in the final claim to power. Norton realized that the party could have to play ball with the old-line radicals, some of whom were in 1920 better than he was. Himmelfarb, on the other hand, was a potent force with which he could not do business. The plan to the party platform calling for socialist reforms, Himmelfarb knew, was doomed by the very military assistance of the United States. The result was the Himmelfarb show, the party split, the party's fall, and the party's fall.

When the British moved to Nairobi in 1931, Humeau covered it for *Newswatch*, the police and anti-police magazine. He was friendly to the police, as well as the British, and at odds with the *White Guard*, once again over Goring's opposition. It was in June 1938, that Humeau was made assistant police commissioner of the Third British Empire, responsible only to Major-General Goring. He was in the February when Field Marshal Lord Smolenski (50) died, perhaps that he had married a corpse's daughter, but certainly in a family whose at times, between 1938 and 1941, walked the plank to retirement and the army, for the first time in modern British history, assumed a death wish. In 1941, Humeau was one of *Black's* men in service, and was

[illegible]

There is an appraisal of Muncher by Sir Neville Henderson, the former British ambassador to Germany.

Reinhold Herdrick, Hunsaker's chief assistant, stands at the left beside Hunsaker and Bates.

permanent state of emergency or “state of exception,” where the emergency provision of the Weimar Constitution—Article 48, which allowed the president of the Reich, under certain circumstances, to take emergency measures without the prior consent of the Reichstag—became normality. Ultimately, the Weimar Constitution was not abrogated but merely suspended, with a renewal of the suspension every four years, which implied a continual state of emergency. The Nazi

regime progressively abolished all legal procedures for adoption of resolutions: this process culminated during the

Leon Birkhead determined to fight totalitarianism and expose anti-democratic groups.

Second World War with oral orders given without a legal translation. The Holocaust was the extreme case: the whole mechanism of genocide—which involved massive mobilization of bureaucrats, special units, the army, and human beings—was not based on any resolutions inside the institutions except for the famous Wannsee Protocol of January 1942, with its guidance for “the final solution of the Jewish question in Europe.”

The Gestapo was absolutely instrumental in enabling Hitler to consolidate his power from the start of the dictatorship, namely with its “protective custody” or “protective arrests”—which, the Friends of Democracy pamphlet points out, had the actual aim of “protecting the Nazi state against its political opponents.”

If the pamphleteers gave an accurate depiction of the Gestapo, their mention of deportations to concentration camps as one of the Nazi instruments of terror is even more surprising, given Americans’ lack of awareness of the camps’ existence. The document displays a photo of the Oranienburg concentration camp along with grisly photos of hangings and firing squads. Moreover, its description of the Gestapo rounding up Jews is quite accurate. Many scholars have established that US and British intelligence services had information about the Holocaust at a very early stage but chose not to divulge that information because of what they considered to be more pressing priorities. The American Office of Strategic Services (OSS) had less

“CHIEF NAZI GANGSTER”: The pamphlet accurately, if somewhat breathlessly, describes Gestapo chief Heinrich Himmler as the most powerful person in Germany after Hitler: the “wily, slight, anemic-looking Himmler, whose cold eyes peer at you from steel-rimmed glasses . . . wields the iron fist behind the scenes.” It also perceptively points out that the Gestapo operated beyond any legal restraint. [Harry Clair Shriver Collection—Hoover Institution Archives]

reliable information than the British services, but it was nonetheless able to get a reasonably accurate picture of the “final solution” by late 1942. Richard Breitman wrote that “both Churchill and Roosevelt, but particularly Churchill, deserve great credit for recognizing the evils of Nazism at an early date.” However, he wrote, “during the war they inevitably dealt far more with larger questions of military and diplomatic strategy and of the Allied partnership than with specific decisions about rescue of Jews.”

Both the American and British governments confronted the question of whether to divulge information about the Nazi policy against the Jews. They chose not to because of strategy considerations: it appeared counterproductive. Jews were not the most popular group in the United States; much of American opinion was biased against them. In Britain, the Foreign Office refused to make public statements about Nazi atrocities, because neutral countries would have considered them “stale and tendentious propaganda on [Britain’s] part,” according to Breitman. They saw no point in alerting the German public opinion, which they considered already complicit in the Nazi racial policy. The long-term result of this policy was not only the shock of the discovery of the camps as the war ended but also the marginality that the Jewish genocide occupied in Western debates until the 1961 Eichmann trial in Jerusalem.

The perception of the Holocaust that we share today needed at least three decades of construction by a collective memory. And here the pamphleteers seem to tell a different story—one of missed opportunity. Their pamphlet proves that the American public opinion had to some extent been alerted about the danger of a “racial deportation”—an expression used in one of the articles—long before the war’s end. The word “Holocaust,” of course, is not used yet, but the expression “racial deportation” is very close.

“THE GESTAPO HAS CROSSED THE ATLANTIC”

An intriguing feature of the pamphlet is that the writers also are concerned about the presence of Gestapo agents in the United States, even claiming that they sometimes posed as Jewish refugees: “In the spring of the current year, there appeared in Los Angeles Jewish circles a man who claimed to be a refugee from the Reich, connected with the German Anti-Hitler

SPIES AND PLOTS: Clippings show the efforts of the Friends of Democracy to comb news sources for information about Nazi Germany. In this way the pamphlet assembles a picture of Nazi activities that was thorough and detailed for its time. [Harry Clair Shriver Collection—Hoover Institution Archives]

Underground Movement. . . . Attempting to become a member of a Jewish order, the man presently became involved in a number of contradictions. Statements he had made when applying for a job through the Jewish Employment Bureau, and data he furnished when seeking membership, did not jibe.” The authors of the pamphlet specify that this was “a favorite Gestapo technique—gaining the confidence of Hitler foes by posing as an anti-Nazi.”

Both the US and British governments confronted the question of whether to divulge information about the Nazi persecution of the Jews. They chose not to.

This claim is potentially problematic in that it could be read as anti-Semitic, equating Jewish refugees and Nazis. However, that does not seem to be the goal of the pamphleteers. It is indeed true that the Nazis deployed many spies in Europe whose task was to infiltrate Resistance networks by posing as Resistance members. The pamphlet even names specific spies. On one page, for instance, a whole spy ring is identified. “Two women and sixteen men were indicted for stealing and giving to Germany plans for the newest United States destroyers. . . . But, in the trial that lasted from June to November 1938, only four small-fry were brought before the bar. . . . All the top members of the ring escaped punishment.”

Among those names is that of Guenther Gustav Rumrich, a principal in what the FBI website calls its first major international spy case. Rumrich—“a naturalized US citizen recruited by German intelligence—was arrested by the New York Police Department for the US Army and the State Department, following a tip by British intelligence,” under the charge of “impersonating the secretary of state in order to get blank US passports.” He was willing to cooperate, but the agent tasked with his and other spies’ debriefing committed the mistake of telling the spies that they would need to testify before a grand jury, so most fled the United States to avoid prosecution. It was not a successful operation for the FBI, whose self-criticism on the website states that it “looked unprofessional and unprepared to protect the nation from espionage.”

THE FIFTH COLUMN: Turning to fears of secret agents crossing the Atlantic, the pamphlet warns of Gestapo activities “right in our own American backyard.” It describes alleged attempts by Hitler’s spies to pass themselves off as Jewish refugees and to transmit messages by secret means. [Harry Clair Shriver Collection—Hoover Institution Archives]

WHAT CAN WE DO ABOUT THE GESTAPO?

We can do plenty!

No true American who reads the evidence presented in these pages will hesitate for one moment in resolving that the Gestapo shall not take root in this land of free people. The Gestapo, as has been shown, is here now, planted insidiously from overseas. Some call it the "fifth column." By whatever name it passes we will not, we cannot permit it to have lodgment here. But in dealing with it, time is of the essence. The poison, already instilled, spreads too quickly for any but the most drastic measures.

How can we combat the Gestapo?

We must attack the evil at the root. The Gestapo is rooted in Hitlerism. To destroy it we must defeat Hitlerism itself. Then Gestapo dangers

will perish for lack of nourishment.

There is only one way to insure our freedom and our lasting safety. To the limit of our resources we must engage in the free world's battle against the powers of evil that menace all that we hold dear. We must do this now, while there are still other free forces waging that fight and ready to co-operate with us in destroying the sinister threats of Nazism, both from within and without.

This means all-out aid to Britain now!

We must offer all of our strength, all of our resources, to the valiant free forces now fighting Hitler, his Nazis and his co-dictator allies. Nazism, the root, is the real foe that threatens us. Its evil plant, the Gestapo, will perish when Nazism is destroyed.

FRIENDS OF DEMOCRACY, INC.

L. M. Birkhead, National Director

National Headquarters:

Fidelity Building

Kansas City, Missouri

Eastern Regional Office:

303 Park Avenue

New York, N. Y.

30 Cents a Copy

Sometimes Nazi spies in America would take advantage of their diplomatic immunity to be shielded from the scrutiny of the US government. The pamphlet states that “the number of Nazi diplomats and consular agents in the United States has more than trebled in the last three years,” quoting William Donovan, head of the Office of Strategic Services. The pamphleteers proceed to name a series of “Nazi consuls who are the most flagrant violators of the courtesy

of diplomatic

immunity,” such

as Captain Fritz

Wiedemann,

consul general in San Francisco, and Herbert Scholz, consul general in Boston, who even recruited a Catholic priest, Francis Moran, “to disseminate Nazi propaganda throughout New England and to convince his fellow Catholics that Jews, not Nazis, were the threat to American ideals.”

The pamphlet makes the claim that the Nazi consuls did not work alone, but had a proper network of spies at their service. One of them was Princess Stephanie Hohenlohe, a “former Viennese actress of Hungarian descent” who “did important work for the Nazis in the social circles of Paris.” Hohenlohe had certainly worked for the Nazis in Britain, and had even been awarded the Gold Medal of the Nazi Party for her services. Fleeing from Britain to San Francisco in 1939 after war was declared, she was put under surveillance by the US government. After the attack on Pearl Harbor, she would be arrested by the FBI and interned in the United States as an enemy alien.

Another spy who worked for the consuls was Colin Ross, known in Berlin, according to the pamphlet, as “the greatest German expert on all matters American.” Whether or not Ross, “born in Vienna of Scottish descent,” was a spy, he was undeniably a Nazi. During the 1930s he gave lectures in America on the successes of National Socialist Germany. Many of these lectures were attended by members of the German American Bund—the organization that, according to the pamphlet, was providing most of the information to the Gestapo spies operating in the United States. At the end of the war, his fear

The pamphlet argues that Gestapo agents sometimes posed as Jewish refugees.

“EVIL PLANT”: The conclusion of the Friends of Democracy appeal is short and blunt, compared to the detailed stories in its previous pages. “The Gestapo is rooted in Hitlerism,” it says. “To destroy it we must defeat Hitlerism itself.” The document, pleading for unity with the “free forces” of the world, ultimately focuses on aid to Britain, which is seen as holding back Hitler alone. [Harry Clair Shriver Collection—Hoover Institution Archives]

of being caught by the Allies led him and his wife to commit suicide in the house of their friend Baldur von Schirach, the Nazi national youth leader.

THE IDEOLOGICAL MESSAGE

In addition to the accuracy of this information, we must not overlook how the pamphlet functions rhetorically. The Nazis here embody the enemy—a notion essentially rooted in the idea of a “fifth column” (from *Fifth Column Lessons for America* by William Donovan and Edgar Mowrer, cited in the pamphlet). To say that there are Nazi spies in the United States essentially means: the enemy is among us or the United States has been contaminated by the Nazis. Or, as an article reproduced in the pamphlet by Donald E. Keyhoe and John Jay Daly from *American Magazine* put it: “Through terroristic methods, the Nazis have organized this network of unwilling spies and saboteurs among non-Germans—the foundation for a super-Gestapo in the United States.”

The idea of a super-Gestapo in the United States is meant to be terrifying. The pamphleteers spend the first pages highlighting how the Gestapo has insinuated itself in all the European countries, even Britain—the forefront of the fight against totalitarianism. But Britain is to be commended because it acted against the intruders: the pamphlet states that “four hundred Nazi agents were arrested in Great Britain on the first day of the war.” The documents presented to support this information aim to alert the public about “how well organized the Nazis were at the time.” And how much farther had

they progressed, two years later?

The pamphleteers’ goal is to prove that the United States is not shielded from the enemy, despite what the America

The rhetoric of the “Nazi invasion” of America would change after the war, becoming a call to stop the spread of communism.

Firsters think. This idea is clear from the introduction, where they state that “Himmler’s agents are at work in the Western Hemisphere, utilizing their experience in the subject lands of Europe in an attempt to extend Nazism to Latin America and the United States.” The figure of the spy is itself powerfully evocative and serves a specific rhetorical purpose: it symbolizes an “other” in opposition to which a community and a nation need to rise. The pamphleteers argue that this “Nazi invasion” of America has already begun.

The pamphlet quotes John C. Metcalfe’s testimony before the Dies Committee to clarify the aims of Nazi spies in the United States: “First, the

establishment of a vast spy net; second, a powerful sabotage machine; and third, a German minority with the present group as a nucleus and to encompass as many German-Americans as possible.” Metcalfe, an investigative reporter for the *Chicago Daily Times*, had the task of infiltrating the German American Bund, a pro-Nazi organization in America, and the largest group known to be “providing tips and information for the actual Gestapo agents operating [in the United States].”

This idea of ideological contamination took a significant turn after the war, as it shifted from the pamphleteers’ antifascist goals to anticommunism. The same Dies Committee—or House Committee on Un-American Activities—became most famous for rooting out communist spies. Thus the anticontamination rhetoric employed by the Gestapo pamphlet to drive action against the Nazis would recur as anticommunist rhetoric, expanding the pool of subversive or disloyal Americans, or “Un-Americans.” ■

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Saddam's Realm of Secrets

Stanford scholar Lisa Blaydes used the Hoover Archives to examine the way ordinary Iraqis resisted the regime with an unusual weapon: rumors.

By Melissa De Witte

To explore anti-government communication among Iraqi citizens under Saddam Hussein, a Stanford scholar turned to an unusual source: the people's purposeful rumor mill. Combing through government documents that were seized when a US-led coalition toppled the regime in 2003 and are now archived at the Hoover Institution, political scientist Lisa Blaydes examined more than two thousand rumors Saddam's Baath Party had gathered. The rumors, she says, provide an insight into the hopes and fears of Iraqi citizens not available through the country's media, which was tightly controlled by the state and propagandist in nature.

In some cases, rumors circulated as a way for people to communicate their grievances against Saddam and his family, says Blaydes. For example, in the 1990s at the height of the sanctions administered by the United Nations Security Council after Iraq's invasion of Kuwait, there was a rumor that

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Saddam's son Uday was demanding meat from Baghdad restaurants to feed his pet tiger.

In other circumstances, rumors were circulated by anti-regime activists to offset government objectives and organize political action against the state, says Blaydes.

Officials were so concerned by the undermining effects of rumormongering that it was criminalized. Even small indiscretions could lead to imprisonment and in some cases execution. Sharing rumors then became a way to show trust in a person while at the same time reflecting very low levels of trust in the government and state institutions, says Blaydes.

Blaydes recently talked with Stanford News Service about her research, which is detailed in a new book, *State of Repression: Iraq Under Saddam Hussein* (Princeton University Press, 2018).

Melissa De Witte, Stanford News Service: What are some examples of the rumors you found?

Lisa Blaydes: A number of rumors sought to mobilize people for participation in popular protest or other acts of political subversion. For example, sometimes protests or attacks on Baath Party offices were rumored to occur on the occasion of upcoming religious holidays, after a Friday prayer service, or on the birthday of Saddam Hussein. One rumor even suggested that an anticipated solar eclipse would serve as the signal for coordinated riots to take place across a number of cities. Other rumors suggested that would-be protesters should look for the presence of bearded men in the streets as a signal that clashes with the police would take place.

Other rumors sought to make the regime look bad in the eyes of the citizenry. For example, rumors circulating in 1999 suggested that the Baath Party was responsible for releasing diseased rats in the difficult-to-manage and predominantly Shi'i Saddam City (now Sadr City) neighborhood of Baghdad. The rumors, which continued for more than a month, suggested that the regime wanted to spread cholera in the neighborhood to force people to move out of the politically rebellious area.

De Witte: You argue that for Iraqi citizens rumors were political acts to resist repression. How so?

Blaydes: Rumors play a special role in autocratic regimes, since dictatorships often seek to maintain monopoly control over information. Because rumors are fleeting, often leaving no physical trace, they might be safely shared with trusted interlocutors. Rumors reflected the existence of an

alternative public sphere in authoritarian Iraq, one the regime was hard-pressed to silence. The Baathist regime was so concerned with the destabilizing effects of rumormongering that regime officials collected rumors both as a way to receive early warning about dissent brewing within society and as an index of public morale.

De Witte: What do rumors tell you about the politics of everyday life in Iraq under the Baath Party regime?

Blaydes: Rumors were critical sources of information for ordinary Iraqis living under the Baathist regime. Rumors, unlike gossip, relate to subjects of significance and often arise when information is highly valued but information quality within a society tends to be poor. Information in such contexts

“Rumors circulating in 1999 suggested that the Baath Party was responsible for releasing diseased rats . . . to force people to move out of the politically rebellious area.”

has the potential to be actionable. For example, some rumors provided information about anticipated price shocks during the sanctions regime. Individuals used that information to stockpile

sugar or other basic commodities. Other rumors provided information about how to avoid being targeted in government raids on particular communities and ways to avoid danger during uncertain times.

De Witte: What most surprised you?

Blaydes: The rumors were full of surprising details, including countless stories about assassination attempts against Saddam Hussein and his sons as well as worries about what an American invasion of Iraq might mean. One of the most persistently circulated rumors in the run-up to the US invasion of Iraq was that the United States would deploy an aerial chemical spray that would put Iraqis to sleep. These “sleep bombs” would then provide the United States with an opportunity to attack Baghdad. Fear and uncertainty are persistent themes in the collection, as well as the tremendous importance of information acquisition in an authoritarian context.

De Witte: When did rumors arise?

Blaydes: Rumors are a manifestation of the “hidden transcript” of political resistance in autocratic regimes. In the most repressive of such regimes, citizens often cannot engage in public, outright forms of resistance and are

instead forced to engage in more mundane transgressions in order to challenge the existing political order.

Rumors were especially common during periods of political uncertainty, especially those times when Iraqi relations with the international community were conflictual. During these periods, rumors often sought to coordinate anti-regime sabotage or subversive political behaviors at a time when the regime was distracted by foreign affairs and internationally isolated.

De Witte: You describe how in autocratic contexts, rumors include more valuable information than those spread in free, democratic societies. How so?

Blaydes: While rumors can spread quickly and easily in free societies, rumors circulating in autocratic contexts tend to spread slowly, but often include more useful information. As information repression increases, rumors become more valuable, in part because the costs associated with getting caught spreading rumors was so high.

De Witte: What inspired you to do this research?

Blaydes: I think that rumors provided a window into a society that we knew very little about, especially in terms of the day-to-day lives of ordinary people. I was interested in learning more about the lived experience of authoritarianism, not just the interactions of political elites. Taken together with other information from the archival collection, including records of Baath Party participation, we can get a fuller picture of how Iraqis handled the high-stakes politics of survival under one of the late twentieth century's most brutal dictatorships. ■

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