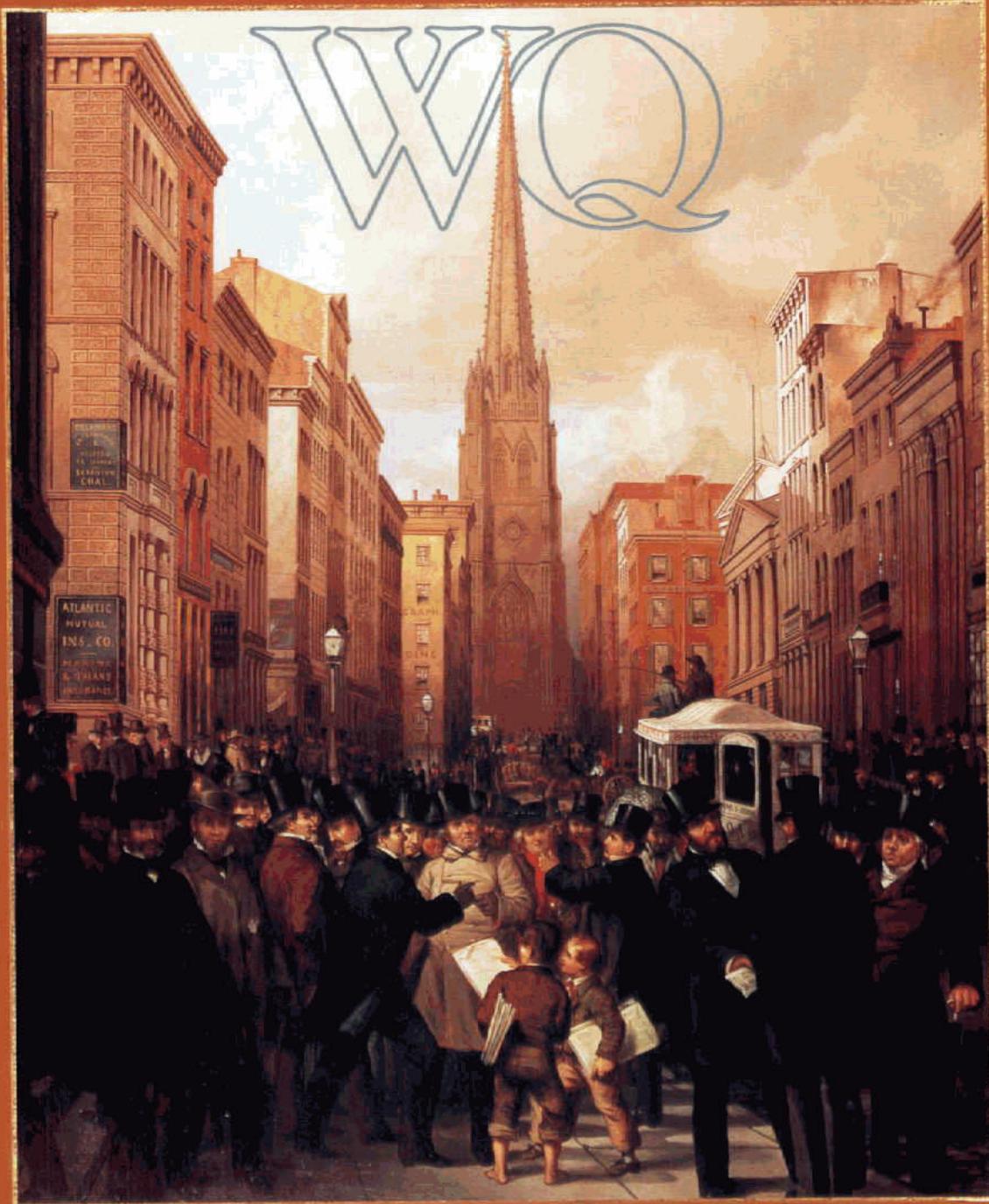


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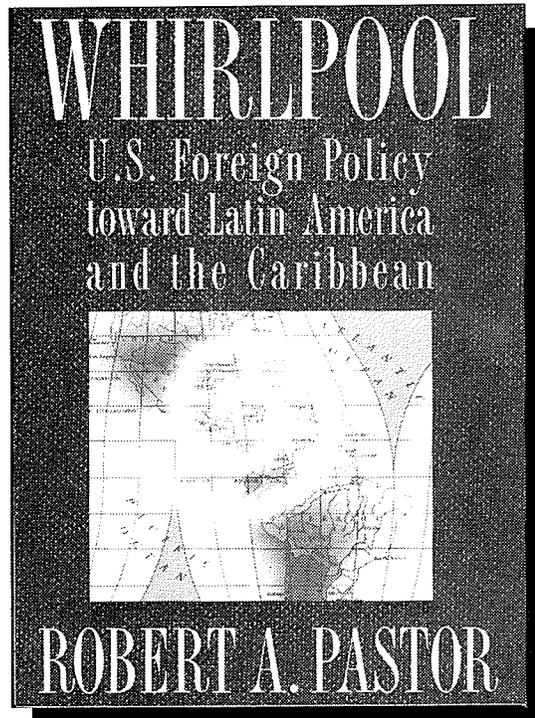
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Robert A. Pastor

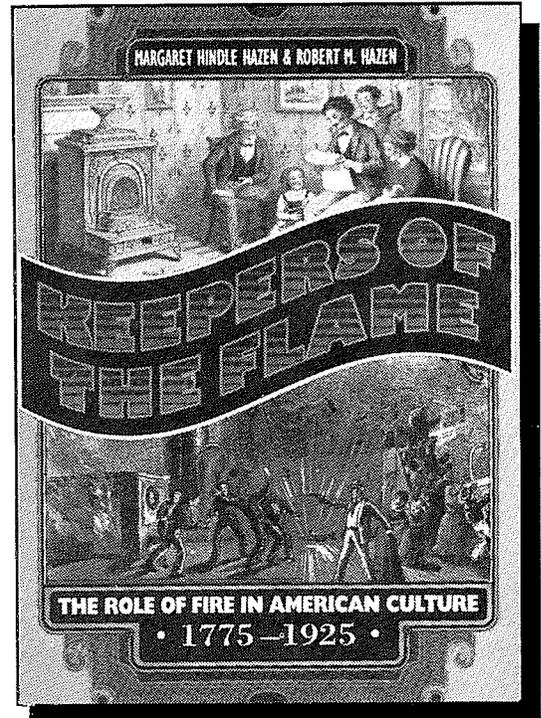
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## AMERICAN FINANCE—FROM MORGAN TO MILKEN 16

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Cover: Wall Street, half past two o'clock, October 13, 1857, an oil painting by James H. Cafferty and Charles G. Rosenberg, from the Museum of the City of New York, gift of the Honorable Irwin Untermyer.

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## Editor's Comment

The death of a fine scholar is a loss to the world. We at the Wilson Center were particularly saddened this past June by the death, at age 66, of Elie Kedourie, who had been in our midst for close to a year. A historian as well as a political theorist, Kedourie wrote with equal brilliance about the complexities of Middle Eastern history and the perils of modern nationalism. A lucid realism, born partly of personal experience, marked his work. Forced when young by growing anti-Jewish terror to leave his native Baghdad, he received his higher education in England, where he remained to teach, mostly at the London School of Economics. Although his conservatism earned him the epithet "scourge of liberals," his real adversaries were ideologues and categorical thinkers. Wary of the corruptions of politics, he refused to allow his own political predilections to temper his views of what was right or true; he angered Thatcherites by criticizing their cuts in Britain's education budget. In Kedourie, one saw a noble mixture of humility and courage: He was humble before the complexities of truth, yet brave in defending what he believed were its clearer lineaments. The eloquence and force of his prose—an example of which, his last essay, appears in this issue—and the gentle dignity of his presence were testimony to what a scholar, and a man, might be.

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# Book Time with Cambridge

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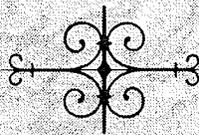
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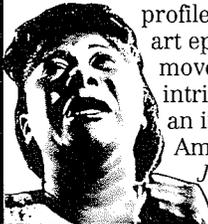
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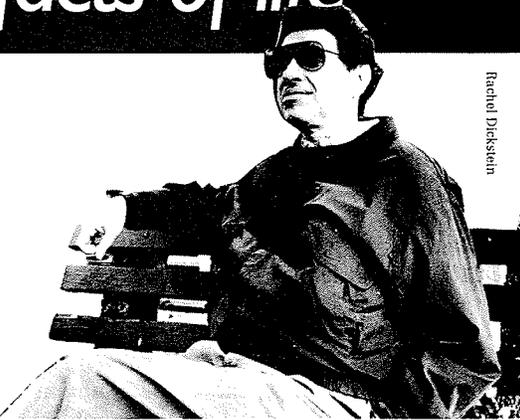


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## From the Center

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Is it too late to say something in Washington's favor? Of course, politicians still feel compelled to distance themselves from the place, making it seem the devil's fiefdom rather than their own rough playing field. But the small patch of Washington that I see through my office windows at the Wilson Center, a stretch of the National Mall, inspires kinder thoughts.

The green dome of the National Museum of Natural History is directly opposite, separated by some 500 feet of grass and gravel, and much farther off in the distance to the right, the antique pediment of the National Archives floats just above the tree line. At almost any moment on almost any day—no matter the weight of the summer sun or the thinness of the winter light or the intensity of the afternoon rain—scores of visitors to the city move across this landscape.

The grass of the mall is bisected by wide, unattractive brown-gravel paths that throw up their dust to the least wind in dry weather and that puddle everywhere when it rains. The visitors do not seem discouraged. Shielding their faces against the dust, hopscotching to avoid the water, they negotiate the local amenities.

They seem buoyed by a sense of fundamental enthusiasm: parents with babies strapped around their necks and children on every side; teachers telling groups of three-foot-high kids, kinetic and bewildered, to join hands for their own good and move in a line; teenagers in rebellion against the rules of tour behavior, launching a Frisbee at their elders. And for what are they enthusiastic? Not for Washington only, though it is the proximate cause of their animation, but for a vision of America, I believe, which is what they find here.

To walk, however briefly, along the tract of earth extending from the Capitol to the Washington Monument is to situate yourself at America's heart. The symbols of this visitors' Washington, a site free of the quotidian political noise that has put the whole country in a funk, are far more powerful than the icons of the place made suspect by politicians. The Library of Congress looms behind the Capitol to the east. To the west, past the Washington Monument, the Lincoln Memorial can be seen; the Vietnam Veterans Memorial, between the two, is by design not visible at any great distance, but people are drawn to it as if by a current.

The mall is edged with museums that are

scaled to be intimidating—domed, pillared, massively square-cut. Yet that is not their principal effect. They have the coherence of a great national civic display, and the emotions they stir make them, properly, civilizing structures. The United States is still a young country by most world standards, and a historical sense does not come easily to Americans. These monuments and museums, many of which are themselves not very old at all, nonetheless resonate with history and tradition, make a case for the long view, and frame a common ground for the disparate crowds that come within their precinct.

In this setting the Wilson Center has an appropriate home, for its purpose is to encourage a similar "long view"—to train the mind on events, whether in the far past or the day's news, as one trains the eye on buildings or monuments, from a distance that takes account of the space around them—physical, historical, and not from too close up, where their contours may appear blurred and indistinct.

The design of the National Mall could hardly be less elaborate. No English gardens here; no flourishes, in fact, of any sort. Without embellishment, the vast space simply goes from there to there. It gets the job done, which is something the country has always liked to say of itself. It is a field on which almost anything might be accomplished; the very plainness leaves the imagination to its own devices. You could land a plane here, or write poetry under a tree, or mass by the tens of thousands to make a point. The place is full of promise and possibility, like America, for all the occasional blinding dust or rain and the obstacles to progress that come with the territory.

The spectacle redeems the city. If Washington is not quite the New Jerusalem, neither is it just any old Oz. It does not stand merely for what is suspect or ineffectual or too frustrating for a rational being to contemplate. Just beyond the window, there is visible an everyday Washington of the spirit, and it seems, paradoxically, founded on rock.



*James M. Morris*  
—James M. Morris  
Director, Division  
of History, Culture,  
and Society

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# THE PERIODICAL OBSERVER

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Reviews of articles from periodicals and specialized journals here and abroad

## Reading the L.A. Riot

A Survey of Recent Articles

The fires were still smoldering in South-Central Los Angeles last May when the debate about the riot's underlying causes commenced. At the root of the burning and killing and looting of April 29–May 3, 1992, the Bush administration maintained, were the failed Great Society programs of the 1960s. On the contrary, asserts writer Mike Davis in the *Nation* (June 1, 1992): "The 1992 riot and its possible progenies must . . . be understood as insurrections against an intolerable political-economic order."

It hardly took the destructive L.A. riot (51 dead, more than \$700 million in damages) to make the putatively intolerable nature of the existing political-economic order apparent to the *Nation's* readers, or to make the failings of President Lyndon B. Johnson's Great Society apparent to the Bush administration. "What we are seeing in the inner city [is] essentially the grim harvest of the Great Society," U.S. Attorney General William P. Barr told a nationwide television audience before the Simi Valley jury even delivered its incendiary verdict of not guilty on most of the charges against four Los Angeles police officers accused in the beating of Rodney King. The "breakdown of the family structure," Barr said, was largely the result of "welfare policies." This view is "manifestly absurd," asserts New York Senator Daniel Patrick Moynihan in the *Public Interest* (Summer 1992). "The breakdown was there in the data before the Great Society, just as the welfare system was there," notes the author of the once-controversial 1965 report, "The Negro Family: The Case for National Action."

But Charles Murray, author of the still-controversial *Losing Ground* (1984), comes to the administration's support in *Commentary* (July 1992). "The conditions in South-Central Los Angeles in 1992 that produced the riot," he declares, "are importantly a product of those reforms of a quarter-century ago." Within the inner city, he says, youths now live in "a governmental and policy environment only marginally different from the one that had evolved by the early 1970s." Welfare, despite "the endlessly repeated claim" that the purchasing power of benefits has fallen sharply, "remains

more generous than it was during the heyday of the '60s reforms," once noncash benefits such as food stamps, Medicaid, and housing subsidies are counted along with Aid to Families with Dependent Children. The inner city's "social dynamics" have taken on a life of their own, Murray claims. The proportion of babies born to single black women has continued to rise, and unemployment of young black males remains well above the levels of the 1960s.

In the quarter-century since the 1967 riots in Detroit (43 dead), Newark (25 dead), and other U.S. cities, Robert Lukefahr of the Washington-based Madison Center for Educational Affairs observes in *Freedom Review* (July–Aug. 1992), black Americans have made great progress (as, indeed, they had *before* the Great Society programs were begun). The poverty rate among blacks has fallen 11 percentage points; the infant mortality rate has dropped from 32.6 per 1,000 births to 18.6, and life expectancy has increased from 65.3 years to 69.2. The ranks of the black middle class have swelled, and overt racism has diminished. Nevertheless, Lukefahr adds, many of the problems identified in the Kerner Commission report on the 1967 disorders—including "the illegitimate birth rate . . . the spiraling crime rate . . . unemployment [and] the destruction of the family"—are much worse than they were.

In its 1968 report, the Kerner Commission

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warned that America was becoming "two societies, one black, one white—separate and unequal." Most of the rioters, and most of the dead and injured, in the 1967 disorders, as in the 1965 riot in the Watts section of Los Angeles, were black. The commission blamed "white racism" for the "explosive mixture" in the cities that led to the violence.

Los Angeles this year presented a different spectacle: a multiethnic riot. "This time," writes syndicated columnist Raoul Lowery Contreras of San Diego in *Reason* (Aug.–Sept. 1992), "it was blacks against whites; blacks against Hispanics; blacks against Asians (particularly Koreans); and Hispanics against blacks, whites, Asians, and other Hispanics." The death toll included 26 blacks, 14 Hispanics, eight whites, and two Asians. Of the first 5,000 rioters arrested from all over Los Angeles, more than half were Hispanic; only 38 percent were black. Of the 2,700 Hispanics arrested, some 1,500 were suspected of being in the country illegally.

In one tragedy among many, a Korean-American boy mistaken for a looter was fatally shot by Koreans seeking to protect their property. "Without the [Korean] men on the roofs with guns," however, Edward Norden asserts in the *American Spectator* (Sept. 1992), the devastation of property would have been even greater than it was. Some 1,867 Korean-owned businesses around Los Angeles were looted or torched, and about \$350 million in Korean-owned real estate and goods was "transformed into rubble or gleefully carted away."

In South-Central Los Angeles (55 percent of whose residents are black; 45 percent, Hispanic) and nearby Koreatown (68 percent Hispanic, 27 percent Asian, 5 percent black), enterprising Korean immigrants, Norden writes, assumed "the traditional Jewish role of man-in-the-middle, the custom-made scapegoat, the merchant on his own in a neighborhood where the big chains and the banks fear to tread, setting his own prices and squirreling away the profit to pay [for] his children's [education]. His customers . . . are always liable to believe that he is gouging them."

One of the first Korean-owned stores attacked by rampaging black youths was a grocery store in which a 15-year-old black girl was shot to death last year by a Korean grocer, in a dispute over a bottle of soda. The girl's name, Latasha Harlins, was little mentioned on TV, but it was, insists the *Nation's* Mike Davis, "the key to the catastrophic collapse of relations between L.A.'s black and Korean communities."

Ever since a judge let the grocer off with a fine, Davis asserts, "some interethnic explosion has been virtually inevitable."

The spark that set off the riot was the verdict in the Rodney King case. To most Americans who had "seen" the videotape of the beating King received, the acquittal of the white police officers seemed an obvious miscarriage of justice. (Federal civil rights charges have since been filed against the officers; they have pleaded not guilty.) But the *American Lawyer's* (June 1992) Roger Parloff, who watched much of the trial and provides a detailed analysis of the blows delivered and the evidence presented, thinks that the California jury may well have been right in its verdict. Charles Peters' *Washington Monthly* (Sept. 1992) salutes Parloff's careful journalism, but finds his reading of the videotape to be "occasionally overgenerous; he all but excuses a series of blows at the moment that King surrenders. But one needn't agree with his conclusion to appreciate that the details of this trial were widely, even irresponsibly, caricatured by the media and that race may have been far less relevant in this case than previously thought."

"Television news, particularly in its local manifestations, is not famous for explaining much of anything, but in the aftermath of the riots, it tried hard," asserts *New York Times* TV critic Walter Goodman, writing in the *Columbia Journalism Review* (July–Aug. 1992). "Even before the fires were doused, the tube was awash in explanations, which sometimes verged on excuses, for the rage and despair caused by years of neglect." Print journalists took up this theme, too. The riot, writes Mike Davis, "was as much about empty bellies and broken hearts as it was about police batons and Rodney King."

But Midge Decter, writing in *Commentary* (July 1992), asks how anyone can now use the word "neglect," in speaking of the black underclass, when ever since the Moynihan report of 1965, "attention [has been] paid and paid and paid again," and Washington has spent more than a trillion dollars on the cities. Not even a quarter-century of failure, she observes, "has been enough to dislodge the belief that society at large must furnish the means—the magic program or school curriculum or legal reform—to make everything all right for the black underclass." And yet, she says, the harsh truth—visible anew in the flames of Los Angeles—is that for those in the underclass, "taking charge of their own lives is the *only* thing that will save them."

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**POLITICS & GOVERNMENT**


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## Perot's Legacy

"The Party Crasher" by Theodore J. Lowi, in *The New York Times Magazine* (Aug. 23, 1992), 229 W. 43rd St., New York, N.Y. 10036.

When Ross Perot suddenly called off his extraordinary independent presidential campaign last July, his many followers were angry and disappointed. Yet the feisty Texas billionaire, asserts Lowi, a Cornell political scientist, still performed a great national service: His campaign (which at this writing may yet be revived) "removed all doubt about the viability of a broad-based third party."

No matter who wins the November election, Lowi believes, 1992 may come to be seen as the beginning of the end of what he considers America's outmoded two-party system.

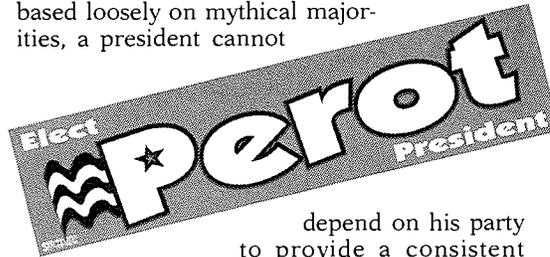
When the federal government was smaller, he argues, the Democrats and Republicans had little need to pay attention to ideology or policy. Acting as "umbrella" organizations for diverse groups, they could focus instead on political mechanics: organizing campaigns and getting the vote out. But that changed with the rise of the welfare state, a fact that became starkly evident in the early 1970s, when the postwar economic boom ended. Such "wedge" issues as welfare, crime, and taxes took on new importance—and they eventually immobilized the parties. Leaders of parties seeking majority status cannot afford to alienate many voters. So they waffled. Because leaders could not lead, the federal government could not act.

Not wanting the major policy issues settled in the voting booth, the parties sought to mobilize their constituencies with "the strategy of scandal." But that has worked *too* well: It has persuaded the public that the system itself is corrupt. Perot was the first independent presidential candidate in recent history, Lowi says, to attract large numbers of moderates disgusted with both major parties, regardless of whom they nominated. Polls last spring indicated that 60 percent of Americans favored the

establishment of a new political party.

Lowi maintains that a third party would have "a liberating effect," freeing all three parties from the need to seek, or pretend to have, a majority. Party leaders and candidates could address important issues forthrightly. Voter turnout and participation would revive.

Defenders of the current system worry that a third party could throw a presidential election into the House of Representatives. That would be fine, Lowi insists: "[A] genuine three-party system would parliamentarize the presidency." Congress would become the president's main constituency. Today, "with two parties based loosely on mythical majorities, a president cannot



depend on his party to provide a consistent congressional majority." He therefore has to bargain with members of the opposition party. If the president confronted a Congress made up of members of three parties who had been elected on the basis of clear policy positions, he could count on the support of his own party, and the third party, often holding the balance of power, could function as an "honest broker."

Ross Perot left his supporters in the lurch, but the pressing need for a third party still exists, Lowi believes. Such a party must field more than a presidential candidate and last more than one election. But a genuine third party, he says, just might be able to break "the institutional impasse in American politics."

## LBJ's Secret

"Secrecy and Openness in Lyndon Johnson's White House: Political Style, Pluralism, and the Presidency" by David M. Barrett, in *The Review of Politics* (Winter 1992), Box B, Notre Dame, Ind. 46556.

President Lyndon B. Johnson often is portrayed as a scheming, secretive tyrant who cowed his own advisers into submission and insulated

himself from outside dissent on the Vietnam War and other matters. The reality, however, was quite different, argues Barrett, a Villanova

political scientist.

Johnson was at times "a difficult boss," Barrett acknowledges. Indeed, according to former White House Press Secretary George Reedy, LBJ was a "miserable" human being—"a bully, sadist, lout, and egotist." Nevertheless, Barrett says, Johnson eagerly sought out "an impressive array of advisers" who were *not* overly deferential. And he cloaked the advisory process in secrecy not just to satisfy the desires of his own psyche but to exploit his "considerable political understanding of how to achieve policy goals."

That is how Johnson made key decisions concerning the Vietnam War, Barrett says. Until just a few days before his fateful July 1965 decision to commit 50,000 more troops to South Vietnam, for example, he met with advisers who rejected the notion "that it was necessary to 'save' South Vietnam." The prediction of Under Secretary of State George Ball that the war could not be won has been widely reported, but at least five other people told LBJ much the same thing. These consultations were not just window dressing, Barrett maintains. "The best

evidence shows Johnson acting on Vietnam as he did on other issues—keeping his options open until the virtual moment of decision, all the while moving toward that denouement."

LBJ followed a similar *modus operandi* in domestic affairs. His penchant for secrecy, Barrett says, reflected a "rational, even sophisticated understanding of how leaders might achieve political and policy goals." From 1964 to '68, for example, Johnson appointed 40 task forces to develop domestic-policy proposals. Composed largely of people from outside his administration, the task forces played an important part in shaping LBJ's legislative program. But they were kept out of sight. They "will operate without publicity," Johnson told his cabinet in 1964. "It is very important that this not become a public operation." He wanted the task forces to be free to suggest unconventional ideas, without stirring up public controversy—and he wanted to remain free himself to decide which ideas were politically feasible and worth pursuing. But some of his own advisers, and many later analysts, failed to see the method in LBJ's mania for secrecy.

## Farewell To Conservatism?

"The End of Conservatism" by John B. Judis, in *The New Republic* (Aug. 31, 1992), 1220 19th St. N.W., Washington, D.C. 20036.

The conservative movement that was born during the 1950s and won national power with Ronald Reagan in 1980 hardly exists any more as a coherent force, contends Judis, the biographer of William F. Buckley, Jr., and a contributing editor of the *New Republic*. Now that the Cold War is over, he says, American conservatives "have slipped back into the chaos and impotence that prevailed before the mid-1950s."

The movement emerged about 35 years ago as a powerful force, in Judis' analysis, largely as a result of the efforts of Whittaker Chambers and other conservative intellectuals, many of them ex-leftists, associated with Buckley's *National Review*. They made it conservatism's first priority to meet the communist threat to the free world, and read isolationists, nativists, and anti-Semites out of the movement. Chambers and his peers, Judis writes, "influenced a new generation of politicians led by [Arizona Senator Barry] Goldwater, and the politicians in turn mediated between the intellectuals and the general electorate." After Goldwater's overwhelming defeat in the presidential election of 1964, the conservative movement adopted fresh political strategies (such as emphasizing

so-called social issues) to win over new constituencies, such as Protestant fundamentalists and disenchanted Democrats. "Reagan's landslide victory [in 1980] seemed to augur the beginning of a conservative realignment comparable in depth and scope to the New Deal realignment of 1932," Judis notes, "but the big shift never took place."

Victory in the Cold War took away "the movement's underlying focus and rationale. Without the priority of national defense, existing squabbles over federal spending, appointments, arts policy, and school prayer suddenly became major conflicts." And older conflicts that the movement had long suppressed began to resurface. "Conservatives began fighting over foreign aid, immigration, Israel, and even Jewish influence in terms little different from 1948," Judis writes.

The "noisiest quarrel" took place between the traditionalist "paleoconservatives" and the ex-liberal "neoconservatives." The former accused the latter "of being crypto-socialists and of mistaking, in [author Russell] Kirk's words, 'Tel Aviv for the capital of the United States.'" The neoconservatives accused the "paleocons"

of reviving, as Richard John Neuhaus put it, "the forbidden bigotries once confused with conservatism." The presidential bid of paleocon Pat Buchanan—whom some conservatives accused of having made anti-Semitic statements—widened the rift.

Since Reagan's retirement, the conservative movement has had no agreed-upon national leader. Conservatives have been loudly discon-

tented with President George Bush. Judis suggests that this discontent is a form of self-denial. If "Bush lacks a domestic policy, and the Republicans lack what [a conservative congressman called] a 'coherent national agenda,'" Judis concludes, it is a result of the fact that "the conservatives, who provided both policy and agenda for the party over the last decade, are no longer capable of doing so."

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## FOREIGN POLICY & DEFENSE

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### *The Gulf War's 'Friendly Fire'*

"Friendly Fire: The Inevitable Price" by Charles R. Shrader, in *Parameters* (Autumn 1992), U.S. Army War College, Carlisle Barracks, Carlisle, Pa. 17013-5050.

Of a total of 467 U.S. battle casualties in the Persian Gulf War, nearly one-fourth were caused by "friendly fire." Thirty-five U.S. soldiers were killed by U.S. weapons, and 72 were wounded. While there have been "friendly fire" casualties in all wars, modern weapons have made such losses more likely, according to Shrader, a military historian and author of *Amicide: The Problem of Friendly Fire in Modern War* (1982).

The great range of today's weapons sometimes makes it harder to tell friend from foe. The use of high-tech thermal, radar, and laser sights can make identification more difficult. In one Gulf War incident, six U.S. soldiers were killed and 25 were wounded when the crews of Abrams tanks using thermal sights in a blinding rainstorm fired on other U.S. armored vehicles. In earlier conflicts, tankers unable to sight their targets likewise would have been unable to fire.

Although there were only nine air-to-ground incidents (resulting in 11 dead and 15 wounded) in the Gulf War, they have been the most common—and most destructive—type of "friendly fire" incident in the past, Shrader observes. "The speed of modern high-performance jet aircraft equipped with area weapons such as napalm, cluster

bombs, and high-volume-of-fire cannon significantly reduce decision and reaction time for pilots."

The reporting of friendly-fire incidents was thorough during the Persian Gulf War, in part because its limited scope and duration made full investigations feasible. Commanders are often reluctant to report such incidents, however, and until 1985, U.S. Army regulations did not require it. During the Vietnam War, in fact, they provided that friendly-fire casualties be classified as "killed in action" or "result of hostile action."

During the Gulf War, Shrader notes, various



*An Army sergeant grieves for a comrade, in the body bag at right, killed by friendly fire during the Persian Gulf War.*

## *An Earlier End to the Cold War?*

Zbigniew Brzezinski, who was President Carter's national security adviser and is now a professor at Johns Hopkins, considers in *Foreign Affairs* (Fall 1992) the possibility that the Cold War could have been brought to an earlier conclusion.

*The West perhaps might have won sooner, but at a higher cost and with a greater risk of war. The key opportunity for the West came in . . . 1953-56. Greater Western elasticity in 1953 might have facilitated a Soviet pullback from Germany. But the Kremlin almost certainly would have used the Soviet army to maintain its grip on Warsaw and Prague, while in the West the neutralization of Germany might have precluded the establishment of binding NATO links between America and Europe. In contrast greater Western toughness in 1956—still a time of decisive U.S. strategic superiority—might have resulted in forcing the Soviet Union out of Hungary and Poland. The communist regimes in these countries were crumbling, and the Soviet leadership itself was in a state of panic.*

*The Cold War, however, would not have ended. Communism was not ripe for a collapse within Russia itself, and on the global scale the ideological momentum of communism was far from spent. Communist movements were strong even in Western Europe, and the communist wave in the Far East was still cresting . . .*

*The only other opportunity for ending the Cold War may have existed in the early 1970s, on the basis of what might be called "the Peace of Westphalia formula" [in which each side would have retained its geopolitical and ideological realms]. But both sides would have had then to accept the status quo in Europe as fixed. The West seemed ready to do so. However, by the mid-1970s, the Soviets saw themselves as being on a historical roll . . . In effect any acceptance of the European status quo would have been for the Soviets merely a temporary expedient . . .*

*[The] Kremlin was in no mood to be propitiated either through arms control or an acceptance by the West of the existing division of Europe. The Cold War eventually ended because the West succeeded in combining firm containment with an active offensive on human rights and a strategic buildup of its own, while aiding the resistance in Afghanistan and Poland.*

*A more plausible case can be made for the proposition that the West could have spared itself a decade or so by adopting earlier an offensive ideological and strategic posture. But in real life democracies are not able to adopt a forward strategy that requires philosophical and military mobilization without overwhelming and truly threatening provocation from the other side. That provocation was apparent to some in the 1970s; to most Americans and Europeans it became evident only in the early 1980s.*

"quick fixes" of the friendly-fire problem were tried, including marking vehicles with luminous paint and thermal tape and using small infrared beacons on combat vehicles. The army seems to favor a technological solution and has promised to spend \$5-10 million on research this year. But human error is almost always behind friendly-fire incidents, Shrader writes. A

greater emphasis on "training, combat conditioning, fire discipline, planning and coordination of operations, and keeping the troops informed" would make more sense.

No matter what is done, Shrader believes, friendly-fire incidents will remain, as Major General Matthew B. Ridgway once said, "part of the inevitable price of war in human life."

## *Ethnic Nations*

"Reflections: The Absence of Empire" by William Pfaff, in *The New Yorker* (Aug. 10, 1992), 20 West 43rd St., New York, N.Y. 10036.

The brutal Serbian exercise in "ethnic cleansing" in what was Yugoslavia is only the most extreme manifestation of the ethnic conflicts that have broken out throughout Eastern Eu-

rope and the former Soviet Union since the collapse of communism. At the root of these conflicts, historian-journalist Pfaff argues, is a concept of nationality radically different from

the Western one.

In the United States especially, but also in Britain, France, and other Western nations, ethnicity has had little to do with nationality. Minorities are not excluded by definition from the Western nation. But in eastern-central and Balkan Europe, Pfaff observes, nationality is based on ethnic or religious background; it cannot be acquired by immigrants or other "outsiders." People who belong to "other" ethnic groups cannot be deemed fully equal. Since "the frontiers between national groups are often indistinct or arbitrary, with groups of different ethnic nationality intermingled," the result has been discrimination against minorities inside national borders and disputes over claims to ethnic enclaves outside them. The tragic conflicts among Serbs, Croats, and Muslims in the former Yugoslavia illustrate this, as do, among other examples, the struggles involving ethnic Russian minorities in Moldova, the Baltic states, and other regions of the former Soviet Union.

The new nation-states of Eastern and Balkan Europe, Pfaff writes, say they want to become part of the West and "claim a right to self-

determination . . . but none are ethnically integral, and most have yet to demonstrate their ability to live by a secular political standard, juridically indifferent to the ethnic and religious identities of individual citizens."

Since the breakup in 1918 of the Ottoman and Hapsburg empires, which had accommodated the ethnic diversity of these societies in "essentially corporate or feudal political structures," these ethnic nations "have found no lasting solution to their difficulties, which are great. Together with Central Europe's Jews and the peoples of the Soviet Union, they bore the most ferocious consequences of the two 20th-century totalitarianisms—an ordeal from which they are only now emerging."

Despite today's ethnic wars, Pfaff is somewhat optimistic that the worst can be avoided. The situation, he says, is not like that of either 1914 or 1938: "There is a fundamental interest now among all the neighboring states and the democracies as a whole to head off ethnic conflict and ethnic war—to stop it, penalize it, force the parties to negotiate. This failed in the case of Yugoslavia, but the failure itself has been a lesson."

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## ECONOMICS, LABOR & BUSINESS

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### *Industrial Policy À La Carte*

"U.S. Industrial Policy: Inevitable and Ineffective" by Kevin P. Phillips, in *Harvard Business Review* (July-Aug. 1992), Boston, Mass. 02163.

Whether the next president is Bill Clinton or George Bush, America—after more than a decade of heated debate on the subject—is finally going to get some sort of national industrial policy. So predicts Kevin Phillips, the political analyst who in 1969 correctly foresaw *The Emerging Republican Majority*. The trouble, he says, is that the industrial policy that is soon to emerge from the political kitchens is bound to be either "half-baked" or "overdone."

Throughout the 1980s, liberals and conservatives debated the merits of a government-led industrial policy. Phillips himself weighed in with a 1984 tome urging conservatives to start shaping a program for business-government collaboration. Nothing came of such proposals in the Reagan era. Now, however, with anxiety about the nation's economy on the rise, an "inevitable" liberal counterreaction is setting in, Phillips says. Already, he notes, the Omnibus Trade and Competitiveness Act of 1988 has

forced the Bush administration "to begin evolving a national trade strategy."

Pressure for a national industrial policy, Phillips argues, is now coming not only from organized labor but from business. And not just from executives in declining industries, but from those in "high-tech companies struggling with global competition, advanced aerospace companies facing the disruptions of lost defense contracts and military spending cuts, and even global service industries confronting national barriers to free trade." Corporate chieftains such as Motorola CEO George Fisher, says Phillips, increasingly see a need to counter foreign business-government alliances with a similar alliance in the United States.

Ideally, Phillips observes, the coming national industrial policy would combine the Republicans' respect for the workings of the market with the Democrats' appreciation of the strategic role government can play in fostering

economic growth. Unfortunately, he adds, in the real world of politics, that is not going to happen. The policy instead will be "vague, confusing, politicized—and frequently ineffective. Government intervention will be driven by special interests rather than by strategic intent." Which special interests and favored constituencies are in the driver's seat will depend on which party is in power.

Any Republican industrial policy, Phillips maintains, "is likely to be 'half-baked'—grudging, halfhearted, flawed by huge gaps, and biased toward investors and financial markets." Any Democratic policy is bound to be "'overdone'—bureaucratic, out of touch with the dynamics of business in a global economy, and captive to the party's own entrenched constituencies and congressional baronies."

## The Scab Solution

"Is the Strike Dead?" by John Hoerr, in *The American Prospect* (Summer 1992), P.O. Box 383080, Cambridge, Mass. 02238.

More than 50 years ago, the United States adopted legislation protecting the right of workers to form unions, bargain collectively, and use their most potent weapon—the strike. Yet today, says labor journalist Hoerr, the risk that striking workers take of losing their jobs is almost as great as it was before the National Labor Relations Act of 1935 was enacted.

Ever since President Ronald Reagan fired 11,400 illegally striking air traffic controllers in 1981, more and more companies—among them, Phelps-Dodge, Greyhound, Continental Airlines, and the *Chicago Tribune*—have resorted to hiring "permanent replacements" for striking workers. Federal labor law prevents the permanent replacement only of workers

who strike over an unfair labor practice, not of those who strike for better wages or working conditions.

Not coincidentally, Hoerr says, there are fewer strikes today than at any time since World War II. In 1991, there were only 40 strikes (and lockouts) involving 1,000 or more workers—the 10th straight year in which there were fewer than 100 "major" work stoppages. In earlier decades, the annual total usually exceeded 200—and sometimes topped 400.

The threat of being replaced is not the only explanation. "The loss of union power in manufacturing and trucking, the long-term shift of employment from heavy industry to nonunionized service industries, and the drop in the number of union members covered by collective contracts" all contributed, notes Hoerr. So, ironically, did union successes during the 1960s and '70s. "By forcing employers to pay all or part of the cost of health care insurance and other benefits, the unions unwittingly pushed their members closer into the corporate embrace," he says. Most firms cut off medical insurance coverage for strikers.

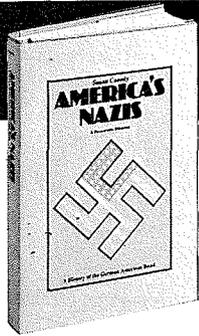
Yet the fear of being fired weighs heavily in union strategies today. According to a 1991 study by Congress' General Accounting Office, employers hired permanent replacements in 17 percent of the strikes in 1985 and 1989. The private Bureau of National Affairs estimates that 11,500 union workers, including 9,000 at Greyhound, lost jobs to permanent replacements in 1990, and 2,000 more did in 1991. Moreover, permanent replacements can vote the union out through a "decertification" election. Phelps-Dodge used this device to get rid of the United Steelworkers in the early 1980s.

Taking the fear out of striking would probably mean more strikes, Hoerr acknowledges. But the alternative, he argues, is much worse, and not just for workers. The availability of the permanent-replacement strategy encourages



Union ranks grew during the New Deal years, as the CIO brought industrial unionism to steel, auto, and other mass-production industries.

Periodicals continues on page 121



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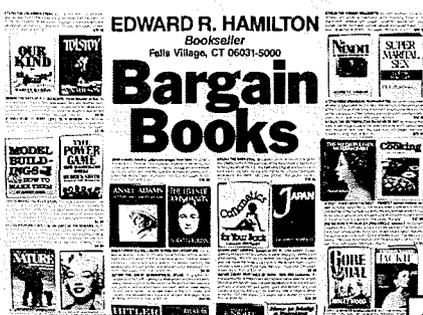
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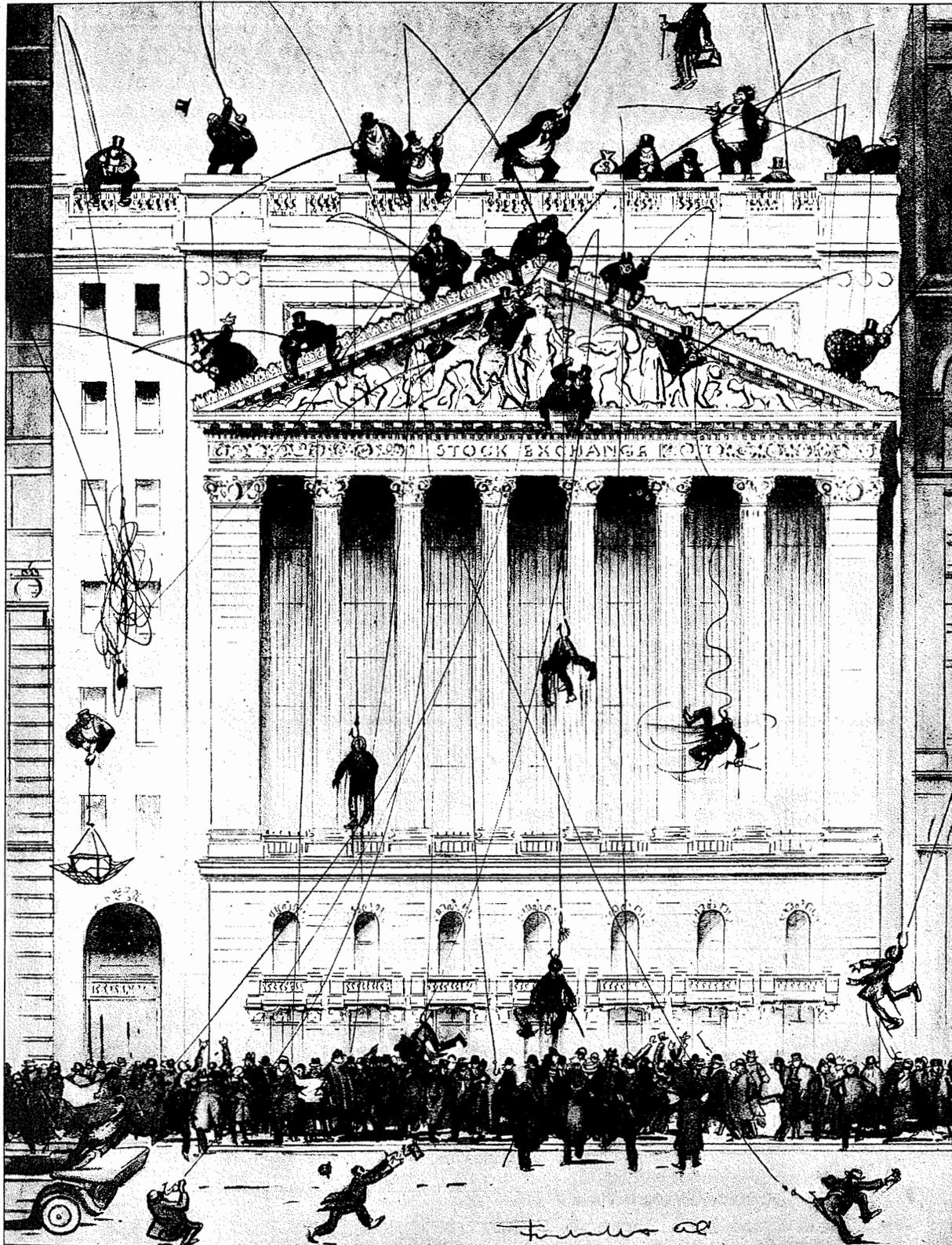
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*A warning ignored: This 1921 cartoon showed Wall Street operators fishing for suckers.*

# American Finance

Michael Milken, the erstwhile junk-bond king who is now serving time in a federal prison, will likely go down in history as a symbol of the sins of the 1980s—greed, excess, and worse. Yet he also was the most significant figure in American corporate finance since J. P. Morgan. From Morgan's time to Milken's, financiers have sought the best way to finance, and by extension to manage, American business. That search, J. Bradford De Long argues, has been a hapless departure from sound beginnings; Roy C. Smith, however, contends that it has helped to create a more competitive U.S. economy.

## WHAT MORGAN WROUGHT

*by J. Bradford De Long*

**T**hey control the people through the people's own money," thundered future Supreme Court Justice Louis Brandeis in 1913. Brandeis, then a Boston corporate lawyer and an adviser to President Woodrow Wilson, was trying through a series of articles in *Harper's Weekly* to rally progressives for a political offensive to break the financial stranglehold that he thought the infamous Money Trust created by J. Pierpont Morgan held over turn-of-the-century America.

One year earlier, during the sensational Pujo committee inquiry into the Money Trust on Capitol Hill, Brandeis's fellow progressive, chief investigator Samuel Untermyer, had argued that Morgan, his partners, and their peers at a handful of smaller banks were directors, voting trustees, or principal shareholders of corpora-

tions capitalized at \$30 billion—the equivalent, in proportion to the size of the economy, of \$7.5 trillion today. Perhaps 40 percent of all industrial, commercial, and financial capital in the United States was in some way under the penumbra of this Morgan-centered Money Trust. The small fraternity of Money Trust bankers reaped immense profits. The commissions they earned on the creation of U.S. Steel in 1901 constituted as large a share of the economy then as \$15 billion would today. The investment bankers of the 1980s did not reap even a fifth as much from the largest Wall Street deal of the decade.

Brandeis and other progressives saw the Money Trust's dominance as much more dangerous than any of the nation's other monopolies. Unlike the Sugar Trust or other one-industry monopolies, the Money Trust might ultimately subject every industrial firm in America to its will. Any

American corporation that sought to raise more than \$10 million in capital in the early 20th century was forced to do so by hiring J. P. Morgan & Co. or one of a handful of smaller, and according to the reformers, loosely allied banks—such as Kuhn, Loeb; Kidder, Peabody; the National City Bank—to underwrite its stocks or bonds. If Morgan did not think a corporation deserved money, money would not be raised. The firm's expansion plans would not be carried out. The flow of investment in the United States was thus directed to industries and firms that Morgan and his counterparts wished to see expand, not elsewhere. The New York Central; Northern Pacific; Erie; and Atchison, Topeka & Santa Fe railroads issued their bonds under Morgan auspices and had Morgan representatives on their boards of directors. Morgan partners had strong voices in the selection of management and corporate strategy of American Telephone and Telegraph (AT&T), General Electric, and Westinghouse. Morgan masterminded the merger that created U.S. Steel in 1901. He helped gather the individual railroads of the United States into continent-spanning systems. Overall, Morgan and a small band of fellow financiers exercised a degree of control over corporate America not even remotely paralleled by any group since World War II. In Japan and Germany, however, the comparable forms of "finance capitalism" that arose in Morgan's day survive today more or less intact.

**T**he rise of the House of Morgan matched the growth of the U.S. industrial economy. The half century before World War I saw America's population and standard of living both multiply fourfold. New capital and new businesses

arose at a pace never seen before or since. Before 1890 the stock and bond markets were overwhelmingly dominated by railroads and government borrowings, and Morgan's father, Junius Spencer Morgan (1813–90), operating in London, became the leading banker channeling British savings into American railroads. When industrialization accelerated, pushing the stocks and bonds of U.S. Steel, International Harvester, General Electric, and other new corporations into prominence, the Morgan partnership rode the crest of the wave. And early in the 20th century, when the transatlantic flow of capital reversed, the House of Morgan was at the forefront, funneling American capital to Britain.

Junius's son, J. Pierpont Morgan (1837–1913), superintending the Morgan interests at 23 Wall Street in New York, was already the nation's leading railroad financier and maestro of industrial reorganization by the 1880s. The imperious Pierpont was, moreover, a leading banker not only for foreign governments wishing to borrow money in the United States but for the U.S. government itself. And at times, J. P. Morgan & Co. (or Drexel, Morgan & Co., as it was called before 1894) appeared more powerful than the government. When Congress temporarily refused to pay U.S. Army salaries in 1877, the House of Morgan did so. In 1894–95, when a sudden outpouring of gold from the U.S. Treasury threatened to create a domestic and international economic crisis, J. P. Morgan stepped in. And when the month-long Panic of 1907 left several important banks—and possibly the rest of Wall Street—teetering on the brink of disaster, Morgan, by then 70 years old, led a small group of bankers who did what Washington alone could not, lending enough money to the endangered institutions to see

*J. Bradford De Long is an associate professor of economics at Harvard University and a Faculty Research Fellow at the National Bureau of Economic Research. Copyright © 1992 by J. Bradford De Long.*



*J. P. Morgan at the funeral of a U.S. senator in 1911. Often in the headlines, he was rarely photographed, in part because a nose enlarged by a skin disease made him self-conscious.*

them through the crisis. So great was Morgan's influence that it seemed he could only be a god or a demon. On Wall Street he was worshipped (and feared). It was said that crowds parted for him as he barged down the narrow sidewalks of the financial district during the crisis of 1907. "God made the world in 4004 B.C.," *Life* magazine said, "but it was reorganized in 1901 by James J. Hill, J. Pierpont Morgan, and John D. Rockefeller." In Washington, Senator Robert M. La Follette (R-Wis.), accusing Morgan and his peers of tripping off the panic themselves to further their own interests, claimed they had the power to "withhold and dispense prosperity."

Progressives were alarmed by the sheer size of the Morgan firm's interests. Brandeis, an advocate of small-scale capitalism, warned that the nation's future depended on "the freedom of the individual. The only way we are going to work out our problems in this country is to have the individual . . . free to work and trade without the fear of some gigantic power threatening to engulf him every moment."

To Brandeis and his allies, the greatest danger was posed by the many conflicts of interest caused by the Money Trust's methods. First National Bank Chairman George F. Baker, a close Morgan friend and ally who was called Morgan's secretary of the

treasury on Wall Street, sat on the boards of six railroads that together owned 90 percent and carried 80 percent of Pennsylvania anthracite. How cutthroat was competition among these railroads likely to be?

George W. Perkins, a charming master manipulator of politics and finance, was both a Morgan partner during the first decade of the century and a vice president and director of New York Life, which invested heavily in securities underwritten by the Morgan partnership. Would Perkins advance the interests of his clients in his role as Morgan partner, or of New York Life's policyholders—or would he sacrifice the interests of both in order to increase the spread the Morgan partnership received as a middleman?

Perkins claimed that he could determine whether a deal had come to him in his capacity as a director of New York Life or as a partner of J. P. Morgan & Co., and bargain accordingly. Others disagreed, including National City Bank president Frank Vanderlip. He wrote that "there were times . . . when [acting as a board member of the Union Pacific Railroad] I opposed underwriting fees because I felt they were too high." Vanderlip's fellow directors then "pointed out to me, in a hurt tone, that the City Bank [of which Vanderlip was then president] was sharing in those underwriting profits that I thought were too fat."

Progressives saw the Money Trust's seats on corporate boards of directors, its

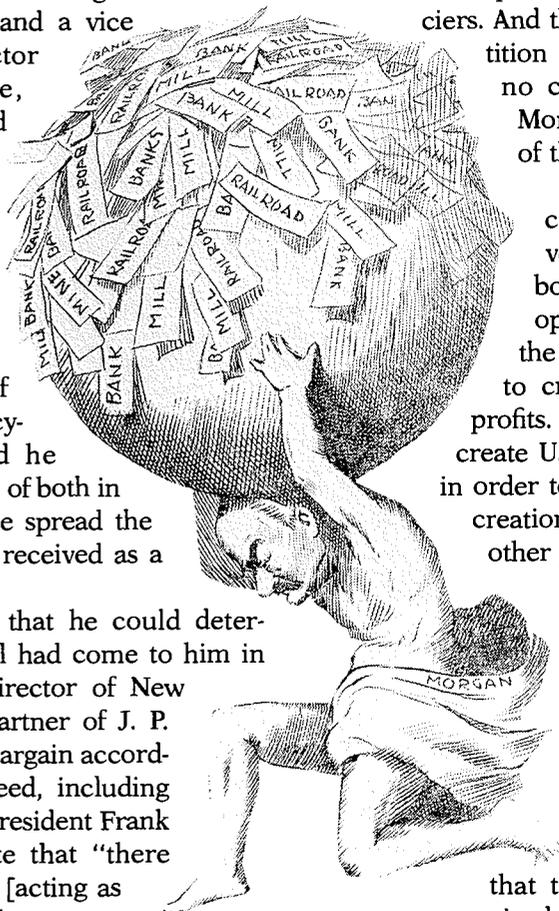
control over new issues of securities (stocks and bonds), and its high profits as the three corners of an iron triangle of conflicts of interest. High dividends voted by Money Trust-dominated boards generated funds to reward those who cooperated with the Money Trust. Fear of the Money Trust restrained competition from other financiers. And the absence of competition

gave industrial firms no choice but to accept Money Trust domination of their boards.

A "Morganized" company, with an investment banker on its board, would seek every opportunity to jack up the prices of its products to create large monopoly profits. Morgan was eager to create U.S. Steel, for example, in order to protect his previous creation, Federal Steel, from other producers and to generate such monopoly profits. Even when no formal merger occurred, common directors and cross-ownership of shares created a "community of interest."

It is surprising that the Money Trust survived as long as it did. It was the subject of two major congressional investigations and innumerable polemics. Senator Gerald P. Nye (R.-N.D.)

charged the bankers with having conspired with munitions makers, the "merchants of death," to drag the United States into World War I in order to protect their investments in British bonds. But the debate over the Money Trust was resolved only by the stock



### THE ATLAS OF FINANCE

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Courtesy of the Archives, The Pierpont Morgan Library, New York

market crash of 1929 and the Great Depression, which left the securities industry virtually without political defenders. Indeed, it was Republican president Herbert Hoover, believing that Wall Street had the power to restore prosperity, who triggered the 1932–33 Senate Banking Committee investigations that finally curtailed the influence of the Morgan bank—ruled since Pierpont's death in 1913 by his son, J. P. ("Jack") Morgan, Jr. Hoover used the threat of an investigation to prod the bankers into action. Instead, the old guard of progressives won during the 1930s what they had not been able to win for three decades.

The Glass-Steagall Act of 1933 said that investment bankers could no longer be commercial bankers: Depositors' money could not be directly used to support the prices of newly issued securities. Glass-Steagall said that directorates could not be interlocked: Bankers could not serve on the boards of firms that were their clients. Glass-Steagall said that the bankers who issued and priced securities for a firm could not serve as fiduciaries for investors who bought the securities.

The links that the Morgan partnership had used to gather information, raise capital, and exercise influence were thus broken. Investment bankers could continue to float stocks and bonds for corporate customers, but they could not invest depositors' money in those securities. Nor could they serve on the corporations' boards and oversee management. They could only serve as middlemen in financial transactions. Since World War II, the two pieces into which Morgan's American empire were divided—J. P. Morgan & Co. and Morgan Stanley & Co.—have continued their business as commercial and investment bankers, respectively. They have earned high profits. But their earnings have been an order of magnitude lower and their influence over American industrial develop-

ment nonexistent compared to what would have been had the pre-Depression order continued.

Today, finance historians debate whether the Money Trust was real or imagined—a product of what the historian Richard Hofstadter called the "paranoid style" in American politics. Vincent Carosso of New York University, for example, argues that financiers did not "purposely act together; and even if they had, they would have been unable to impose their will upon the other directors... [who were] always more numerous than the representatives of Wall Street." Untermeyer and other investigators, says Carosso, were unable even to demonstrate the existence of a Money Trust in the narrow way they defined it: not a conspiracy but a "close... understanding among the men who dominate the financial destinies of our country and who wield fabulous power."

Citibank's official history depicts Untermeyer as an aspiring politician guilty of bad faith. Two years before the investigation, he had said that "monopolies and substantial domination of industries could be counted on the fingers of your hand." In the same speech, Untermeyer attacked "political partisans who seek to make personal and Party capital out of a demagogic appeal to the unthinking."

But neither the progressive's "paranoid" vision nor the rebuttal provides a complete picture of the Money Trust. If, as the progressives had it, the Morgan partnership was little more than a very large financial-protection racket, why did so many firms willingly enter its embrace? But if the financial market was as competitive as historians like Carosso believe, why were Morgan's profits so high?

Even Morgan's supporters did not argue that the Money Trust was a fiction. John

## 'MORGANIZING' A RAILROAD

J. P. Morgan developed many of his financial techniques as a reorganizer of troubled railroads in the late 19th century, a time when railroads were not only the nation's leading growth industry but were as essential to growing communities as water.

The Richmond & West Point Terminal line was not unlike many other railroads of the day when Morgan was approached to reorganize it in 1891. Mismanaged and run down, its treasury plundered by its officers, its stock, as J. P. Morgan, Jr., put it, a "football of speculation" in the hands of a few insiders, the railroad was on the verge of bankruptcy. The elder Morgan summoned three of the company's major stockholders to 23 Wall Street, where the Morgan firm occupied a single large room on the ground floor. At one end, Morgan sat in his own glass-walled office. The banker told his visitors that he would step in only if a majority of the company's bondholders and stockholders deposited their securities at the Morgan bank to guarantee against speculation. Few men had the nerve to say no to J. P. Morgan, nearly as large a presence physically as he was financially, brusque and self-assured, but William P. Clyde did. "I've bought the Richmond Terminal at seven or eight and sold it at 15 twice in the last few years—and see no reason why I should not do it again," he drawled.

But Clyde was forced to relent after several other banks turned down Richmond Terminal. The Morgan plan was announced in May 1893, having been drawn up by partner Charles Coster, a nervous wizard with numbers who, like most Morgan partners then, worked himself into an early grave. A new company, Southern Railway, would be

created to take over Richmond Terminal and two of its subsidiary lines; other less profitable lines would be excluded, left to fend for themselves. To slash debt, many bondholders were forced to accept new, lower-interest bonds in place of their old securities; shareholders were forced to contribute fresh capital to finance improvements in the Southern Railway's lines; and new stock was issued. The lynchpin of this and many other Morgan deals was the creation of a voting trust: Shareholders were required to surrender their votes to a new trust controlled by Morgan and his allies George F. Baker and Charles Lanier. They would select the corporation's directors and officers. A trusted Morgan associate, Samuel Spencer, of the Baltimore and Ohio Railroad, was installed as president.

"Contemporary commentators were enthusiastic in praising Morgan's work," notes historian Vincent Carosso, "several of them asserting that the reorganized property promised the start of a 'new era' for railroading in the South. And indeed it did." Initially covering 7,000 miles, the new Southern added track, reacquired some of the lines left out of the original deal, more than doubled its rolling stock, and invested millions in roadbed and other improvements.

Who benefited? Certainly the line's passengers and business customers throughout the South. So did the Morgan partnership. It reaped commissions worth \$850,000 and acquired a virtual lock on Southern's future banking business, as well as a strong voice in the firm's management. Stockholders suffered in ways not likely to be repeated today. They were forced to pay assessments, to surrender their authority over the firm's man-

Moody, the founder of Moody's Investor Services, maintained that it did exist—and that it was a good thing. Individual shareholders simply were not capable of monitoring or evaluating the performance of corporate managers, he said. Others made similar arguments. Investment banks exercised control and influence over firms because doing so put investors' minds at ease. Companies welcomed the bankers' over-

sight because their stamp of approval made it possible for them to tap investors' savings for expansion. As New York, New Haven, and Hartford Railroad president Charles Mellen said, "I wear the Morgan collar, but I am proud of it."

Mismanagement was not the only thing investors had to fear in a firm where no one wore the Morgan collar. Among other things, corporate insiders were known to

agement, and to sacrifice short-term returns to allow the railroad's modernization.

By the turn of the century, the nation's railroads were concentrated into six huge systems controlled by Morgan and a few others—and Morgan held seats on the boards of several railroads he did not control. It was as if one person today controlled IBM, Apple, and several other major computer manufacturers. Morgan labored to assure that the systems did not compete, not always with success. His war with Edward H. Harriman for control of the Northern Pacific line in 1901 led to a stock-market panic that caught up speculators and innocent bystanders alike. When asked by a reporter if he did not owe the American people an explanation of the struggle, Morgan shot back, "I owe the public nothing." The public, however, writes one Morgan biographer, was beginning to think "that it owed Morgan too much."



manipulate stock prices, to "play bulls and bears," in Wall Street argot. Morgan had little patience with such shady practices, telling one executive who did not know his place: "Your railroad? Your railroad belongs to my clients."

Thomas Lamont, the most politically adept of the Morgan partners, told Louis Brandeis during a famous meeting that he and his partners had only reluctantly joined

boards of directors: "As you realize, we have drifted onto these various boards because we had first undertaken to place a large block of the corporation's securities with our [investor] clients, and we felt a sense of responsibility to those clients which we fulfilled by keeping an eye on the corporation in which they had invested. We have felt that this was a strong factor in enabling us to market these securities, and

while the responsibility was a very onerous one, nevertheless, we shouldered it."

Another Morgan partner, Henry Davison, argued that the extent of Morgan control over investors was exaggerated. If another firm proved a superior judge of risk, or if the Morgan firm lost its reputation for "character" by recommending securities that profited it at the expense of investors, then Morgan influence would quickly disappear. (The banks likewise claimed to look for "character" in their clients. In a famous exchange during the Pujó hearings, J. P. Morgan was asked by Untermyer, "Is not commercial credit based primarily upon money or property?" The old man replied: "No sir; the first thing is character.") The big firm's hard-won reputation also explained its ability to charge high fees and reap great profits. Moreover, because the continuing success of J. P. Morgan & Co. depended on its reputation for "character," it was not tempted by quick profits; a smaller or less-established firm might be tempted to take the money and run.

Morgan's great antagonist, Untermyer, was himself reportedly the victim of just such a firm. In 1899, Standard Oil magnates H. H. Rogers and William Rockefeller capitalized the new Amalgamated Copper Corporation at \$75 million, traded on their reputations as the financial wizards behind the growth of Standard Oil, and sold about half of the company off to other investors. It then developed that the only assets of Amalgamated were copper companies that the two had recently purchased for \$40 million. When the dust cleared, Rogers and Rockefeller held half of Amalgamated—worth \$20 million in fundamental value—and outside investors had put up \$40 million but had acquired in return only the other half of Amalgamated. The two promoters' reputations as investment bankers were shot, but they had not

been interested in investment banking in the first place.

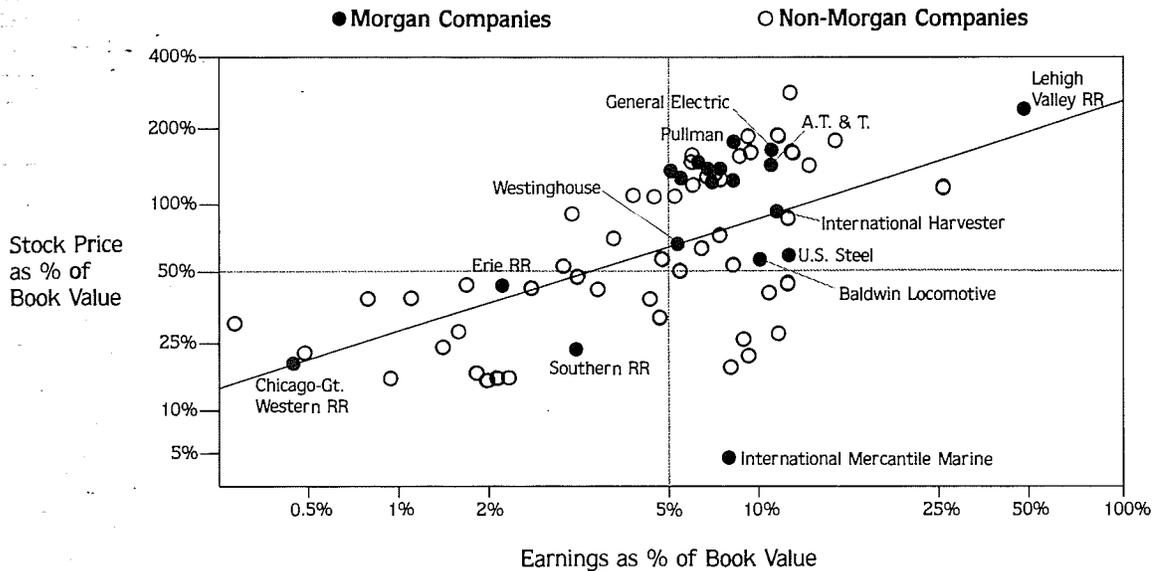
It is ironic to find stout defenders of private privilege and property such as Moody and Davison advocating a system of allocating investment that might be termed "socialist." The Morgan partnership had about a dozen partners and 145 employees. The partners approved and vetoed proposed top managers for individual firms and decided which firms' securities they would underwrite, and thus implicitly which lines of business should receive additional capital and so expand. The effect is not dissimilar to what would be done by a centralized investment-planning directorate. Of course, there are major differences. Morgan and his partners were not a bureaucracy; nor were they paid like bureaucrats. And the Morgan partnership felt itself under severe pressure to run an efficient operation and make investment decisions that would profit investors—for in the long run it faced competition.

Was there any truth to the Morgan partnership's self-justification? Or was it just another plausible but specious argument thrown up to protect power and privilege against democratic reform?

**I**n fact there was considerable truth to the partnership's claims. A chart showing the ratios of earnings and stock price to book value among big American companies around 1910 (facing page) establishes that companies with Morgan partners on their boards made higher profits and fetched higher stock prices than other companies.

*Book value* is an accounting concept that roughly captures the value of a firm's assets: how much it would cost to replace its machines, buildings, liquid assets, and intellectual property (patents, etc.). The ratio of earnings to book value is thus an index of a corporation's efficiency as a profit-

## MORGAN VS. NON-MORGAN COMPANIES, 1910-1912



making engine. The ratio of stock price to book value shows what investors think of the firm's management and prospects. The more positive their view, the higher the premium over book value they are willing to pay. By both of these standards, Morgan firms fared extremely well. The average non-Morgan firm was assessed at half of its book value by the stock market and had earnings equal to five percent of book value. Of the 19 Morgan firms, 16 performed better than this average.

It is a point against the progressive position that Morgan companies had high ratios of earnings to book value. One of Brandeis's most frequent criticisms of the Money Trust was that it "watered" stock to overstate book values—as the two promoters of Amalgamated Copper did in 1899. Stock-watering would inflate book values and tend to move Morgan companies down and to the left in the chart. Yet they are clustered in the upper right.

The chart also shows a solid line that

plots the relationship between earnings and stock prices for non-Morgan companies. Of the 19 Morgan-influenced companies, 15 lie above this line. They had higher stock prices than would be expected given their earnings. In short, investors believed they had better growth prospects than other companies.

On average, adding a Morgan partner to the board of directors appears to have raised the value of common stock by roughly 30 percent. Such an increase does not seem out of line if one considers how much Morgan's financial services cost. For the creation of International Harvester in 1902—a simple and straightforward deal—the investment bankers collected about four percent of the capital value floated; for U.S. Steel the investment bankers' share was 10 percent. Such enormous fees can be justified—if they can be justified—only if the unique value added by this particular group of financiers was substantial, and it appears that it was.

The presence of a Morgan partner was a signal that good things were happening to a company. Good managers were being promoted. Bad managers were being fired. The organization had free access to capital for expansion when it needed it, and thus could take advantage of the opportunities open to it. Experienced businessmen were giving executives advice and warning them of pitfalls.

One famous example of banker intervention is the return to the Bell System of Theodore N. Vail. First hired by Alexander Graham Bell's father-in-law, Gardiner Hubbard, at the end of the 1870s, Vail oversaw the initial expansion of the telephone network to the urban East and Midwest. In 1887, however, he resigned. Vail wanted to plow retained earnings back into the rapid creation of a single national telephone network, but the major stockholders had a different view. They saw that the telephone company was a money machine, and they wanted to milk it for generous dividends.

After Vail's departure, the Bell system did pay high dividends. It also steadily lost market share to local telephone networks. When AT&T tried to raise money for renewed expansion, its massive financing requirements and the approach of the Panic of 1907 brought the Bell system close to default. The Morgan group of investment bankers, led by George F. Baker, was willing to finance the Bell System's expansion drive only if its new president would be someone they were confident could do the job. Who better than Vail?

Vail did for AT&T what he was installed to do. He oversaw its expansion into a true nationwide telephone system. He also turned out to be very skillful at keeping the government and public convinced that AT&T was a productive "natural" monopoly, not an exploitative artificial one. By choosing Vail, the investment bankers enhanced not only shareholders' long-term

interests but the long-term economic growth of the United States.

**T**he eve of World War I saw the high-water mark of both the Morgan partnership and the financier-centered system that it dominated. The half century before 1914 had seen Morgan and his peers channel new capital into railroad construction and combination, into steel, into electricity, into telephones, and into the other high-tech growth industries of the day. Investors had followed their lead. And the horses that Morgan had bet on had run well. Thanks in part to the skill with which Morgan had selected industries for expansion and selected executives for large, rapidly growing firms, the United States on the eve of World War I had surpassed Great Britain as the world's economic leader and richest industrial nation.

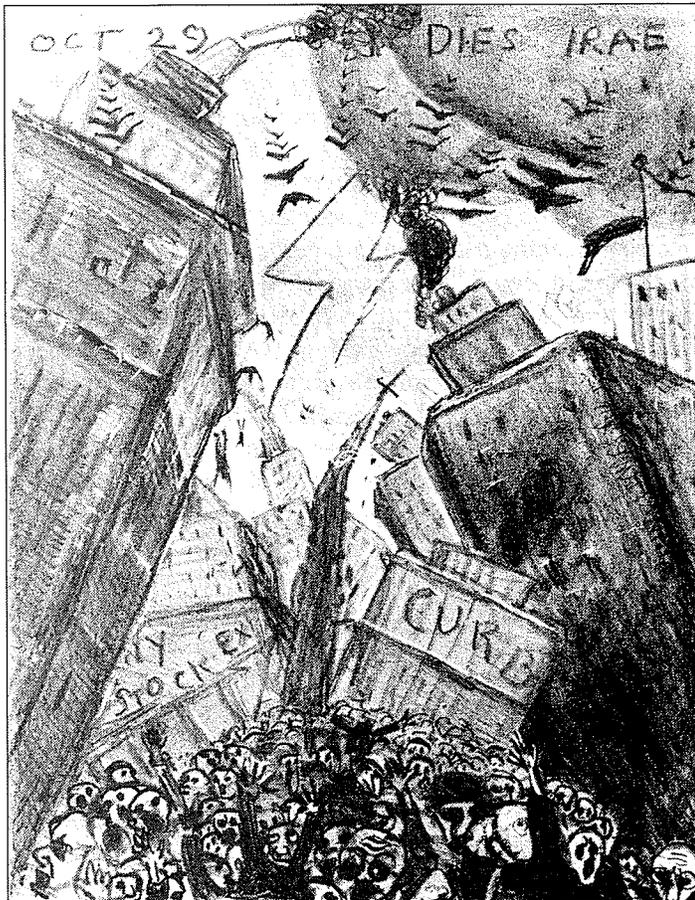
So why did the Morgan era end? As historians such as Robert Sobel see it, the decline of the House of Morgan occurred in three stages, beginning during World War I. Morgan had always sold bonds quietly to institutions and to relatively wealthy individuals, waiting for them to come to him and ask what securities he might recommend. During the war, however, the federal government's unprecedented deficits created a huge supply of bonds that could not easily be sold by the old means. Enterprising firms, notably Charles Mitchell's National City Bank, seized the opportunity to sell government bonds through aggressive door-to-door sales campaigns, and after the war Mitchell applied the lesson to sell bonds to people who had never thought of buying them before.

The investment banks' imprimatur lost more of its weight during the decade-long bull market of the 1920s. In books such as Edgar Smith's *Common Stocks as Long Term Investments*, middle-class Americans were told that they could reap high profits

by investing in just about any collection of common stocks. Many investors became willing to bet on the genius of financial celebrities such as utility king Samuel Insull even without the implicit warranty of J. P. Morgan & Co. or Kuhn, Loeb.

The third stage was the Glass-Steagall Act in 1933. It forcibly divorced the commercial bankers who had the capital to take substantial long-term positions in firms from the investment bankers who issued securities and set prices. And it removed both from their places on the boards of directors of operating companies, from which they had monitored managerial performance and exercised control.

The upshot was that after the Great Depression and World War II, American finance looked very different from how it had looked in 1913 or even in 1929.\* Investment banking was still an oligarchy, and investment bankers still became rich. But in relative terms they were much less wealthy than Morgan and his partners had been at the turn of the century. And they no longer exercised substantial power over individual companies. No executive of any major American cor-



*J. P. Morgan's heirs tried in vain to halt the Crash of 1929, hoping to repeat his 1907 miracle. Financial institutions have never fully regained the public confidence the Great Depression cost them.*

poration in the 1950s, '60s, or '70s would have said under any circumstances that he wore the Morgan—or the Goldman Sachs, or the Salomon Brothers—collar, as Charles Mellen had said before World War I. America had moved from a loose form of “finance capitalism” to a new “managerial capitalism.”

After World War II, the fact that corporate executives no longer answered to investment bankers raised a new question: To whom *did* they answer? Even as the grip of investment banks was being loosened before the war, Adolf Berle and Gardiner Means had suggested in *The Modern Cor-*

\*Two developments after World War II further diminished the financiers' power: the rise of Merrill Lynch and other brokerage houses that attracted masses of relatively small individual investors through advertising and provided them with investment advice and tips of dubious value, and the boom of 1945–73, which provided corporations with ample profits for reinvestment, sparing them the need to go to the capital markets, and thus investment banks, for additional funding on a regular basis.

*poration and Private Property* (1932) that corporate executives had become effectively independent. They could use the resources of the firm to get their candidates elected to the board of directors, but there were no effective channels for those who opposed them. Before 1929, stockholders or others seeking a change in a company's management could have gone to talk to one of the Morgans or their partners. If their arguments were convincing, the old management might soon be gone. After Glass-Steagall, such challengers had to find some way of reaching and persuading a scattered and ever-changing cast of shareholders. The lack of a long-term relationship between investors and managers led John Maynard Keynes to these musings in 1936: "The spectacle of modern investment markets has sometimes moved me towards the conclusion that to make the purchase of an investment permanent and indissoluble, like a marriage, except for reason of death or other grave cause, might be a useful remedy for our contemporary evils. For this would force the investor to direct his mind to the long-term prospects and to those only."

Not surprisingly, management teams and boards of directors became inbred. Corporation presidents were no longer appointed because someone in the Morgan partnership had confidence in their skills and energy but because they had built a coalition of supporters within the executive ranks and won an internal tournament for the succession. By the 1970s, government regulators, economists, and others were beginning to ask if American corporations were producing the most value possible for shareholders and if they were maximizing the pace of industrial development. The self-replacing oligarchies of managers often seemed to follow the paths that gave them the highest salaries, the largest empires, and the least risk. As economist John Hicks

wrote, "The best of all monopoly profits is a quiet life."

In recent decades there have been two unsuccessful attempts to restore balance to the relationship between owners and managers. The conglomerate movement of the late 1960s and early '70s, for example, created a new form of economic organization with many parallels to the old "finance capitalism." Conglomerates such as ITT combined many different operating units, each pursuing independent businesses, under one top financial management that provided the units' capital, chose their executives, and monitored their performance. A chief executive like ITT's Harold Geneen would deal with the bosses of the conglomerate's operating companies much as J. P. Morgan and George F. Baker had dealt with Theodore Vail and others.

The first conglomerates worked reasonably well, but those created in the 1970s did not. In fact, the leveraged buyout (LBO) movement of the '80s was in many respects a partial undoing of the previous decade's conglomerate-creating mergers. The LBO movement was also sold as a way of forcing discipline on corporation managers: Corporations took on extraordinarily high levels of debt, and managers set to work to repay it under the implicit threat of losing their jobs and their savings if they failed. Economist Michael Jensen of the Harvard Business School proclaimed the end of the public corporation and the coming of organizations in which financiers would be the bosses. "In effect," Jensen wrote in 1989, "LBO partnerships and the merchant banks are rediscovering the role played by active investors prior to 1940, when Wall Street banks such as J. P. Morgan & Co. were directly involved in the strategy and governance of the public companies they helped create." But the LBO era was coming to a close even as Jensen wrote. The first LBOs, like the first conglomerates, were success-

ful, but later ones were not.

These two waves of financial innovation got as far as they did in part because financiers believed there was money to be made by correcting flaws in the post-World War II system of American finance and by imposing new forms of supervision on corporate executives. The fact that both waves ultimately failed suggests that there remains a need for something new—or perhaps something old—in American finance.

**T**he Morgan partnership had a vision of industrial development in which corporate executives had relatively little discretion and in which “community of interest” was to replace “competition” as the watchword. Progressives believed that this was the wrong vision of economic development for America’s future—and that, indeed, its worst flaw was that Morgan could come close to implementing it. In the generation after World War II it appeared that the progressives had been completely correct. American companies earned high profits. American technology and productivity levels were the best in the world. Economic growth was strong.

But no longer. Economic growth in recent years has been lackluster. American technology has not been as dominant as it once was. And productivity growth in U.S. industry now lags behind that of Germany, Japan, and other major competitors. These setbacks have triggered a reexamination of how the American industrial order works, and a reconsideration of the Morgan model.

That German and Japanese securities markets to a large degree still hew to the turn-of-the-century “finance capitalist” pattern suggests that such a reconsideration is not unrealistic. The growth of “finance capitalism” in Germany paralleled the rise of the House of Morgan in the United States: The largest of the German *Grossbanken*

(great banks), the Deutsche Bank, had representatives on the boards of 159 companies in 1912. Germany’s “great banks” played a Morgan-like role in monitoring and supervising corporate managements. Yet while the Morgan partnership had perhaps a few dozen analysts and partners, the Deutsche Bank had analysts, engineers, and industry experts by the hundreds. It was capable of doing much more thorough and detailed analyses, and of providing much more soundly based advice, than the Morgan bank. Morgan railroad expert Charles Coster was a director of 59 railroads. How thorough could his knowledge of each have been? The German system, though weaker than it once was, is still relatively strong. In corporate elections individual German shareholders routinely authorize the Deutsche Bank to vote their shares for them as it sees fit.

In Japan, the prewar *zaibatsu* and their more diffuse postwar *keiretsu* replacements played similar roles at the turn of the century and do so today. Banks and trading companies in these “enterprise groups” exercise influence over the policies and senior-personnel appointments of the affiliated companies. Should an industrial company run into trouble, the enterprise group is there to assess the situation, shift directions, and pump in additional expertise and resources. In 1973, for example, the tripling of oil prices suddenly knocked the bottom out of the market for Mazda Motors. Mazda had bet heavily on its technologically sophisticated Wankel rotary engine, but the Wankel required more gasoline per mile than conventional engines. The enterprise group examined the corporation, concluded that its problems were the result not of bad management but of bad luck, and financed its reorganization and restructuring. It was quite a different story when Chrysler ran into trouble in the late 1970s. A lobbying campaign yielded

government money and restrictions on competing imports that restored the company to short-term profitability. But as analysts Jack Donahue and Robert Reich have pointed out, the government did not require the kinds of internal changes needed to rapidly improve the corporation's productive efficiency.

In Britain, finance followed an entirely different course. As historian Alfred Chandler notes, Britain at the turn of the century clung to a form of "personal capitalism." Founding families kept large stakes in their companies and continued to manage them. Investment bankers and salaried managers, so important in the United States, Germany, and Japan at the time, played only a small role in Britain. And Britain commenced a relative industrial decline at the turn of the century. In Arthur Lewis's words, by the end of the 19th century, "organic chemicals became a German industry; the motor car was pioneered in France and mass-produced in the United States; Britain lagged in the use of electricity, depended on foreign firms established there, and took only a small share of the export market. The telephone, the typewriter, the cash register, and the diesel engine were all exploited by others."

Yet even as this was happening, British investment overseas surged. Britain had vast amounts of capital, but British investors did not believe that it was worth investing in British industry.

Comparisons across nations and across eras are tricky. Nevertheless, industrial economies that grew extraordinarily fast—Germany and Japan before the Great De-

pression and after World War II, the United States before the Great Depression—had "finance capitalist" forms of organization. Countries that grew more slowly—Great Britain, the post-World War II United States—did not. And the continued viability of "finance capitalism" in Germany and Japan suggests that the system's relative decline in the United States was not a "natural" development of the market.

The ills of the contemporary American corporation—the near-autonomy of management, the influence of the skittish stock market—appear to call for large-scale financial institutions to take an interest in corporate management by establishing and holding major long-term positions in individual companies. The ills of the corporation appear to call for more waves of financial innovation and reform, such as the conglomerate and LBO movements, to alter the balance between financier control and executive autonomy. Among liberals in particular there is wide agreement on the need for such a readjustment. The Glass-Steagall restrictions, already being eroded by Washington regulators, seem to have little remaining purpose. Lester Thurow of MIT now calls for the rise of "merchant bankers" in the United States who will do for American industry what the Deutsche Bank does for German industry or the Mitsubishi *keiretsu* does for Japanese industry—or what J. P. Morgan & Co. did for American industry nearly a century ago. It is an irony that today the intellectual descendants of the progressives are among the strongest voices calling for a return to "finance capitalism."

# AFTER THE BALL

*by Roy C. Smith*

**T**he event will be long remembered in the history of financial delirium. On the weekend of March 16, 1985, some 2,000 well-heeled "players" began descending on the Beverly Hills Hilton for the sixth annual Predators' Ball, sponsored by 38-year-old junk-bond impresario Michael Milken of Drexel Burnham Lambert. The assembled guests included oilman T. Boone Pickens and a growing list of other corporate "raiders," individual investors such as Saul Steinberg, and money managers who bought junk bonds for insurance companies, pension funds, savings and loans (S&Ls), and other institutions. All had come together for a frenetic week of meetings, presentations, networking, and dealmaking beginning every day at six A.M. The dinners and parties were lavish Hollywood affairs. No expense was spared to keep these rising financial stars happy. At the gala conclusion, Diana Ross sang for the crowd. Nothing like it would ever have been seen on drab, straitlaced Wall Street.

Milken and his Drexel associates at the firm's Beverly Hills office had made their name by pioneering a market that mainline Wall Street had disdained. In the 1970s, Milken had discovered that there was money to be made trading in "fallen angels," corporate bonds that bore exceptionally high yields because their prices were so low. These were bonds issued by compa-

nies that had since run into trouble or bankruptcy but still had prospects for recovery. A scornful marketplace had pushed the prices so low that money could be made, despite the risks. From this, it was a logical next step to begin underwriting new high-yield bonds for highly leveraged, risky companies with growth potential. One of the secrets of Milken's success was putting together—by hook or, as it was later revealed, by crook—a "new boy network" of investors who would buy the bonds he touted. Milken sponsored the Predators' Ball to allow the borrowing companies to make their pitches to the assembled investors. In the beginning, most junk-bond issuers had used the borrowed money to expand their own businesses. Now, however, the junk-bond revolution was about to enter a new phase.

Early in 1985, Drexel had financed two attempted takeovers of well-known corporations by small, comparatively unknown companies. Coastal Corporation, headed by a brave new "financial entrepreneur" named Oscar Wyatt, had acquired American Natural Resources for \$2.5 billion (\$600 million of it to be raised through the sale of junk bonds), and a company controlled by another obscure predator, Nelson Peltz, had taken over National Can Company for \$456 million, all of it financed by Drexel. The size of the two takeover-related financings surprised traditional Wall Street, which wondered where Milken's

"placing power" was coming from. Where was he finding buyers for so much of what the Street saw as "junk"? Within weeks of the 1985 ball, five more companies would launch-giant takeover bids financed by Milken's machine. Lorimar, a film production company with a net worth of \$100 million, bid over \$1 billion for Multimedia, and Steve Wynn's Golden Nugget hotel group offered \$1.8 billion for Hilton Hotels. During the next few years, Milken would develop the ability to distribute junk bonds to more and more institutional investors to finance even larger and more numerous deals, culminating in the junk-financed "leveraged buyouts" (LBOs) of Beatrice Foods in 1986 (\$6.7 billion) and RJR-Nabisco in 1988 (\$25 billion).

**E**ven without the rise of the junk bond, the 1980s would have been remembered as one of the more financially momentous periods in American history. Interest rates tumbled, stock prices tripled, and countless new financial inventions—including various financial futures and options products, interest-rate and currency swaps, mortgage-backed securities, and program trading—spawned in the fertile decade, rich in the economic nutrients of easy money, loosening regulation, and new computer-based technologies. Access to credit—even for the individual consumer, besieged by offers of credit cards and home-equity loans—expanded beyond all previous limits. The decade's financial innovations, many of which arose to fill the credit void left by failing banks and S&Ls, increased the liquidity of financial markets and their importance as a source of funds for American industry. More transactions than ever before were completed in the

marketplace, rather than on the books of banks and insurance companies.

The lure of easy riches was powerful and disorienting. In *Bonfire of the Vanities* (1989), Tom Wolfe describes a Wall Street trading room as a place where young men assembled "to bay for money," imagining themselves to be "Masters of the Universe" as they swore and bellowed into telephones, trading securities worth millions in the space of a few seconds, believing that "by age 40 you were either making a million a year or you were timid and incompetent." The high volume of transactions, loose regulation, and enforcement deficiencies led to market-rigging and insider-trading scandals that caught up a shocking number of the Street's best and brightest. Several, including Milken, went to prison. Many Americans were appalled by these scandals and by the outbreak of junk-backed (and other more conventional but equally hostile) takeover attacks. They saw fine old American companies with thousands of loyal employees suddenly boarded by financial pirates with no interest in anything but slashing costs and stripping assets for short-run profits, often leaving the company burdened with enough debt to send it to the bottom. Treasury Secretary Nicholas F. Brady, formerly an old-fashioned investment banker, lamented in 1989: "I have a growing feeling that we are headed in the wrong direction, when so much of our young talent and the nation's financial resources are aimed at financial engineering while the rest of the world is laying the foundation for the future." Just safeguarding against potential attacks by buccaneers, some critics maintained, was crippling American business at a time of growing global competition. "There is little evi-

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dence to suggest that mergers have on the average enhanced the profitability or productivity of merging enterprises," Harvard's Robert Reich (today a top Clinton adviser) declared in 1989. "America has had enough. Even by the cynical standards of the 1980s, Wall Street is giving greed a bad name."

Was Wall Street's greed the cause of all the decade's upheavals? Though it is often thought to be the root of all financial misfortunes, Wall Street greed is no different from any other variety. People who made a living strictly as Wall Street operators accounted for only about 10 percent of the new names added to the "Forbes 400" list between 1982, when the list first appeared, and 1988. Most of the great fortunes of the '80s were made by corporate founders and entrepreneurs such as Sam Walton of Wal-Mart, controversial real-estate developers such as Donald Trump, and obscure venture capitalists. Some of these fortunes have since been diminished as market conditions have reversed. Greed itself, however unattractive, is not illegal. But it is a natural, indispensable element in the functioning of capitalism.

When credit is plentiful, there never seems to be a shortage of fledgling entrepreneurs, people whom Walter Bagehot, editor of the *Economist* magazine in the late 19th century, called the "New Men" of capital. Bagehot coined the phrase in 1873 to explain how English capitalism worked. Ambitious newcomers willing to borrow



*The financial prince of the 1980s, Michael Milken made \$715 million in a single year and more profoundly influenced the shape of the U.S. economy than any single financier since J. P. Morgan.*

heavily to trade in the markets against risk-averse "old capitalists" would ultimately drive the latter into retirement. The New Men are the risk-takers, the agents of change, the unruly (and often unsuccessful) *enfants terribles* of all periods of intense financial activity. Henry Ford was a New Man. So were Andrew Carnegie, Bernard Baruch, James Ling, and Michael Milken. In "a country dependent mainly on great 'merchant princes,'" Bagehot observed, "commerce perpetually slips more and more into routine. A man of large wealth, however intelligent, always thinks, 'I have a great income, and I want to keep it. If things go on as they are, I shall keep it, but if they change I may not keep it.' . . . But a

new man, who has his way to make in the world, knows that such changes are his opportunities . . . . The rough and vulgar structure of [such] commerce," Bagehot said, "is the secret of its life."

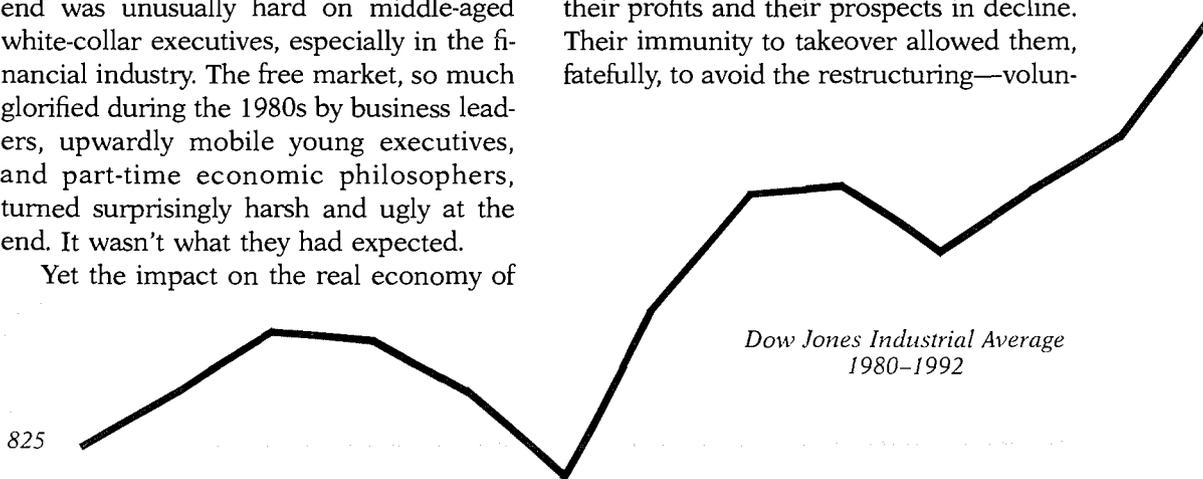
During the 1980s, free-market purists in the Reagan administration and the business world hailed the rise of the latest New Men and fought off most attempts to regulate the takeover wave. The takeovers, they believed, were no more than the free market's adjustments to changing competitive, regulatory, and financial conditions. The premiums paid for takeover targets showed that these companies were undervalued. Whole industries, such as autos and semiconductors, were losing out to foreign competition or failing to keep up with technological change. A shake-up, or simply the fear of one, would help reinvigorate and restructure American industry.

While takeover critics grew obsessed with the costs and excesses of the merger wave, proponents argued that the benefits of restructuring were worth the costs and would be lost if regulation were to protect entrenched managers. Restructuring enthusiasts such as Michael Jensen of Harvard Business School preferred not to acknowledge the problems at all. When the decade ended with a bang and a slump, there were unpleasant consequences. The end was unusually hard on middle-aged white-collar executives, especially in the financial industry. The free market, so much glorified during the 1980s by business leaders, upwardly mobile young executives, and part-time economic philosophers, turned surprisingly harsh and ugly at the end. It wasn't what they had expected.

Yet the impact on the real economy of

all the distress in the financial sector has not been as great as is generally perceived. In the first half of 1992, unemployment averaged 7.4 percent; in 1982, during the last recession, it was 9.5 percent. By the middle of this year, as the excesses and rough spots of the boom years faded, it was possible to see benefits. A *Wall Street Journal* report showed that, despite a slow economic recovery, corporate profits increased by more than 20 percent during the first half of 1992, as compared to a year earlier, "partly reflecting the fact that corporate restructuring has been improving profit margins." Exports, too, were rising. U.S. corporate debt had been reduced significantly. It was still somewhat high, but not especially so. The fact is that the vast majority of mergers during the 1980s were not financed with junk bonds—LBOs accounted for only about 15 percent of all completed mergers, 25 percent during the peak year of 1988. (Only a deal financed almost entirely with borrowed money is known as a LBO.) The rest of the deals were financed either with surplus cash and moderate levels of borrowing or with stock.

Ironically, the companies that were considered fortunate during the 1980s because they were too big to be takeover targets—IBM, General Motors, Sears Roebuck, and AT&T—have lumbered into the '90s with their profits and their prospects in decline. Their immunity to takeover allowed them, fatefully, to avoid the restructuring—volun-



tary or involuntary—that swept the rest of corporate America.

**T**he merger boom of the 1980s was nothing new in American history. It was, in fact, only the most recent of four the country has experienced. The three others came in 1898–1902, the 1920s, and the 1960s. Each produced obvious excesses and abuses, but each wrought necessary and beneficial economic changes that were not generally appreciated at the time.

The first, biggest, and most

significant merger wave in American history was the one that capped the late-19th-century era of unrestricted capitalism. This was the Gilded Age, as a scornful Mark Twain called it, the time of the “Robber Barons.” This period of restructuring involved a significantly bigger share of American manufacturing than did the boom of the 1980s. According to economist Ralph Nelson, more than 2,600 transactions took place and more than \$90 billion (in 1990 dollars) changed hands. This era gave birth to the granddaddy of all megadeals, the creation of U.S. Steel in 1901 through the combination of Andrew Carnegie’s steel company with nine others. Masterminded by J. P. Morgan, the deal was worth some \$20 billion in 1990 dollars—the largest in his-

tory until the 1988 RJR-Nabisco transaction—and earned the famous investment banker a fee equivalent to more than \$100

million in today’s dollars. The press reacted to the transaction much as it did to the RJR-Nabisco LBO 87 years later. In New York and London, the merger was denounced as a “menace to commerce” and a “triumph of the millionaire.” But the steel industry, with U.S. Steel in the lead, became one of the dynamos of the American economy, the power behind American triumphs in autos and other industries and the foundation of the “arsenal of democracy” in World War II. By the 1980s, when corporate raider Carl Icahn threatened to dismember U.S. Steel (by then renamed USX), editorialists reacted as if he were attacking one of the pillars of the republic. Icahn thought that shareholders would be better off if USX got out of the oil business, which it had entered in the early 1980s with the acquisition of Marathon Oil. USX chairman David Roderick warned of “massive abuses by a small group of raiders, arbitrageurs, promoters and investment bankers, who reap enormous profits serving only their own self-interest at the expense of . . . employees, creditors, communities, and the nation at large.”

The turn-of-the-century boom, like that of the 1980s, required plentiful capital to get started, but American industry was also ripe for change. Alfred Chandler, a Harvard business historian, views the mergers as “a response to the growth of a national and

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increasingly urban market." Dozens of capital-hungry industries, from steel to tobacco to paint, had grown up helter-skelter and by the late 19th century were experiencing suicidal levels of competition. Around 1870, prices of manufactured goods began a 30-year skid. To fix prices and otherwise restrain competition, business created cartels, but these were outlawed by the 1890 Sherman Anti-Trust Act. Mergers were the only logical solution left. The mergers "set in place the structure of the new capital-intensive industries and define[d] their major players for much of the rest of the 20th century," Chandler writes. Many smaller family-owned firms disappeared as America entered the age of "managerial capitalism."

Ready money and the rise and consolidation of new industries—autos and especially electric power—also figured in the next giddy spell on Wall Street. The 1920s saw one of the first junk-bond issues, for General Motors, and Henry Ford's somewhat ruthless leveraged buyout of his early partners. Samuel Insull was the decade's deal-making star. Starting as a 22-year-old employee in Thomas Edison's London office, he got himself installed as the great inventor's personal secretary and came to America. Rising to head Commonwealth Edison of Chicago in the 1890s, Insull recognized that because they required heavy capital investment, the many small electric utilities in Chicago and other cities would have to be consolidated into cartel-like entities if they were to survive and prosper. His great insight was that this could be accomplished by conceding that utilities should become regulated public monopolies.

In 1912, the 53-year-old Insull's career took a new turn when he became a financier and promoter. He formed a holding company to buy up stock in small utilities and then invited the public to invest. Other budding tycoons did the same, but none had quite the overarching ambition of In-

sull, who erected a huge and highly leveraged pyramid, paying ever higher prices for the companies he wanted in the speculative markets of the '20s. "By 1926 or thereabouts," historian Frederick Lewis Allen writes, "... Samuel Insull's head appears to have been pretty thoroughly turned." This boom ended with an even greater catastrophe than usual, the great stock-market crash of 1929, and Insull's investors eventually lost between \$500 million and \$2 billion. Millions more were lost by those who poured money into the highly leveraged investment trusts formed by banks and Wall Street brokerages to speculate in utilities and other stocks. Insull, charged with fraud, embezzlement, and other crimes, fled to Europe. Extradited in 1934, he was tried and acquitted three times in Chicago.

The banks had participated heavily in the speculative markets of the 1920s—they were found to have rigged markets, distributed worthless securities, and recklessly endangered their own safety (and thus their depositors' money). The banks were blamed for the Great Depression that followed the market crash, and their penalty was the Glass-Steagall Act of 1933, which subjected them to New Deal government regulations and barred them from participation in the securities business.

**W**hen the next boom came, the individual investor was no longer in the lead. The surge of the 1960s was led by growth-oriented "institutional investors": public and private pension funds, insurance companies, and mutual funds. As a group, institutional investors owned 12.5 percent of all U.S. financial assets in 1960, up from 5.2 percent in 1950. (Today they own one-quarter of such assets.) The men—there were precious few women—who managed the money at the institutions were smart, well-

educated, and aggressive. They were also young (having displaced the gray and cautious, Depression-era generation on Wall Street), cocky, and ambitious, known in the financial world as "gunslingers." Unlike their predecessors, who favored "safe" companies with solid dividends, they were interested in companies with strong growth in earnings per share derived from new technologies and savvy management. They made companies such as IBM, Litton Industries, Polaroid, Texas Instruments, ITT, and Xerox the glamor stocks of the era.

Glamorous double-digit growth was difficult to obtain from regular business operations, however. So many companies tried to grow through acquisitions instead. Blocked by federal antitrust enforcers from acquiring firms in similar lines of business—firms, in other words, whose business they understood—they proceeded to create "conglomerates" of unrelated businesses, along with a persuasive jargon about "synergy" and other benefits of their new corporate combinations. One of the great wizards of conglomeration was James J. Ling, a high-school dropout from Oklahoma who took a modest electrical-supply company and, beginning in 1955, created high-flying LTV Industries, which eventually included, among other things, an airframe manufacturer, a meat packer, a sporting-goods company, an insurance company, and finally, in 1968, a large, underachieving steel manufacturer.

Ling and his fellow conglomerators, such as ITT's Harold Geneen and Litton Industries' Charles ("Tex") Thornton, initially boosted earnings through acquisitions; they then created more growth through spin-offs and recapitalizations and other exotic financial transactions. (One of the 1960s conglomerates, Gulf & Western, was known on Wall Street as "Engulf & Devour.") Applied "financial engineering" as we know it today was born in the '60s.

LBOs began then; so did large-scale issuance of "subordinated debentures" (whose owners are paid off after banks and others in the event of liquidation) and other high-yield securities. There were also exchange offers (a public offer to exchange a new security for an outstanding security), and hostile tender offers.

By the end of the decade, however, the conglomerates were beginning to suffer severe gastrointestinal complications. They had acquired more than they could manage. Their many operating units suffered from neglect, which hurt profits and forced the curtailment of new acquisitions. The conglomerates fell from the financial firmament, and the stock market dropped with them, the Dow Jones Industrial Average plummeting from 1,000 to just over 750 in 1969 alone. The party was over. Again.

Almost immediately, however, the foundations were being laid for the next boom. In the markets, the double-digit interest rates of the 1970s set in motion the process of "disintermediation," as individuals and corporations shifted their money from S&Ls and banks directly into the financial marketplace. Individuals withdrew their bank deposits to buy shares in money-market funds; corporations issued short-term debt in the commercial paper market to capture lower rates. In 1980 federal banking and S&L regulators, worried about the outflow, repealed rate ceilings on deposits to allow these institutions to attract more money. But that merely put the institutions in a different kind of squeeze: Now they had to find investments that earned enough to allow them to pay depositors the higher rates. The pressure on S&Ls, stuck with portfolios of long-term mortgages at fixed interest rates far below current levels, was especially intense. In 1982, responding to many appeals for help, Congress permitted the

## ANATOMY OF A SCANDAL

*Some critical turns in the long development of the savings and loan (S&L) crisis, which may ultimately cost taxpayers \$500 billion, are recounted by writer L. J. Davis in Harper's (Sept. 1990):*

By 1982—that is, two years into the deregulatory “reforms” advanced by Washington—the S&L industry, representing some 3,300 thrifts, was effectively broke. In 1980 these institutions had a collective net worth of \$32.2 billion; by December 1982 the figure was \$3.7 billion. Paying 12 and 13 percent for their deposits while receiving a pittance in income from their mortgage portfolios, the thrifts had managed to virtually wipe themselves out.

Yet salvation of a sort was at hand; it only required a little patience together with a willingness on the part of the thrifts to swallow a little bad-tasting medicine. The draconian policies of Paul Volcker's Federal Reserve had finally broken the back of the inflationary spiral. Free-market interest rates were falling; S&L depositors' interest rates would inevitably follow. The industry could expect to be making money again soon. Of course, a number of thrifts would fall by the wayside. But closing them was a simple matter that would cost the Federal Savings and Loan Insurance Corporation a few billion dollars. This would strain the fund—a fund, remember, built of moneys drawn from the *thrifts themselves*—but not destroy it. Were the industry to take its losses now, it would cost the taxpayers *nothing*.

There was only one problem with this scenario. The U.S. League of Savings Institutions, the industry's principal lobbying group, refused to buy it. And it was common knowledge in Washington that Freddy St. Germain, chairman of the House Banking Committee, did anything the U.S. League wanted him to. So did the Federal Home Loan Bank Board. Instead of a mild purge followed by renewed profitability on the economy's upswing, it was decided that much of the thrift industry would be permitted to *pretend* that it was making a great deal of money . . . .

With the blessing of Congress, and flying in the face of everything that had been known about banking for hundreds of years, the Bank Board, under the leadership of Jimmy Carter appointee Jay Janis and then of Reagan appointee Richard Pratt, did what it could to destroy every vestige of capital discipline at the thrifts. Before the Bank Board began this tinkering, a thrift, like a commercial bank, was required to maintain reserves—real money, cash on hand—equal to five percent of its assets . . . . It

has long been a truism in Washington, however, that when economic reality collides with an official agenda, the official agenda survives. Unremarked by virtually anybody outside the financial community, the board proceeded to lower the reserve requirement to three percent, meaning that a thrift needed to keep only half as much real money in its vaults. With the proverbial stroke of the pen, sick thrifts were returned to a state of ruddy health, while thrifts that . . . had been among the dead who walk were now classified as merely enfeebled.

The Bank Board also made esoteric changes in the industry's accounting practices. The changes were hard to understand; they were almost impenetrable by laymen and by much of the financial press, who consequently ignored them. But by abandoning Generally Accepted Accounting Principles, which were themselves notoriously subject to a certain amount of creative manipulation, the board allowed a rapidly expanding S&L to show a handsome profit even if it was disastrously run, and the S&L could continue to show handsome profits until it was utterly looted by its owner.

Looted by its owner? Weren't most thrifts owned by you and me and the guy down the block, little guys like in *It's A Wonderful Life*? Well, yes, they were, and no, they were no longer to be.

At the time the Reaganauts landed in Washington, most federally chartered thrifts were still mutual associations, owned by their depositors. But, thanks to a little-noticed reform of the 1970s, a few of them were joint-stock companies operating under severe restrictions designed to protect the small depositors while keeping out the real-estate developers, whose hunger for money—to finance development schemes—could be expected to empty the coffers in short order . . . . Now, in 1982—its thinking addled by the crisis and also by the deregulation Zeitgeist of the 1980s—the Bank Board decided that anyone who had the money could buy or start a thrift . . . . And to make it easier for [an “entrepreneur”] to purchase an S&L, regulators, in the fullness of their wisdom, would allow him to start his thrift not only with money—with cash—but also with non-cash assets, such as the 1,000 acres of dry, useless scrubland he could arrange to have a friend appraise in the millions.

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S&Ls to invest in new higher-yielding but riskier areas, such as business loans, commercial real estate, and junk bonds. This did not do much to halt disintermediation; but it did give yet another push to the snowballing S&L crisis. [See box, p. 38.]

The economic policies of the Reagan administration further increased the importance of financial markets. The sale of Treasury securities ballooned by \$3 trillion as a result of growing federal deficits, which sparked a burst of growth within the economy in the early years. The dollar, too, rose rapidly until 1985, as foreign investors, seeing the American economy and financial markets rebound, poured capital into the country. Also, antitrust enforcers in the Reagan Justice Department made it plain that the stringent policies of the 1960s and '70s would be relaxed.\*

**A**s in cases past, however, the merger boom was more than a matter of money and opportunity rubbing together. Corporate America was overdue for change. In 1980 the market valued the shares of American companies at about the same prices that it had in 1970, despite the high levels of inflation during the 1970s and the fact that many companies had increased their earnings and cash flow and substantially reduced debt. After the conglomerate era and the difficult '70s, many companies had become large, cash-rich, and conservative. They had grown into rigid and bureaucratic institutions managed by executives who did not feel especially accountable to their boards of directors or their shareholders. "Corporate

capitalism failed," management specialist Peter Drucker wrote in 1986, "primarily because under it management was accountable to no one and for nothing. In this the corporate raiders are absolutely right." While these corporations provided comfortable berths for managers and workers alike, they underperformed their competitors, particularly overseas rivals, clinging to old ways despite ample evidence that change was needed. In the stock market, the shares of conglomerates and other companies traded significantly below the net asset value of their various divisions. In other words, these corporations appeared to be worth considerably less than the sum of their parts.

The New Men sought out undervalued companies that could be restructured profitably. By borrowing money to make the acquisition, the entrepreneur would increase his financial leverage and earn a higher return on investment than the old shareholders he had replaced. By using super-leverage, as in a LBO, even higher returns could be expected. Invigorating the company with new management would increase efficiency, while selling off selected parts of the business would produce some early returns of capital.

Some of the early LBO specialists, such as Kohlberg, Kravis & Roberts (KKR), capitalized on their success by creating large LBO funds for institutional investors. When the institutional money came in, however, it came in torrents and flooded the market. In the relatively short three-year period from 1986 to '88, 232 large LBOs (each over \$100 million) were completed, totalling \$150 billion in value; in addition, 84 large deals totalling \$120 billion were offered but not completed. This compares with 92 deals totalling \$47 billion completed during the six-year period 1980-85. Many of the later deals were financed by LBO funds and the issuance of junk bonds.

\*It could be argued that antitrust policy became so lax that many companies not especially interested in acquiring others had to do so anyway in order to protect themselves from a takeover by a competitor. The oil, paper, and publishing industries underwent just this kind of industry consolidation. Other companies, such as Philip Morris, felt the need to take advantage of opportunities to acquire large companies (Kraft and General Foods) whose acquisition might not be approved by future antitrust enforcers.

## FOR WHOM THE BILL COMES

*In Money of the Mind (1992), financial analyst James Grant, editor of Grant's Interest Rate Observer, offers an informed skeptic's perspective on the credit explosion of the 1980s:*

Animal spirits [in John M. Keynes's famous phrase] are an American staple, and the tendencies of the 1980s do not constitute some alien strain in the national character. Real-estate speculation must be as old as the land—in the United States, it is certainly as old as the frontier—and the first bad bank loan was no doubt made around the time of the opening of the first bank. It would be hard to find a more corrupt, reckless, and incompetent lending institution today than the Second Bank of the United States, which closed in 1836.

Still, the boom of the 1980s was unique. Not only did creditors lend more freely than they had in the past, but the government intervened more actively than it had ever done before to absorb the inevitable losses. Two important trends converged in the boom: the democratization of lending and the socialization of risk; more and more people were able to borrow, and more and more debt was federally subsidized. The combination stimulated lending and borrowing and thus the nation's financial mar-

kets (and, for that matter, the world's). One of the signal features of the 1980s was the absence of a coast-to-coast bank run. Unafraid for their insured deposits, people did not queue up to demand cash from all the banks that had overlent against the dubious collateral of commercial real estate. The passing of the system-wide bank run has gone unmourned, and understandably so, but it cannot be denied that the resulting public complacency has brought its own costs, most visibly the unpaid invoice for the banking and S&L debacles. By standing behind good banks and bad banks alike, the government in effect removed the oldest franchise in banking—that is, safekeeping.

The reinvention of unsecured paper money similarly played an expansive role in the boom of the 1980s. Up until 1971, the dollar had been convertible into gold on demand, at a fixed and certain price (even if the right of convertibility had been steadily narrowed; it was vested at last only with foreign governments or their central banks). As the last remnant of the interna-

By the end of 1988, the high point of the LBO market, institutions and other investors had contributed \$30–\$40 billion to LBO funds, which through leveraging could potentially yield “takeover power” of \$300–\$400 billion, amounts vastly in excess of the supply of good deals. Prices for companies were driven sky high, and only the incurably acquisitive and those playing risklessly with large piles of other people's money stayed in the game. Unfortunately, there were plenty of such buyers around.

The best defense against a predatory attack was a high stock price, but this could be achieved only through superior quarter-to-quarter earnings improvement. Critics, including many liberals as well as conservatives such as Treasury Secretary Brady, charged that the pressure to produce the right numbers forced managers to focus on short-term results at the expense of long-term investment and research, to the detri-

ment of America's international competitiveness. But these critics neglected to note that this pressure also produced sharply focused efforts to improve management and productivity, as has occurred at RJR-Nabisco and many other firms that went through successful LBOs.

The ever-present takeover threat also encouraged self-restructuring throughout corporate America. Many companies decided that if they could not be sure of beating the raider, they would emulate him by initiating the restructuring that he would carry out. In some companies (Levi Strauss, Macys) executives decided to “go private” by organizing as a group to buy all of their company's stock. Other corporations (Kroger, Polaroid) increased leverage, cut costs and expenses, sold off divisions, increased dividends, and took other steps to capture value for their own shareholders. The net effect, after a decade, is that

tional gold standard was abolished by President Richard Nixon, the great inflation of the 1970s was accelerated. Interest rates rose for a decade, conditioning a generation of investors to expect the high yields that the junk-bond salesmen of the 1980s subsequently promised them.

Risk-taking is inseparable from lending. Every loan, even if fully secured, is a kind of speculation. The degree of risk varies according to the character and strength of the borrower and the quality of the collateral. "If A lends \$1,000 to B, A is speculating upon B's honesty, industry, skill, and promptness," Freeman Tilden wrote. "That is precisely what debt is, and precisely what credit is; and it is basically nothing else—a speculation."

With the partial socialization of the banking business, a process materially and ironically advanced in the Reagan years, the element of speculation was not removed, but its costs were shifted. The public sector's credit increasingly supplanted the private sector's. Government guarantees—of bank deposits, residential mortgages, farm loans, student loans—became widespread, and thereby expanded the volume of borrowing. As the marginal debtor received

the marginal loan, the extra car (or house or boat or corporation) was sold. All this worked to enlarge the national income. In the 1920s and 1930s, an abundance of lending was succeeded by a drought and an inflation of prices was duly followed by a deflation. The riddle of the years to come is whether the government has succeeded in breaking this cycle: not the upswing, which in fact it has enthusiastically subsidized, but the downswing. It is whether the sheer bulk of the federal guarantees will forestall the kind of contraction that paralyzed business activity in the Depression and demoralized speculative activity for a generation after that. The fundamental investment question is whether even the government is big enough to underwrite, with good money, the losses born of the lending practices of the 1980s. If the answer to that question is "yes" (and I happen to doubt it), one would want to know why the government does not guarantee everyone. If every debtor had a call on the Treasury, and if the Treasury were none the worse for that commitment, interest rates would be lower and the nation more prosperous. The stock market would never have another bad day.

From *Money of the Mind: Borrowing and Lending in America from the Civil War to Michael Milken* by James Grant, published by Farrar, Straus & Giroux. Copyright © 1992 by James Grant. All rights reserved.

some form of restructuring has occurred in almost all publicly owned U.S. companies—restructuring that has made them more efficient, more dynamic, and more competitive.

The mergers, restructurings, and other developments encouraged stock-market investors, who continued to push the market higher. By the end of the 1980s, few distinctions were made between friendly and unfriendly deals, or between those with good or bad economic prospects. What the critics had been saying all along was finally coming true: It was restructuring itself, which would generate generous fees and capital gains, that counted.

The market began to adjust, first on October 19, 1987, when the Dow Jones Industrial Average dropped an astonishing 508 points, terrifying everyone before recovering somewhat the next day. Two years later, the Dow fell 200 points after it was an-

nounced that the latest in a series of efforts to finance an employee-backed LBO of United Airlines had failed. The junk-bond market then collapsed, killing off all hopes for further LBOs in the near future and, more dramatically, for the repayment of several large "bridging loans" provided by aggressive investment banks to previous LBOs. By early 1990, the markets for acquisition finance were in shambles. It was to be the worst year for Wall Street since the 1930s. One major firm, Drexel Burnham, failed, and First Boston, Shearson Lehman Hutton, Kidder Peabody, and Prudential Securities might have gone under but for the rescue efforts of their well-capitalized parent companies.

The 1980s merger boom had run to excess, as all booms tend to do. The big losers were the investors, chiefly large financial institutions, that had put money into junk bonds and LBO funds and sold out at the



that can be globally competitive. To achieve this, they are attempting what they think of as an American experiment, a turn toward freer and more competitive market economies. Broad deregulation has already begun, especially in banking, insurance, and other financial services.

Europe's new direction has already encouraged a surge of European mergers, acquisitions, and corporate restructurings. Since the beginning of 1991, about three-fourths by volume of all the world's mergers and acquisitions (and LBOs) have involved non-U.S. corporations, most of them European. Yet vast portions of European industry remain to be restructured or privatized—and that is not to mention what needs to be done in the former communist states. During the 1990s it appears that Europe will experience its first merger boom—a financial restructuring that may outdo the one experienced by the United States during the '80s. And Japan, which has so far eschewed most forms of domestic mergers and acquisitions, but which also needs to address corporate restructuring, cannot be far behind.

The American financial market will be a model, and periodically a source of capital,

for the rest of the world. Compared to all others, it is deep, honest, well-regulated, and hard to fool. And because the American marketplace has been open, allowing deals to happen as long as buyers and sellers agree, the financial know-how needed for restructuring is today essentially an American, and to some extent British, possession. America's leading investment and commercial banks suddenly find themselves with unique competitive advantages in the international marketplace. When the Mexican government recently decided to privatize the national banking system, for example, it turned to Wall Street's J. P. Morgan to handle the complicated deal, not to seemingly more powerful Japanese or German banks. Likewise, in Europe, Goldman Sachs, CS First Boston, and Shearson Lehman Brothers are among the most sought-after acquisition advisers.

In the next decade, the American banking firms that survived and learned from the 1980s and can project their business onto the global stage will almost certainly climb back to the top of the world's financial power structure. If so, it will be an ironic and unexpected outcome of a much-decried decade of takeovers, junk bonds, and greed.

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## BACKGROUND BOOKS

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### AMERICAN FINANCE

In the hands of a creative scholar, the history of the United States could be rewritten as a continuing struggle over money and credit. The historian might argue that the contest has pitted "hard money" men, the industrialists and centralizers, against democrats, the advocates of decentralized power and "soft" money.

The writer might begin with Secretary of the Treasury Alexander Hamilton's 1790 Report on Public Credit, which proposed that the new federal government repay all the Revolutionary War debts of the states at full value. Hamilton prevailed over those who howled that the measure benefited the "moneyed interests" only by agreeing to locate the new national capital far from the perfidious money men of New York City, "on the banks of the "Potoumac." And there in the national capital, two centuries later, the thread might end in today's recriminations over the treatment of the "moneyed interests" in the savings-and-loan crisis and other affairs. Between these two points the narrative would wind through the battles over the first and second national banks, the memorable assault on the "cross of gold" by William Jennings Bryan, and the New Deal.

In fact, that is a highly simplified (and chronologically altered) version of the history that was written by Charles A. and Mary R. Beard in **The Rise of American Civilization** (1927, 1930, 1933, since revised and reprinted many times) and other works. The Beards' thesis has long since been found wanting in the counting houses of academe—the interests were never so neatly divided as the Beards thought, historians say—but on the centrality of contests over money and credit much agreement remains.

Arthur Schlesinger, Jr.'s **The Age of Jackson** (1945, reissued 1988), for example, casts the epic battle over the Second Bank of the United States (1816–36) as a defining episode in American politics. The Philadelphia-based bank was chartered in 1816, empowered to create a more uniform national currency by indirectly regulating the many banks throughout the country that issued their own bank notes. Arrayed against it, Schlesinger notes, were a variety of interests: "hard money" Jeffersonians

such as President Andrew Jackson, who opposed paper money in principle, and other democrats, mainly in the West, who only wished that there were more paper money to go around. Jackson spoke for many when he declared, "The Bank of the United States is in itself a Government . . . . The question between it and the people has become one of power." Jackson finally destroyed the bank, but Schlesinger believes that the victory hobbled American liberalism with an anti-statist legacy for the rest of the century.

Out of the bank crisis emerged what economist John Kenneth Galbraith calls the "great compromise." In the settled states, he explains in **Money: Whence it Came, Where it Went** (Houghton Mifflin, 1975), there was "hard money": gold, silver, or bank notes issued by state-regulated banks "with a firm disposition to redeem them" for specie. On the frontier, banks and bank notes alike were more plentiful and correspondingly less reliable. The mainstay scholarly histories of these matters include **A Monetary History of the United States, 1867–1960** (1963), by Milton Friedman and Anna Schwartz; **Financial History of the United States** (1952), by Paul Studenski and Herman E. Krooss; and **Banks and Politics in America** (1957), by Bray Hammond.

The debate over paper money and related issues, observes Irwin Unger in **The Greenback Era: A Social and Political History of American Finance, 1865–1879** (1964), "set the terms of American political conflict" from the Civil War to the turn of the century. **Money and American Society, 1865–1880** (Free Press, 1968) by Walter T. K. Nugent is another major study of the era. During and after the Civil War, the federal government did several things that set the stage for conflict. It restricted the ability to issue bank notes to some 1,600 banks, mostly in the East, with new national charters. It also attempted to withdraw from circulation the "greenbacks," not backed by specie, it had issued to pay for the war effort. These and other measures shrank the money supply and caused farm prices to drop. They also helped the Greenback Party to elect 14 of its candidates to

Congress in 1878.

An even more formidable political movement, populism, gained impetus from the 1873 abandonment of silver as a monetary standard. Washington's great effort to appease the populists, ironically, would ultimately cause a run on the Treasury's gold reserves and force Congress to turn for help to J. P. Morgan, the personification of everything the populists detested. When Morgan was again pressed into service as a private central banker during the Panic of 1907, the country had finally had enough. In 1913 Congress established the Federal Reserve System to control the currency, regulate banks, and act as lender of last resort.

Nearly 80 years after his death Morgan continues to be an object of fascination. He has had more biographers than most U.S. presidents. Two of the livelier older portraits are Lewis Corey's **The House of Morgan** (1930), which is all angry debits, and Frederick Lewis Allen's **The Great Pierpont Morgan** (1949), all graceful credits. Vincent Carosso's recent **The Morgans: Private International Bankers, 1854-1913** (Harvard Univ. Press, 1987) is a scholarly yet very readable account of the Morgans and their enterprise; Ron Chernow's **The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance** (Atlantic Monthly, 1990) follows the fortunes of the original Morgan firm's progeny to the present.

President Franklin D. Roosevelt surely had the Morgans in mind when he declared in his first inaugural that "the money changers have fled from their high seat in the temple of our civilization." FDR vastly expanded public control over credit through the provision of farm loans, federal deposit insurance, and the like. The long history of the "democratization" of credit is reviewed with gallows cheer by James Grant in **Money of the Mind: Borrowing and Lending in America from the Civil War to Michael Milken** (Farrar, 1992).

The Beards would have been hard put to fit the 1980s into their scheme. The decade produced a cascade of chronicles and interpretations (reviewed by Michael M. Thomas in *WQ*,

Winter 1992). It found a Republican administration presiding over an expansion of public and private credit so explosive as to kill a 19th-century populist with joy. True enough, financial wheeler-dealers were bathing in Dom Perignon in gold-plated bathtubs, but it was possible even for the average American's pet dog to obtain generous credit. And although some Democrats helped open the taps, most have wagged their fingers at all the mischief as sternly as . . . as J. P. Morgan might have.

The strongest endorsement of reviving Morgan-like methods today is Lester Thurow's **Head to Head: The Coming Economic Battle Among Japan, Europe, and America** (Morrow, 1992). But there is a considerable spectrum of opinion about the future of American finance. In **The Work of Nations** (Knopf, 1991), Harvard's Robert Reich advocates a federal investment bank to channel capital into selected industries. Glenn Yago, an economist at the State University of New York at Stony Brook, argues for a laissez-faire approach in **Junk Bonds: How High Yield Securities Restructured Corporate America** (Oxford Univ. Press, 1991), a scholarly vindication of Milken's great innovation.

Among those staking a claim to the middle ground are Michael E. Porter of Harvard Business School, whose forthcoming book (due next year from Harvard Bus. Sch. Press) is previewed in his *Harvard Business Review* (Sept.-Oct. 1992) essay, "Capital Disadvantage: America's Failing Capital Investment System." Like Thurow, Porter argues that corporate America needs long-term investors to function properly: "The most basic weakness in the American system is transient ownership." But while Thurow looks to a new breed of financier to remedy this deficiency, Porter argues that corporate executives themselves must recruit long-term "owners" from the ranks of investors.

What all of these writers seem to agree on, however, is that the post-Morgan era of "managerial capitalism" is over. The effort to make business executives more accountable to owners will powerfully shape the future of American finance.

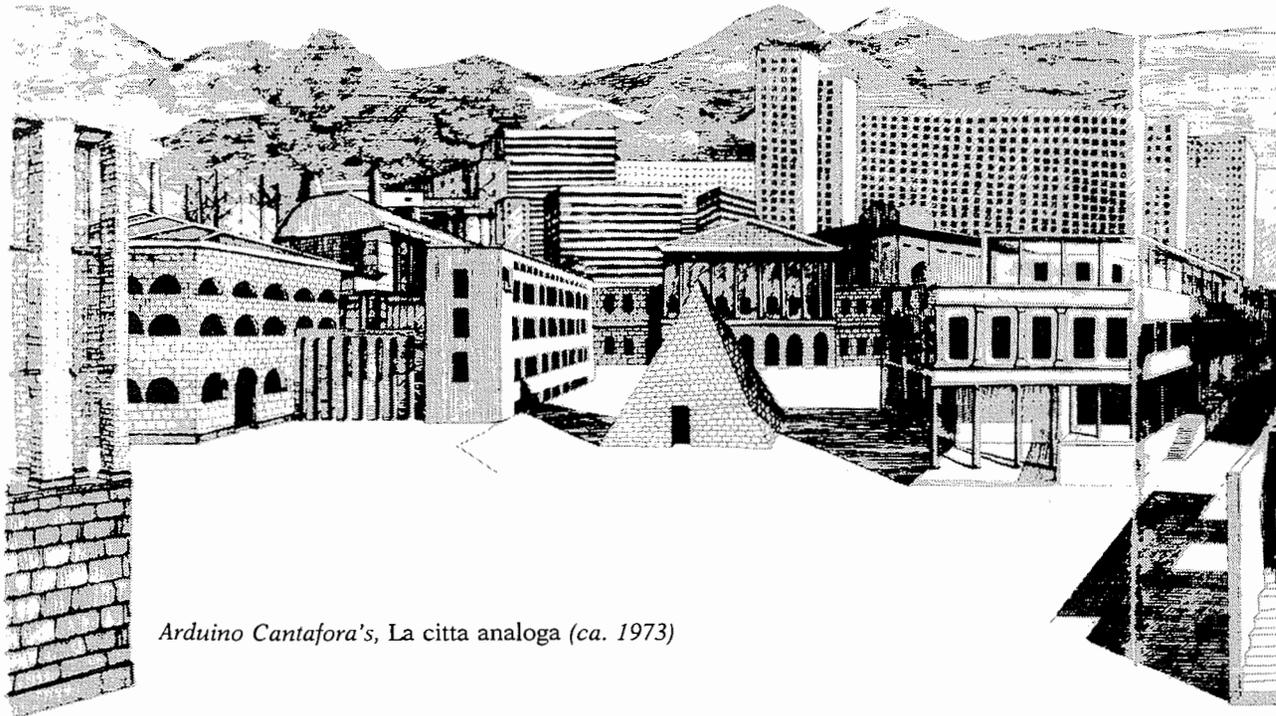
# The Art of Building, Or the Building Of Art?

by Witold Rybczynski

On the corner of La Huerta Road was a miniature Rhine castle with tarpaper turrets pierced for archers. Next to it was a highly colored shack with domes and minarets out of the Arabian Nights. Again he was charitable. Both houses were comic, but he didn't laugh. Their desire to startle was so eager and guileless.

It is hard to laugh at the need for beauty and romance, no matter how tasteless, even horrible, the results of that are. But it is easy to sigh. Few things are sadder than the truly monstrous.

—Nathanael West, *The Day of The Locust*



Arduino Cantafora's, *La citta analoga* (ca. 1973)

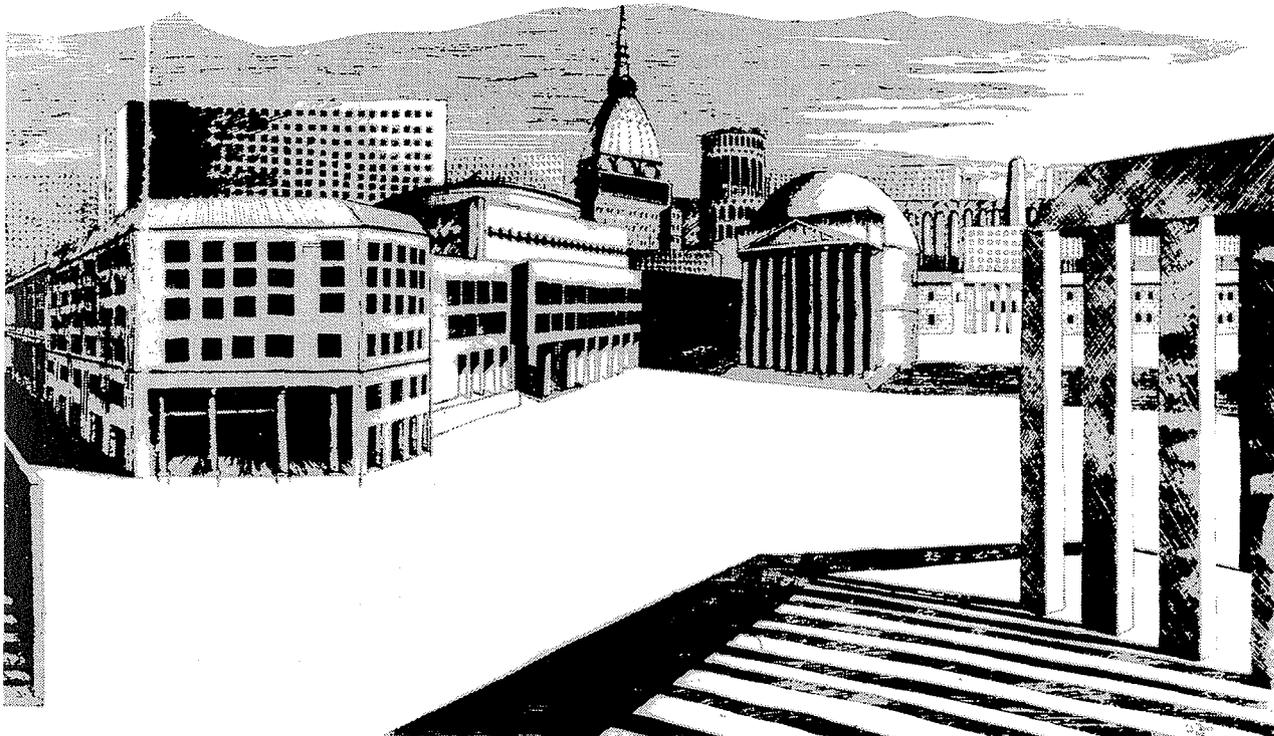
*La città analoga*, 26/30

**T**he title of this essay poses a question that would have been unthinkable 90 years ago—or even, for different reasons, 30 years ago. At both of those moments in our century, architects and their patrons agreed about what constituted good architecture. This is no longer the case.

Perhaps I feel this lack of agreement more acutely because I teach in a school of architecture, and at McGill University, as at all schools in North America, there is no longer an accepted canon of architectural principles. Instead, a multitude of contradictory intellectual positions jostle for primacy. This disarray is evidenced, first of all, in the content of the courses. Until 1941, architectural teaching at McGill was influenced by ideas from Britain, chiefly Scotland. The school was founded in 1896 by Stewart Capper, who, although an Englishman, was educated and trained in Edinburgh, where he lived and worked before immigrating to Montreal. The next two directors, Percy Nobbs and Ramsay Traquair, were both Scots and brought with them an

approach based largely on the Scottish Arts and Crafts movement. They also inculcated the school with a curiously Scottish mixture of romanticism and pragmatism. Architecture was taught as a discipline founded on historical examples, responding to local conditions (such as a rigorous climate, which Montreal shares with Edinburgh), and requiring the learning of particular skills, especially sketching, drawing, and modeling.

After 1941, under the leadership of John Bland, a Canadian, the course was modified to stress functional requirements, modern construction techniques, and a modernist aesthetic. The new curriculum loosely followed the lines of Ludwig Mies van der Rohe's 1937 program at the Illinois Institute of Technology. Regarding his teaching goals, Mies wrote: "It is the business of education to implant insight and responsibility. It must turn irresponsible opinion into responsible judgment and lead from chance and arbitrariness to the rational lucidity of an intellectual order." The emphasis at Mies's school was on understanding construction and building materi-



1973 c. Williams-Landis

als, studying functions, and learning how to integrate these to produce complete architectural forms. Courses were organized sequentially to bring the student slowly to the realization, first, of what was possible, second, of what was necessary, and finally, of what was significant.

Both the Arts and Crafts and Miesian approaches represented an integrated, comprehensive method of teaching architecture whose basic assumptions were shared by the staff. The widely varying content of courses in architecture schools today is a function of how different professors interpret the subject. In rapid, bewildering succession, a student is taught that buildings should represent their function; that buildings are really personal essays in which function plays a secondary role; that the responsibility of the architect is to respond to the needs of the client; that the duty of the architect is to challenge societal values; and that commercial concerns or user preferences must be ignored if the purity of the architectural ideal is to be maintained. One teacher sets a problem in which students are required to explore a specific historical style; another denounces any historical references as mere pastiche. It is difficult to teach students about housing, as I have tried to do, when they have been told in another class that housing is not the proper concern of an architect—indeed, that housing is not really architecture at all.

This confusion is reflected in the work that students do for their final projects. The final project represents a long tradition in architectural education. At the end of the program, the student is asked to design a building of his or her own choosing. It is an opportunity for students to demonstrate the skills they have acquired in the previous three-and-a-half years. It can also be considered the architectural equivalent of the free program in figure skating: After many imposed exercises, students are let loose to strut their stuff.

Students' choices tend to mirror the concerns of the moment. During the early

1960s, when social issues were paramount, the final project was usually an ambitious housing development. In the late 1960s, there were a lot of idealistic projects for low-income housing, community centers, and small-scale neighborhood infill. Revolutionary rhetoric replaced traditional architectural discourse, and discussion concerned sociology rather than construction. The 1970s, in reaction to this radicalism, saw a revival of interest in architectural history and in the design of traditional types of buildings, such as city halls, libraries, and museums. Beautifully rendered drawings, up to Beaux-Arts standards, made a comeback.

The hallmark of the 1980s was an intense individualism. What is striking is the way in which this impulse asserted itself architecturally. Buildings with strict functional requirements, such as houses and apartment buildings, office buildings, factories, schools, and hospitals, were rarely undertaken as final projects. Even at McGill's conservative School of Architecture, students were encouraged to explore problems that incorporated a large emotive component. This resulted in a rash of exhibition pavilions, opera houses, and churches, and such esoteric buildings as monasteries, cemeteries, and monuments. Some ventured even farther afield: a hospice, a meditation center, a museum of ecology, and a floating theater. Not only were projects imaginative, but they were often imaginary: "A Church for a New Religion" or "An Airship Terminal." I think that students were attracted to such unusual buildings because their functional requirements were marginal—sometimes nonexistent. This allowed the tyro to deal with what was increasingly seen as purely architectural concerns.

And what were these concerns? Above all, self-expression, the individuality of the designer. The users of the building and the client were scarcely mentioned. Such personal expression in a building manifested

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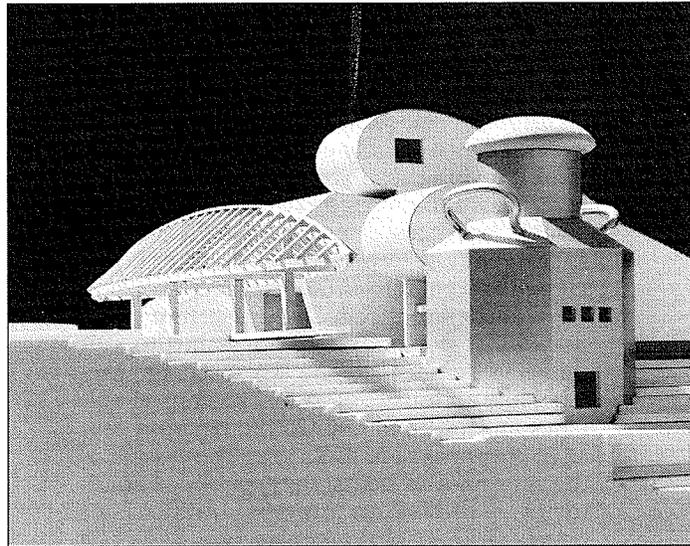
*Witold Rybczynski teaches architecture at McGill University. He is the author of, among other books, Home: A Short History of an Idea (1987) and Waiting for the Weekend (1991). This essay grew out of the Teetzel Lecture, delivered at University College, Toronto, in 1991, and it will appear in the author's forthcoming collection, Looking Around, to be published by Viking. Copyright © 1992 by Witold Rybczynski.*

itself chiefly in the creation of unusual forms. One student produced an odd-looking office building that turned out to be based on television components—tubes, circuitry, speakers—that had been copied from a manufacturer's repair manual. The bits and pieces were greatly enlarged and assigned building functions. The student's rationale for this appropriation was that the project would house the Canadian Broadcasting Corporation. Another memorable project involved a center for political retreats—a sort of grandiose Meech Lake—whose form was derived from an interpretation of Pliny the Younger's description of his seaside villa at Laurentum.

ment is a temporary outbreak of youthful exuberance and delayed adolescent rebellion, students sowing architectural wild oats before getting down to the serious business of a professional career. In any case, one would like to think, the general public need not be concerned about the confused state of architectural education. That is the concern of teachers. But what if the academy mirrors the state of architecture in the outside world?

To answer this question, let me describe my own outside world, the campus of McGill University, with its rich heritage of late-19th-century architecture. The first building—the original McGill College, now

*Postmodern playfulness characterizes Frank O. Gehry's design, Camp Good Times. But do wit and whimsy make for satisfying architecture?*



The 1990s promise a continuation of this self-indulgence. There is no longer any consensus among students or teachers on what the societal role of architecture is—or indeed that it has one. There is no general agreement on whether the responsibility of the architect is to the community, to the users of the building, to the client, or merely to himself. There are no more universally accepted rules for the making of buildings, which is why I would say that, at least in the traditional sense, there is no more teaching.

Am I perhaps exaggerating? Is this a simple case of a middle-aged professor's burnout? Or maybe this architectural fer-

the Arts Building—with its Doric porch and central position on the main axis of the campus, is still the most recognizable McGill landmark; its cupola appears on the credit card I carry in my wallet. Built in 1865, it was for many years the only building on campus.

Radiating from this center, and embracing the campus green like two extended arms, is a magnificent series of limestone buildings, most of which were built between 1890 and 1910. On the east side the styles are a mixture of Scottish Arts and Crafts and neo-Romanesque, the latter derived from the great American architect of that moment, H. H. Richardson, and his

disciple Bruce Price, then active in Montreal building Windsor Station and McGill's Royal Victoria College. Like Price's work, the McGill buildings are picturesque compositions with arched windows, circular towers, and steep roofs topped with gables, dormers, and clusters of chimneys. They include Andrew Taylor's Chemistry Building (which now houses the School of Architecture) and his Physics Building, as well as Percy Nobbs's Engineering Building. On the west side there is a greater variety of styles. The Redpath Museum is a classical shed with a pedimented front designed by Hitchinson and Steele. Then there is J. J. Browne's neo-Gothic Presbyterian College, followed by the medieval-looking Redpath Library—Taylor again—which contains the splendid hammer-beamed hall that now serves as the chief assembly space of the university.

Unlike Princeton, whose campus buildings display a largely consistent neo-Gothic style, McGill chose variety in the architecture of its buildings. Nevertheless, in hindsight it becomes clear that the diversity of styles did not represent a divergence of views on what constituted correct architecture. These architects chose different styles not out of personal willfulness but to suit different programs. The Presbyterian College, like all four Protestant theological colleges at McGill, is neo-Gothic because that style is appropriate to its use. The facade of the museum, as befits a repository of antiquities, exhibits an unusual mixture of Greek, Roman, and Egyptian motifs. Nobbs gave the Engineering Building a robust, masculine appearance, fitting its practical mission. His Student Union is a more elegant and urbane building, patterned on a London men's club, at that time an appropriate model for a student center.

Since the construction of those buildings, much has been added to McGill. There are flat-faced stone-and-glass boxes from the 1950s and busy precast-concrete compositions from the '70s. Most universities have at least one circular building; the one at McGill houses the medical sciences. Students reside in three Corbusier-like slabs abutting Mount Royal. A recently completed bookstore incorporates trendy pinnacles and round windows.

None of these newer buildings mea-

sures up to the more substantial products of the initial burst of building activity. The limestone blocks of the older buildings appear as solid as the mountain in the background; by contrast, the more recent additions seem flimsy, tentative, almost temporary. The older buildings also welcome the people who use them. The Victorian and Edwardian architects incorporated outdoor steps, which not only provide a special sense of entrance but also serve in summer as convenient lounging places. By contrast, the new buildings are entered without ceremony, through prosaic lobbies with suspended ceilings of acoustic tile. Taylor and Nobbs adorned their buildings with evocative figures and mottoes; the new architecture adheres to the abstract geometry of international modernism.\*

The change that took place on the McGill campus is by no means unique. In *India: A Million Mutinies Now* (1990), V. S. Naipaul describes a similar decline in the quality of an entire nation's architecture:

Indians have been building in free India for 40 years, and what has been put up in that time makes it easier to look at what went before. In free India Indians have built like people without a tradition; they have for the most part done mechanical, surface imitations of the international style. What is not easy to understand is that, unlike the British, Indians have not really built for the Indian climate. They have been too obsessed with imitating the modern; and much of what has been done in this way—the dull, four-square towers of Bombay, packed far too close together; the concrete nonentity of Lucknow and Madras and the residential colonies of New Delhi—can only make hard tropical lives harder and hotter.

Far from extending people's ideas of beauty and grandeur and human possibility—uplifting ideas which very poor people may need more than rich people—much of the architecture of free India has

\*A curious footnote: My own department recently moved from a building constructed in 1958 to one completed in 1896. There had been minimal renovation of the mechanical and electrical systems, but the original building was little changed. Both staff and students agree that our new home is vastly superior to our old one—in spite of the fact that the bland 1958 building was designed expressly as a school of architecture and our present quarters were planned for the Department of Chemistry.

become part of the ugliness and crowd and increasing physical oppression of India. Bad architecture in a poor tropical city is more than an aesthetic matter. It spoils people's day-to-day lives; it wears down their nerves; it generates rages that can flow into many different channels.

This Indian architecture, more disdainful of the people it serves than British Indian architecture ever was, now makes the most matter-of-fact Public Works Department bungalow of the British time seem like a complete architectural thought. And if one goes on from there, and considers the range of British building in India, the time span, the varied styles of those two centuries, the developing functions (railway stations, the Victoria Memorial in Calcutta, the Gateway of India in Bombay, the legislative buildings of Lucknow and New Delhi), it becomes obvious that British Indian architecture—which can so easily be taken for granted—is the finest secular architecture in the sub-continent.

There is a curious parallel between Naipaul's observation that the buildings by British architects in India were superior to those the Indians would build themselves and the contrast between the first buildings at McGill and what followed. Despite their short acquaintance with Canada, the Scots Andrew Taylor and Percy Nobbs produced better work than their native-born descendants. By better I mean not only more appealing, more comfortable, and more humane buildings but structures that paradoxically are more at home—more characteristically Canadian.

I am not arguing here that the British Victorians in Canada or India had an innate architectural talent that their colonial subjects lacked. Rather, their approach was responsive to their new environment and produced successful architecture.

The architectural successes and failures at McGill could stand as a microcosm

of similar failures in our cities and towns. I have always thought that the present strength of the heritage movement across the continent results at least partly from the public's disaffection with contemporary architecture. The unspoken argument of many conservationists is that all new building should be resisted on the grounds that the new inevitably will be a poor substitute for the old.

I believe that this skepticism is related to another issue. One of the greatest architectural shortcomings of our cities today is the apparent inability of contemporary architects to produce large numbers of unassuming but satisfying buildings to form the backdrop for the occasional important monument. We need good background buildings, but who wants to design them? (Judged by their high-flying final projects, not the current generation of students.) Everybody wants to be a star. Is this a product of the individualism of the 1980s? A result of the celebrity that some architects now enjoy? Or is it the result of the way in which architects—and their clients—think about buildings?

The leading American journal, *Progressive Architecture*, publishes an annual issue featuring outstanding houses. It is interest-



*In New Delhi, architectural legacies of the British Raj once created a pleasing urban ambience, but it has been destroyed by the looming presence of characterless post-independence structures.*

ing to see how the houses are presented. In many cases the rooms are empty, photographed before the owners have moved in and spoiled the architect's design. In other illustrations, the furniture is so studiously arranged that the effect is even more bizarre. The absence of the slightest sign of the owners' personalities makes these interiors appear uninhabited. In a house designed by Richard Meier for a couple with an extensive collection of art and craft objects, the caption notes that because the architect did not approve every artifact in the collection, some pieces were temporarily removed when the photographs were taken. Le Corbusier's famous statement that "life always has the last word" appears quaint and old-fashioned in this context.

In the same issue of the magazine is an interview with the noted Italian architect and industrial designer Ettore Sottsass, best known as one of the founders of the Memphis group. Sottsass describes a resort village he is designing in Colorado. The houses were to be bought, he says, "not as speculation houses, but the way you buy a painting, or a sculpture."

Leaving aside the issue of whether or not paintings and sculptures are bought precisely for speculation, Sottsass's characterization is a reminder that architecture is now commonly considered one of the plastic arts. According to this view, buildings are aesthetic objects whose purpose is not only to house human activities but also—and perhaps chiefly—to celebrate the individual expression of the designer. Hence the emphasis on originality.

**T**o explain how this concept infiltrated architectural thought, it is necessary to underline the influence of art history on architecture. Art history was traditionally the study of all important art. In the case of architecture, it was easy enough to identify the important buildings: They were those built by the important institutions, the church and the nobility. Hence the history of architecture was the history of religious buildings and palaces.

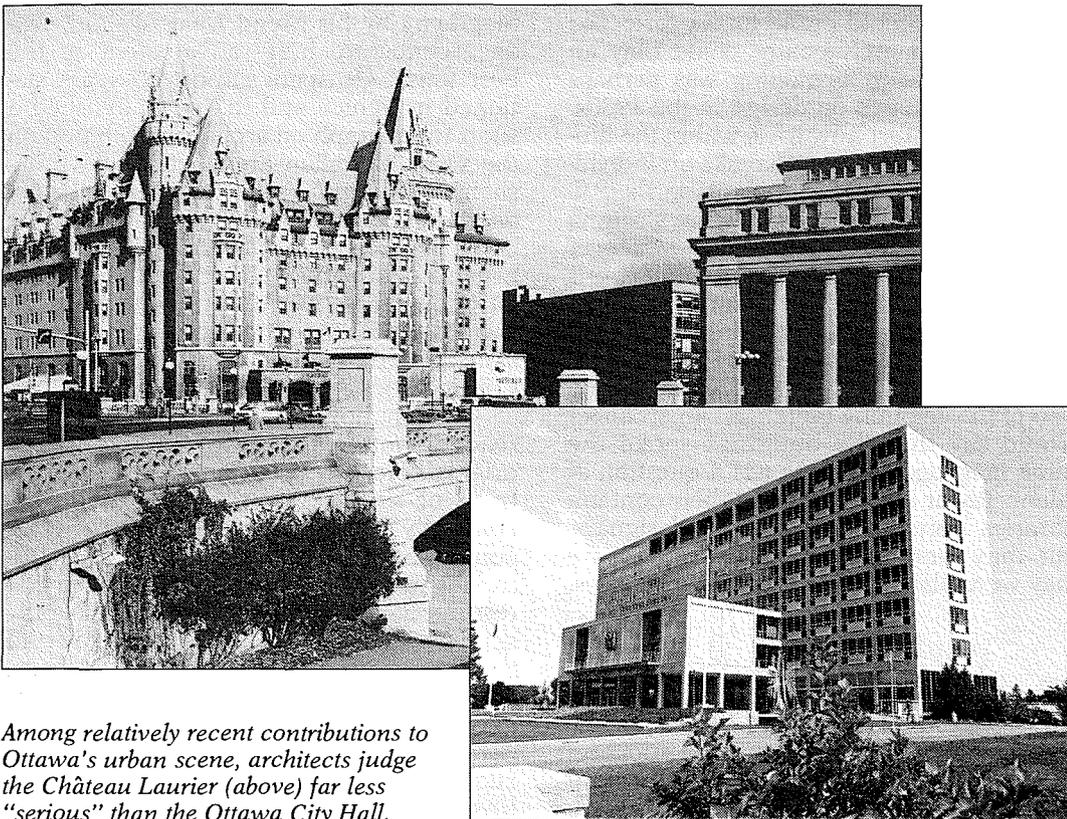
The number of such buildings was relatively small, as was the number of architects. In the late 18th century, growing prosperity made architecture accessible to many more clients, and the range of build-

ings that architects designed expanded with the size of the profession. Beyond churches and grand houses, architects were being commissioned for public buildings such as hospitals, prisons, libraries, and museums. They were also designing factories and even farm buildings. That is to say, the work of architects now included buildings whose monumental and symbolic role was often secondary, or even nonexistent.

This was all very well for the profession, but it complicated the work of the art historians. Not only was the sheer quantity of buildings increased, but aesthetic and theoretical concerns were often superseded by engineering and commercial considerations. It was no longer clear which buildings were important, and the art historian's role changed accordingly: He was required to be not only an observer and a chronicler of the past but also a critic.

As in the plastic arts, the identity of the artist who created the work determined the canon. The study of architecture could now be described not as the study of all important buildings but as the study of the work of a relatively small number of important architects. Who were the important architects? Naturally, those whose work accorded with the art historian's values. Hence the modernist historians' disdain for the work of eclectic architects like John Russell Pope, who designed the National Gallery of Art in Washington, D.C.; Thomas Hastings, the architect of the New York Public Library; and Charles McKim, who built Pennsylvania Station in New York. I mention these particular buildings because all three house, or housed, important institutions and are major urban landmarks, successful in their function, much beloved by the people who frequent them. But none was considered a work of art in the modernist sense, and consequently all were ignored by modern art historians.

Here begins the disparity between the buildings that made the greatest impression on the public and those that were recognized as "serious" architecture by historians and critics. The Ottawa City Hall, for example, was acclaimed because it adhered to the modernist dictum; the nearby Château Laurier, a much better example of sensitive and clever urban design, was dismissed as unimportant because it was in a



Among relatively recent contributions to Ottawa's urban scene, architects judge the Château Laurier (above) far less "serious" than the Ottawa City Hall.

historical style.

The 19th-century art historian described the past as a succession of styles (Romanesque, Gothic, Renaissance), and modern architectural criticism has adapted that approach. Hence we have modernism followed by late modernism, postmodernism, deconstructivism, and so on. Since the identification of styles is based chiefly on the visual attributes of buildings, it follows that buildings are studied as isolated objects. Not surprisingly, the three buildings identified as masterpieces of modernist architecture—Le Corbusier's Villa Savoye, Wright's Fallingwater, and Mies van der Rohe's Farnsworth House—are all isolated houses in country settings. Each can be appreciated without reference to anything except the surrounding landscape.

Because they played an important role in the evolution of architecture, art historians have had a significant influence on contemporary architectural theory. Nikolaus Pevsner, Henry-Russell Hitchcock, and

Siegfried Giedion were the advance men of the modern movement. They became propagandists, establishing the intellectual pedigree of the new ideas in architecture. Books such as Pevsner's *Pioneers of Modern Design* (1936) and Giedion's *Space, Time and Architecture* (1941) became de facto who's whos of the new architecture. The exhibition on the International Style organized by Hitchcock and Philip Johnson at the Museum of Modern Art in 1932 played a similar accrediting role.

Just as in contemporary painting and sculpture, critics were interested in the avant-garde. Hence the focus on originality, on the shocking and the new, the risqué and the unusual. Books and exhibitions also stressed the visual aspects of architecture at the expense of issues such as function, clients' needs, and the relationship of buildings to their surroundings.

More recently, architecture has been taken with its own glamour. In an increasingly visual culture, it is not surprising that

architecture should come to the fore. The discovery that architecture could play an important role in marketing was perhaps the chief influence on design in the 1980s.

Each architect now tries, within the limits of budget and talent, to make an individual statement. Like the students in their final projects, professionals, too, are strutting their stuff, and the urban result—whatever the merits of the individual buildings—is chaotic and muddled. By contrast, the Victorian and Edwardian buildings at McGill exhibit a sense of compatibility. Their architects were respectful of the occupants, and also of the adjoining buildings. An architect would say that the buildings spoke the same language. This was not a question of talent. Taylor and Nobbs and their contemporaries certainly were gifted designers, but they were better architects because they were playing the game by better rules.

In 1989 I was invited to talk about my book, *The Most Beautiful House in the World*, on a public television program hosted by Lewis Lapham, the editor of *Harper's* magazine. At one point Lapham turned and asked me a blunt question: "Is architecture an art?" Most of my mumbled and inadequate answer mercifully was edited from the final program. Later, reflecting on what I had said—or, rather, not said—I tried to understand why the straightforward question should have rattled me.

Webster defines *art* as creative work—which architecture certainly is—and distinguishes the "fine arts" from the merely useful on the basis of their aesthetic purpose; moreover, the dictionary specifically mentions architecture as an example of a fine art. Herbert Spencer listed architecture with sculpture, painting, music, and poetry as a mark of civilized life. And Goethe called architecture frozen music. Hence the simple answer to Lapham's question is: "Of course architecture is an art."

One of the oldest definitions of architecture was introduced to the English language by Sir Henry Wotton, a 17th-century English diplomat. Wotton, who is remembered as an angler and as the subject of a

biography by his friend Izaak Walton, was an architecture buff—an amateur in the best sense. He spent almost 20 years stationed in Venice and in 1624 published a short monograph on architecture, based on the work of Italian architects and writers such as Giorgio Vasari, Andrea Palladio, and Leon Battista Alberti. Wotton called his book *The Elements of Architecture*, and he began it as follows: "In Architecture as in all other Operative Arts, the end must direct the Operation. The end is to build well. Well building has three conditions. Commoditie, Firmeness and Delight."

Though novel to an English-speaking reader, Wotton's description was hardly original. He was paraphrasing the famous triad of *utilitas*, *firmitas*, and *venustas* coined by the Roman architect Vitruvius. A contemporary of the emperor Augustus, Vitruvius wrote a treatise on architecture that resurfaced in the 15th century—the only survivor of its kind. *Utilitas*, *firmitas*, and *venustas* showed up in the books of Alberti, written in the middle of the 15th century, and of Palladio, who published his influential work in 1570; Wotton wrote 54 years later. By the time my professor, Peter Collins, taught me about *utilitas-firmitas-venustas*, the concept was almost 2,000 years old.

I think two aspects of Vitruvius's definition of architecture explain its durability. The Vitruvian triad describes the complex nature of architecture. *Venustas*—delight or beauty—deals with aesthetics and situates architecture with the fine arts. *Utilitas* and *firmitas*—commodity and firmness—concern practical issues and suggest that building might be, despite its dictionary definition, described as one of the useful arts.

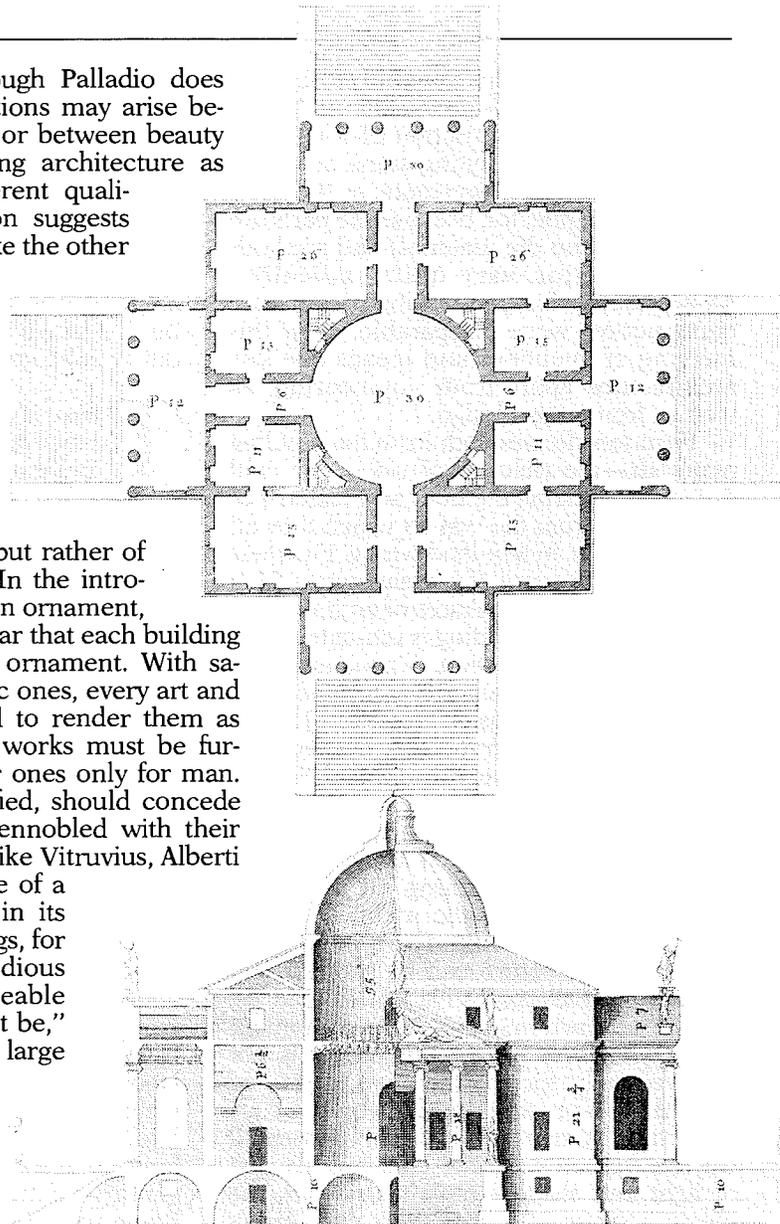
The second implication of the triad is often overlooked. Palladio is adamant that the three attributes are inseparable. He does not say that beauty will follow automatically from functional design or economic structure, as many modernists claimed. Nor does he say that one can forgive beautiful buildings a lack of utility—or beautiful chairs a lack of comfort, as Philip Johnson once suggested. Palladio is unequivocal: Perfection can be achieved only when a building combines all three elements of the Vitruvian triad.

One can surmise, although Palladio does not say this, that contradictions may arise between function and beauty, or between beauty and structure. By describing architecture as combining three very different qualities, the Vitruvian definition suggests that the art of building, unlike the other fine arts, is always an art of compromise. The questions of judgment and balance become central.

Both Alberti and Palladio recognized that a building's function directly affects its design. This was not a question of form following function but rather of form recognizing purpose. In the introduction to his eighth book, on ornament, Alberti noted: "It is quite clear that each building does not require the same ornament. With sacred works, especially public ones, every art and industry must be employed to render them as ornate as possible: Sacred works must be furnished for the gods, secular ones only for man. The latter, being less dignified, should concede to the former, yet still be ennobled with their own details of ornament." Like Vitruvius, Alberti maintained that the purpose of a building should be visible in its design. Large public buildings, for example, required commodious interiors. "What a disagreeable and unseemly thing would it be," wrote Palladio, "if in a very large building there should be small halls and rooms; and, on the contrary, in a little one, there should be two or three rooms that took up the whole."

Decorum was essential to these Renaissance architects. A palace should look—and feel—like a palace; a church, like a church. A villa should not resemble a town hall. The former signified privacy and domesticity, the latter, civic pride and monumentality.

The difficulty for an architect today who wishes to design grand civic buildings is that monumentality has lost its ability to impress; imposing facades are just as likely to appear on boutiques and weekend cottages as on courthouses. Blame for this goes to the client as well as to the architect. If you pay extra for a pair of Calvin Klein jeans, you want people to notice. If you pay extra—and you do—for a Richard Meier or an Arata Isozaki, you want a building that will stand out.



*Andrea Palladio's Villa Rotonda.*

Firmness, Vitruvius's second attribute of architecture, calls for great skill. As Alberti observed: "The construction of a building does not just entail setting stone on stone, and aggregate upon aggregate, as the ignorant may imagine; for, because the parts are different, so too the materials and methods of construction vary quite radically." Alberti took it for granted that design and construction were inseparable. It is this merging of intentions and means that sets architecture apart from engineering, as well as from stage design.

Firmness derives both from the building materials—the richness of wood, the cold precision of metal, the hues and textures of stone—and from the way in which they all come together in a unified whole. Firmness also conveys a sense of permanence, which is one of the chief pleasures of architecture.

The form of a building is intimately concerned with construction. A good architect is above all a builder; a bad architect designs first and then asks, "How am I going to build this?" When the link between design and construction is broken, as it is in so many modern buildings, architecture is the loser, and architects are cast adrift, searching for inspiration in history, philosophy, sculpture, and painting.

The concern that the architect shares with the artist is beauty. There is no question that architecture can be sublime. My first sight of Palladio's Villa Rotonda, in the haze of an early morning, was a moment that I will never forget. But beauty is not reserved only for masterpieces. It is—or should be—present in all works of architecture. It manifests itself in many small ways: a framed view, the changing pattern of light and shadow on a stone wall, the pleasing shape of a roof silhouette. Architectural beauty—perhaps delight is a better word—often has an everyday quality that is undramatic but precious.

Decorum demands that the architect be master of many aesthetics: the tragedy of Maya Lin's Vietnam Veterans Memorial in Washington, D.C.; the heroism of Lutyens's Viceroy's House in New Delhi; the chaste beauty of Labrousse's Bibliothèque Sainte-

Geneviève in Paris; or the modest charm of a country house. A mastery of scale is also essential. A wonderful explanation of the relationship between beauty and scale is attributed to the Italian architect Carlo Scarpa: "If you are making a corridor that is 20 feet wide, you can make it out of concrete; if it is 10 feet wide, you should use stone; if it is six feet wide, use fine wood; but if it is two feet wide, you should make it out of solid gold."

There is a final way in which the art of building differs from the fine arts. Buildings are attached to particular places. They must respond to topography and climate, and also to their position in architectural settings. Photographs in architecture magazines and books may block out these settings, but it is only a temporary ruse. For the architect-builder, the context is always a challenge, and sometimes an inspiration. For the artist-builder context is a constraint, an inconvenience, or, at best, a mere backdrop. The reader can judge which approach is likely to produce a more satisfying environment.

Suggesting a return to the Vitruvian ideal could be described as reactionary. The historian John Lukacs, in his wonderful memoir *Confessions of an Original Sinner*, has provided a marvelous definition of the reactionary: "A reactionary considers character but distrusts publicity... he favors conservation rather than conservatism; he favors the ancient blessings of the land and is dubious about the results of technology; he believes in history, not in Evolution... A reactionary will recognize how, contrary to Victor Hugo's hoary 19th-century cliché, *An Idea Whose Time Has Come* may not be any good."

The idea that architecture consists of the building of art has produced a multitude of idiosyncratic and startlingly original work; it has made architecture glamorous. But the lifting of traditional constraints has also resulted in an ephemeral freedom that has not produced better architects, better buildings, or better cities. We desperately need all three.

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# Latin America's Magical Liberalism

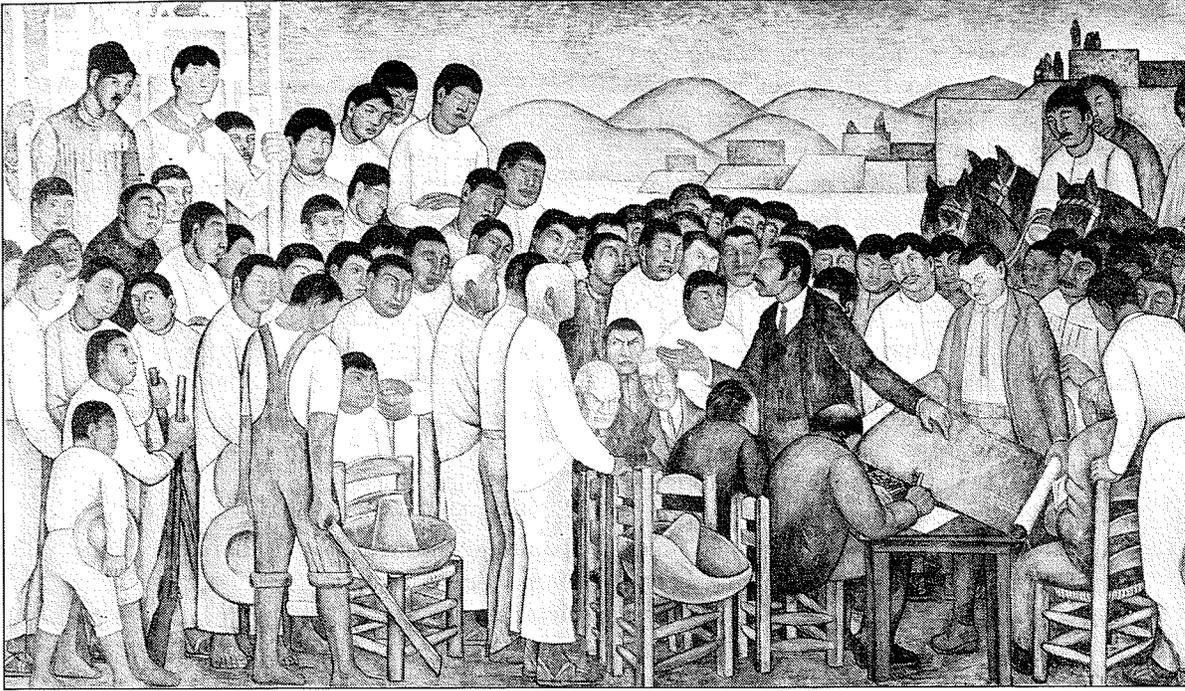
Despite being born under the banner of liberalism, the nations of Latin America, from Mexico to Argentina, have been plagued by authoritarian rulers, corruption, and economies dominated by privilege. If this is liberalism, it would have been unrecognizable to John Locke, Adam Smith, or James Madison. Today, as a resurgent faith in constitutional democracy and free markets sweeps the world, many Latin American leaders and intellectuals are trying to make their nations liberal in fact as well as in name. Tina Rosenberg argues that success is anything but assured.

*by Tina Rosenberg*

**I**n March 1990, at Lima's luxurious and well-guarded El Pueblo resort, novelist Mario Vargas Llosa played host to a conference of conservative intellectuals and politicians from Peru and around the world. The meeting, dubbed the "World Encounter for Liberty," was part of Vargas Llosa's campaign for Peru's presidency, which he undertook with the quixotic mission of bringing European-style liberalism to his unfortunate country.

Vargas Llosa could persuade few of his friends abroad to travel to Peru. Octavio Paz sent a videotaped speech; Lech Walesa sent only regrets. The most celebrated participant was the French writer Jean-François Revel. About 500 Peruvian businessmen, Vargas Llosa's supporters, spent the weekend listening to panelists celebrate the fall of Leninism. It was a Woodstock for the Right—until the Chileans began to speak.

An admirer of the economic reforms General Augusto Pinochet had brought about in neighboring Chile during the late 1980s, Vargas Llosa had invited a delegation of Chilean businessmen, including José Piñera, who had held ministerial posts for mining and labor under Pinochet and had reformed Chile's social-security system. Eager to duplicate Chile's economic boom, the Peruvians received Piñera warmly when he came forward to speak. The first part of his talk—proud words about the triumph of capitalism in his native country—was greeted with frequent applause. But the clapping stopped when he began to talk about how it could happen in Peru. "Be good citizens," he told the Peruvians. "Pay your taxes. Accept the reality that tariffs must drop. Wake up to the fact that the state must no longer protect you." The Peruvians sat in stony silence as Piñera finished and returned to his seat.



Dividing the Land (1924) by Diego Rivera.

Piñera's reception tells much about why Vargas Llosa's ideas ended up lost in the labyrinths that mark his novels, and why his campaign ended in failure and betrayal. It shows both how far Latin America has come toward realizing the liberal ideal and how far it has yet to go.

Certainly, there have been hopeful signs. Starting in the mid-1980s, Latin American and Caribbean governments, one after another, began to abandon protectionism and other statist economic policies that had been widespread—and ruinous—for decades. Programs that cut state spending, decontrolled prices, privatized state holdings, and redirected economic production away from import substitution and toward competitive exports are now the rule more than the exception throughout Latin America. Even politicians who campaigned against economic liberalization have ended up sponsoring it. During Peru's 1990 presiden-

tial race, Alberto Fujimori blasted Vargas Llosa's advocacy of "shock therapy," and Carlos Menem in Argentina ran as a traditional Peronist populist. Once in office, though, both men proceeded to govern from the right, with Fujimori adopting a plan—which became known as "Fujishock"—even more austere than the one proposed by Vargas Llosa. Gasoline prices rose 3,000 percent, food prices by 500 percent. Last fall, Menem capped monetary reforms, tax-rate reductions, and the privatization of several state companies with a sweeping program of deregulation.

Other Latin American leaders made similar adjustments. Jamaica's Michael Manley and Venezuela's Carlos Andrés Pérez were populists during their first administrations but turned right after being re-elected. In Mexico, the *caudillos* (strong men) of the ruling Institutional Revolutionary Party (PRI) once made themselves na-

tional heroes by expropriating Mexico's privately owned resources; President Lázaro Cárdenas's 1938 decree nationalizing foreign oil companies was considered by many Mexicans the high point of the Mexican Revolution. Today, by contrast, PRI's President Carlos Salinas wins applause by selling nationalized companies back to private owners.

Political developments in Latin America have also looked promising. While in 1976 only four nations—Colombia, Venezuela, Surinam, and Costa Rica—enjoyed elected, civilian governments, today only four do not. Haiti and Cuba are classic right- and left-wing dictatorships; Peru's elected president Fujimori, backed by the military, staged his own *autogolpe* (self-coup) last April and has since held dictatorial powers; Mexico's PRI remains in control by engineering elections, although it has begun to make good on its promise to clean up the electoral process.

Despite these exceptions, most of Latin America gives the appearance of moving in the right direction. The armed forces no longer seek to control their governments, and governments no longer seek to control their economies. On the surface at least, Latin America appears to be caught up in the larger global movement toward the "end of history," the triumph of liberal democracy, rule of law, and free-market principles celebrated by such optimists as Francis Fukuyama.

But appearances are deceptive. While dictatorship and statist economic programs have largely vanished from Latin America with this most recent embrace of the liberal ideal, they have been supplanted by forms of government and economic policies that remain far from the realities of a true lib-

eral order. Unfortunately, the discrepancy between appearances and substance is nothing new in this part of the world. Just as many Latin American writers have become known for a style of literature called magical realism, a style blending realism and surreal fantasy, so Latin America's dominant political and economic traditions could be described as magical liberalism—a highly fanciful semblance of the spare, elegant system imagined by a John Locke or a James Madison.

It may seem odd to say that liberalism is largely illusory for nations that have long claimed to be liberal constitutional democracies. After all, most Latin American states came to independence under the banner of liberalism. The debates that took place in the capitals of the new countries in the early 19th century resembled those that took place 50 years before in Philadelphia and Boston. The issues were federalism, checks on executive power, and the rights of citizens; and many Latin American constitutions were almost word-for-word translations of the U.S. Constitution.

But the French Revolution and French thinkers—notably Jean-Jacques Rousseau—had a far more decisive effect on Latin American liberalism than did Anglo-American ideas and experiences. The religion, language, and culture of the French were also far more familiar to Latin Americans. Just as important, Latin American revolutions succeeded in large part because of Napoleon's usurpation of the Spanish crown. The flag of the United Provinces of Central America, before that short-lived nation's dissolution in 1838, featured the red cap of the French Revolution, and

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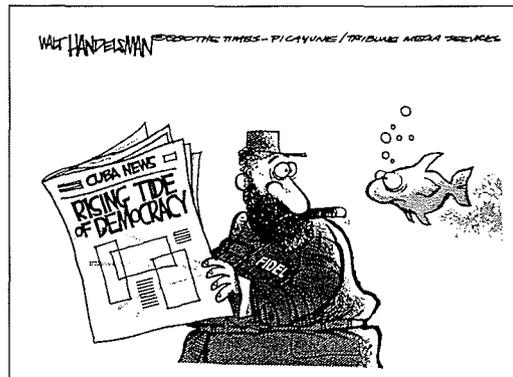
*Tina Rosenberg, a former MacArthur Fellow, has written on Latin America for the New Republic, Foreign Policy, the Atlantic, and Rolling Stone. She is the author of Children of Cain: Violence and the Violent in Latin America (1991), and is now at work on a book about how Eastern Europeans are facing their past. Copyright © 1992 by Tina Rosenberg.*

Mexico's liberal reforms of the 1850s were carried out under the influence of the French.

From Rousseau and the French model, Latin American liberals inherited a strong statist orientation. While Locke and the Anglo-American tradition emphasized tolerance, civil society, individual rights, and limits on central power, Rousseau (particularly as interpreted by Latin American intellectuals) tended to emphasize the subordination of all social interests to central authority and even, if necessary, to a powerful, visionary leader.

Accompanying this centralizing, authoritarian tendency was an equally powerful corporatist impulse. Perpetuating some of the feudal habits of the former Hapsburg Spanish governors, the new Latin nations gave certain groups—the military, the Catholic Church, and wealthy landowners—special responsibilities and rights, from education to a “moderating” role in government.

As a political philosophy, Latin American liberalism has weathered most ideological challenges from the Right and the Left. In our century, it has survived the neo-fascist governments of Juan Perón in Argentina and Getúlio Vargas in Brazil (whose ideological vogue ended with the defeat of European fascism in World War II) and, more recently, a string of military dictatorships that often preserved the window dressing of liberal constitutionalism while effectively crushing democracy and free enterprise. There has also been the challenge of communism. But though communists took power in Nicaragua and Cuba, and though they created influential parties in most Latin American nations, Marxism-Leninism never posed a serious, hemisphere-wide challenge to the liberal ideal. Today, communists rule in only one nation, and there only by dint of Fidel Castro's will and charisma.



Curiously—one might even say magically—the liberal ideal in Latin America seems to endure precisely because of its lack of substance. The fact that liberalism's guiding principles, as encoded in law, have been only feebly enforced has allowed almost any travesty of liberalism to govern in its name. To be sure, liberalism admits a wide range of economic and political arrangements. Liberal nations have different electoral systems and vary in the degree to which their governments feel motivated to restrict citizens' rights. Economic liberalism encompasses both John Maynard Keynes and Milton Friedman; there is room under liberalism for Britain's *laissez-faire*, Sweden's social democracy, Japan's government-directed industrial policy, and Germany's welfare state.

Yet for all its latitude, liberalism is not broad enough to encompass many of the economic and political arrangements that have obtained throughout most of Latin America's modern history, from the earliest days of independence to the present. Even parties that have called themselves liberal have often represented anything but liberal principles. The Somozas, the dynasty that long dominated Nicaragua, called themselves and their supporters the Nationalist Liberal Party. Argentina's liberals supported the military coup of 1976 and de-

fended the juntas' terrifying record of repression. Colombia's Liberal Party comes closer to reflecting liberal ideals, yet for most of its history it has been a party of the wealthy, resistant to widespread political participation and the uniform application of law.

Even more than to the French influence, the weakness of Latin American liberalism can be attributed to social and political conditions that predate the era of independence, bound up with patterns of governance and economics that resulted from the conquest and colonization of this part of the New World by the Spanish and Portuguese. Unlike the English colonizers to the north, the Iberian conquerors were more interested in extracting than in creating wealth. Argentine writer Jacobo Timerman overstates the case only slightly when he declares that the "Spanish were really pirates." Latin America's colonizers came bearing notions of centralized authority and hierarchy that reflected the organizational preferences of the Spanish Hapsburg Crown and the conservative Catholic Church. Great class differences resulting from the conquest of Indian civilizations reinforced a social organization of master and slave as well as elite resistance to the idea of universal rights. Central control exercised by colonial seats such as Lima and Santiago de Guatemala inhibited development of a civil society. Corruption further undermined a universal application of law.

**T**he corrosiveness of this colonial legacy can be demonstrated by what happened in those few countries that were less burdened by it: Chile, Uruguay, and Costa Rica. The territories that were to become these nations had the good fortune to be poor and isolated at the time of the Spanish conquest—and to lack the great Indian civilizations that the Spanish could enslave to work on the plantations

and in the mines. Chile was the only Spanish colony that operated at a loss every year. Costa Rica, despite its name, had no minerals, was the farthest of all Central American countries from the Spanish seat of government in Guatemala, and had a tiny indigenous population. These relatively poor territories enjoyed the development of family farms, urban traders, and a capitalist bourgeoisie. Uruguay was colonized as a poor, tiny chunk of Argentina; the British split it from the larger country to make it a buffer between Argentina and Brazil. Essentially a city-state—today half its people live in Montevideo—Uruguay avoided Argentina's gradual decline principally because of José Batlle y Ordóñez, who was president from 1903 to 1907, and again from 1911 to 1915. Batlle's social-welfare policies created a strong middle class and contributed to decades of political harmony. The country maintained only a token army.

In the early 1970s, both Chile and Uruguay saw their long democratic histories interrupted by brutal military coups. But these dictatorships were aberrations imposed on societies whose respect for law and civil society went far beyond the Latin norm. Their democracies now restored, they and Costa Rica have court systems that are fair and efficient, relatively uncorrupt bureaucracies (although this is less so in Costa Rica), and governments that protect, rather than violate, the rights of individuals.

History's bequest to the rest of Latin America was far less kind. Most Latins can vote in elections every few years, but they must contend every day with societies whose basis is power, not law. The doors of bureaucracy close in the face of the poor; judges never rule against the wealthy and powerful; new entrepreneurs find it almost impossible to navigate huge bureaucracies and compete in a world of crony-dominated commerce. Even today, most Latin countries that have the formal attributes of



*"Building the present, women create the future," declares a Chilean trade union poster. Such unions are a vital part of Chile's exceptionally rich civil society.*

democracies and free-market economies operate, just below the surface, like the *anciens régimes* of premodern Europe.

Yet history is not an all-powerful master, and Latin America has not been untouched by events in other parts of the world. Liberalism is now not only the most important political ideal but seemingly the only one—at least among the secular alternatives. As political scientists Larry Diamond, Juan Linz, and Seymour Martin Lipset note in *Democracy in Developing Countries, Vol. IV, Latin America* (1989), liberalism and Islamic fundamentalism are the only political ideologies considered legitimate by those who live under them.

But other, more decisive factors lie behind Latin America's move toward genuine liberalization. One is a new seriousness about human rights. Largely because of the international human-rights movement (for

whose invigoration former U.S. president Jimmy Carter deserves much credit), it is now generally conceded that human and political rights are fundamental requirements for all societies, not just developed, Western countries. Every member of the Organization of American States (OAS) has signed the American Declaration of the Rights and Duties of Man, which parallels the 1948 United Nations Universal Declaration of Human Rights. If this seems unremarkable, one need only recall that 20 years ago many political scientists considered democracy incompatible with the cultures of Spain and Portugal.

There is also a new and forceful consensus behind democratic reform and free elections among the regional organizations. Ten years ago it would have been unrealistic, to say the least, to expect the OAS to intervene in favor of democracy, because

most of its members were dictatorships. Today, the OAS has a corporate interest in promoting democracy, and the OAS and its related institutions have shown a new interest in going beyond democratic rhetoric. Two examples are the OAS's observer mission to Nicaragua's 1990 elections, and the landmark 1988 decision of the Inter-American Court of Human Rights to hold the Honduran government responsible for "a systematic policy of disappearance" in the case of 120 people who "disappeared" between 1981 and 1984. The next year, the court ordered the government to pay compensation to the families of two victims.

Another reason for optimism is the changing religious climate of Latin America. Michael Novak, a scholar of religion and philosophy at the American Enterprise Institute in Washington, D.C., points out that Rousseau's hostility to the Catholic Church has long been matched by the Latin American Catholic Church's traditional hostility to liberal ideas. For centuries, priests saw their mission as serving Latin America's elites. Believing that what the poor needed was more charity from the rich, Catholic clerics counseled the dispossessed to accept their lot. Like their Spanish forebears, Latin America's Catholic clergy believed there was nothing wrong with inherited wealth but found the ideas of work and initiative vaguely distasteful. In addition, the Catholic tradition in Latin America was an undemocratic and intolerant one—priests in Colombia used to warn parishioners either to vote Conservative or suffer the pains of hell.

Much has changed. World War II largely cured the Catholic Church of its preference for authoritarian government, and in many countries throughout Latin America, priests have played an important role in protecting the rights of minorities and the oppressed. Shortly after Salvador

Allende was overthrown in Chile, Cardinal Raúl Silva Henríquez announced that General Pinochet's victims could "sleep under my bed, if they want to." The Chilean Catholic Church became the home of the Vicariat of Solidarity, which during the Pinochet regime was probably the most important local human-rights organization in the world. (One exception to this trend was in Argentina, where the Church is so close to the state that the clergy draw government salaries. During the 1976–1983 "dirty war" in Argentina, all but a handful of priests cooperated with the military and turned a blind eye to repression.)

In 1968, the Latin American Bishops' Conference in Medellín, Colombia, echoing and extending the ideas of Pope John XXIII, gave a new interpretation to the role of the Church. Peruvian priest and theologian Gustavo Gutiérrez gave the philosophy the name "liberation theology." Liberation theology made the Church more sensitive to the needs of the poor and more focused on improving this world instead of waiting for the next. It also discredited the old solution of "more alms" in favor of organizing the poor for political participation. While some priests who favored liberation theology also endorsed socialism—in a few cases, such as that of the Colombian guerrilla-priest Camillo Torres, they took up arms—today liberation theology is less radical than it was 20 years ago, and many former revolutionaries have turned their focus to more democratic political strategies.

The surprising growth of Protestantism in the region has also had a liberalizing effect. There are now about 40 million Protestants in Latin America, and in many big-city slums the more visible churches are no longer Catholic but Mormon, Adventist, and Pentacostal. These sects differ greatly from the older Protestant churches that were so instrumental in the economic and social transformation of northern Europe

and North America. Those churches promoted an ethic of hard work, thrift, and self-reliance—the “worldly asceticism” that Max Weber considered necessary to capitalist achievement. The newer, more charismatic Protestant churches attract Latin converts partly by promising magical change. In that respect, they are closer to traditional Latin Catholicism than to traditional northern Protestantism.

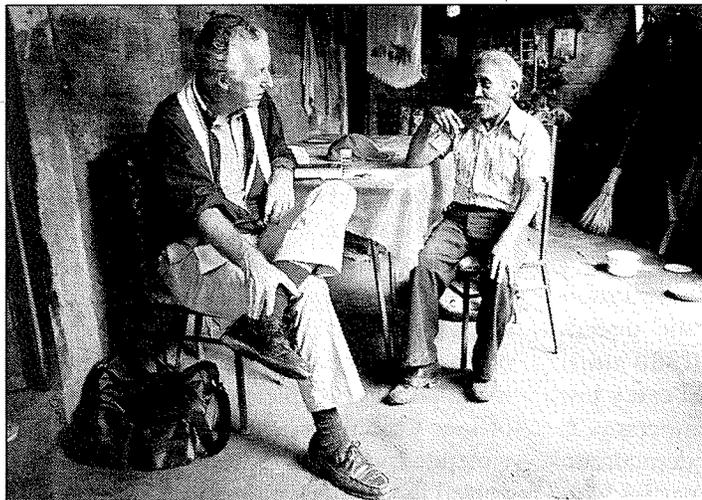
Still, the Protestant churches are a liberalizing force. Economically, they stimulate entrepreneurialism by requiring the born-again to reform their personal behav-

ior; men, for example, are pressed to give up drinking and become more responsible fathers. Politically, these new religious movements have had to fight for space and tolerance, and to the extent they have succeeded—and succeeded in winning tolerance from the Catholic Church—they have helped to democratize their countries.

Changes in the intellectual sphere are also important. The widespread repudiation of Marxism-Leninism in 1989 was decisive, but among intellectuals throughout the world the political pendulum had been swinging toward the right since 1968. Until that year, the energy in Latin American

intellectual life, as elsewhere, was found in Marxism, but during the 1970s and '80s, many important Latin American intellectuals began to move towards social democracy and then to Lockean liberalism and the free-market principles of Adam Smith. The rightward journey of Peru's Vargas Llosa was not only pronounced but meticulously documented in his political novels and essays.

The abandonment of Marxism is not only an affair of the parlor. Many left-wing Latin guerrilla groups have given up armed struggle and accepted democratic rule, no-



*A Catholic priest chats with one of his parishioners in rural El Salvador. Once a predominantly conservative force in Latin America, the Catholic Church has acquired a more populist orientation during recent decades. However, only a small number of priests embraced the radical agenda of “liberation theology.”*

tably in Colombia and El Salvador. In other countries, left-wing political parties, such as the Chilean Socialist Party, have renounced Leninism and are distancing themselves from Marxist economics. The Chilean socialists' shift to social democracy is due not only to the collapse of Soviet communism but also to Pinochet's exiling of many socialist leaders after his 1973 coup, which gave them the sobering opportunity to experience life in Moscow or East Berlin firsthand. Also crucial is the influence of Eurosocialists such as French president François Mitterand and, particularly, Spain's prime minister, Felipe González,

men whose modern vision of socialism has a decidedly liberal flavor.

Despite such encouraging developments, it is hard to be sanguine about liberal democracy's future in Latin America. Three recent coups—successful in Haiti and Peru, unsuccessful in Venezuela—are grim reminders that elected government is still fragile in many Latin American nations and that dictatorship picks up momentum as it spreads. After Fujimori suspended Congress in Peru last April, Bolivian president Jaime Paz Zamora threatened similarly to “discipline” his nation's legislature. He was forced to back off, but the warning hung unpleasantly in the air. The risk of military uprisings looms in Brazil, Guatemala, and El Salvador, and if the civilian leaders of Argentina and Uruguay lose their current popularity, those countries will also face serious threats to their democratic institutions.

**T**he case of Peru is a sad illustration of how poorly democratic institutions hold up. From 1980 until Fujimori's self-coup, Peru passed every test on the checklist of formal democracy. It held three competitive and fair democratic elections. A broad spectrum of parties won representation in Congress. The courts were relatively independent of executive control. The press presented a wide range of views. The constitution, published in every telephone book in the country, served as a model statement of liberal rights.

Yet despite these trappings, “democratic” Peru was a profoundly illiberal society. There was no rule of law. The poor did not attempt to use the court system, because it did them no good. The vast majority of Peruvians believed that money, not the strongest case, would win a judge's favor. There were no universal norms—the poor, especially highland Indians, got nothing from their government: no roads, no

schools, no health clinics—while the rich formed alliances with politicians to write laws to their liking and to ignore those that were not. The security forces were brutal, with the worst record of forced disappearances of any nation in the world, and torture and rape of prisoners was routine. Soldiers were also above the law—not one has ever been convicted of a human-rights violation. Two vicious left-wing guerrilla groups grew in power and influence, even while they killed thousands of civilians. All of these problems are now exacerbated by Fujimori's censorship of the press and his closing of Congress, courts, and all other institutions that check the power of the president and the military. Dictatorship has made matters worse, but the formal institutions of democracy were clearly not enough. Unfortunately, Fujimori had something of a point when he claimed that they were all a sham.

Colombia is another example of a country that has enjoyed regular elections—since 1958—but few of the other essentials of liberal democracy. Its primary problem is the almost complete absence of the rule of law. Colombia has the highest levels of violence in the world for a country not involved in an international war. Judges must go on strike each year to receive their pay; their office buildings are strewn with garbage because there is no money to pay for cleaning them. Judges receive 400,000 new cases each year and are able to process only 70,000 of them. No laboratories exist to examine evidence. Judges must take the bus to investigate crimes, even to pursue well-financed drug traffickers.

The result is widespread lawlessness. One in 1,000 crimes is punished. “We've reached the point where anyone who is judged for a crime feels he's getting arbitrary treatment,” says Fernando Navas Talero, assistant attorney general for human rights. As a result, justice has been pri-



*Three teen-aged Sendero Luminoso guerrillas pose in the highlands of Peru. The recent capture of leader Abimael Guzmán Reynoso may bring an end to the Shining Path movement.*

vatized. Criminals are punished not by the state but by groups such as Death To Car Thieves. Debts are squared not in bankruptcy court but by hired killers. It is a vicious circle—the more people exact private revenge, the more crimes are committed, the more the climate of lawlessness flourishes, and the greater the strain on the system of justice.

It is not just the actions—or inaction—of the state that block prospects for liberal democracy. Although the Left in many countries has abandoned advocacy of Le-

ninism and armed struggle, some guerrilla groups remain. In Peru especially, the vicious Shining Path guerrillas consider themselves the world's only remaining guardians of the communist flame. They have forced the government from large portions of the Peruvian countryside and are now taking power in Lima's slums.

But a more widespread obstacle to true democratization is the attitude of elites on the Right. As leftists abandon their advocacy of policies such as expropriation that threaten right-wing elites, those elites now have the opportunity to relax their siege mentality. They no longer need fear the extension of rights and participation to their countries' poor.

But the Right has preferred to view the Left's turn toward democracy not as an opportunity for compromise but as surrender. In Brazil, Mexico, Peru, Colombia, Guatemala, and Honduras,

to name a few countries, right-wing death squads—at times with the participation of soldiers or civilian government officials—assassinate the organizers of labor unions, peasant federations, human-rights groups, and other peaceful associations necessary to the creation of civil society. A system with no political space for the Left encourages armed struggle. El Salvador's leftists began to take up arms in the 1970s after decades of electoral fraud, massacres, and repressive measures by the country's landowners shut them out of the

political process. In Colombia in 1990, Carlos Pizarro, the leader of the M-19 guerrillas, led his men down from the mountains to lay down their guns and form a political party, with the charismatic Pizarro as its presidential candidate. He gave interviews praising private enterprise and criticizing Fidel Castro. Seven weeks after he abandoned guerrilla war, for all his good-faith efforts, Pizarro was assassinated on a commercial airliner. Despite his legendary audacity, Pizarro had been shot only once before in his 20-year career as a guerrilla—while wearing a suit during peace negotiations in Bogota.

In short, then, a wave of elected civilian governments has not brought full liberal democracy to Latin America. Civilian government is a step in the right direction, but it has done little for countries that historically have lacked a truly liberal political culture. The same holds in the economic sphere: Policies that reduce government control of the economy have not produced true free-market economies. In general, the new policies are good ones and have improved economic health. But in most countries, the legacy of history blocks their economies from freeing market forces, unleashing individual entrepreneurship, and permitting equality of opportunity.

The old protectionist policies had their intellectual underpinning in the theory of the center and the periphery, elaborated in 1950 by Argentine economist Raúl Prebisch, then head of the United Nations Economic Commission for Latin America (ECLA). He argued that prices of goods manufactured by the developed nations at the center of the world economy would always rise faster than those of the raw materials exported by the Third World countries on the periphery. As a result, Latin America would have to export more and more timber or coffee to be able to import autos or fertilizer. For years, the ECLA en-

couraged Latin countries to escape this vicious cycle by manufacturing products at home to substitute for imports and by resisting foreign ownership of local factories and businesses. Prebisch's assumptions about commodity prices have proved correct. But, contrary to his hopes, local industries did not eventually become competitive, and governments did not gradually lift their tariff walls. Instead, locally made products continued to be shoddier or more expensive than the imported versions (and in some cases both: Brazil's protected computers were years behind foreign computers and cost five times as much). Moreover, foreign capital stayed away, local manufacturers refused to modernize, and local prices and wages remained wildly out of line with world levels.

**P**opulism, the other part of the statist economic strategy, was just as widespread in Latin America, although it is by no means a disease limited to the region. Subsidies of goods and services, from a loaf of bread to a university education, were touted as ways to compensate the poor for miserable wages and the disproportionate power of the rich. But they were also designed to buy off politically influential groups. Their high cost fueled inflation, and they distorted economic and social decisions—luring people to already overcrowded cities, for example. But governments found themselves unable to cut subsidies without provoking civic unrest, or at the very least, political disaffection. In February 1989, riots broke out in Venezuela when subsidized bus fares went up.

In the early 1980s, the wages of statist policies came due. The debt crisis and world-wide recession crippled Latin economies. Blamed for recession and inflation, the old policies provided no antidotes to the recession's effects. Clearly it was time to try something new.

Pressure from international lending institutions encouraged the move rightward. Governments that had borrowed heavily during the 1970s, when the banks were flush with oil dollars, now found themselves with bills they could not pay without fresh loans. And the World Bank, the International Monetary Fund, and the Inter-American Development Bank conditioned new loans on budget cuts and privatization.

The banks' insistence upon liberalization was new. It resulted partly from pressure from the Reagan administration (the United States contributes the largest share of the World Bank's funds, and a U.S. citizen is guaranteed the bank's presidency) and partly from the new, conservative economic thinking that young lending-institution employees absorbed at U.S. universities. The influence of the new thinking came from within national governments as well. While 30 years ago economics was not considered a profession in Latin America—bankers were simply bankers—today the finance ministers of most large Latin countries, including Pedro Aspe in Mexico and Alejandro Foxley in Chile, hold degrees in economics from U.S. universities.

Latin American leaders learned what would happen if they refused to change. There was the calamitous example of Peru's President Alan García, who took office in 1985 announcing he would pay the banks no more than 10 percent of Peru's export earnings on the country's \$13.7 billion debt. The IMF placed Peru on its blacklist, making it ineligible for new loans—the only Latin country so distinguished. The result was the worst economic decline experienced by any country in modern history: two-million-percent inflation during García's five years in office.

Latin American leaders also learned from those who were early to change. In the mid-1980s, both Augusto Pinochet in Chile and Felipe González in Spain—one a

right-wing military dictator, the other a nominal socialist—instituted liberalizing reforms and produced economic booms. With the fall of Leninism came a further discrediting of statist policies. Fujimori, Menem, Pérez, Manley, and even the Sandinistas decided that following the dictates of the banks was the prudent, if painful, course.

Surprisingly enough, the Reagan administration had little direct influence on Latin American policymakers. Despite the claims of administration officials that their conservative thinking helped sway the Latins, their relations with most Latin advocates of the traditional policies were so poor that advice from Washington was almost enough to guarantee that its recipients would run in the opposite direction. Latin American leaders complained that Reagan administration officials made their prescriptions with little regard for the political realities of Latin America. The one exception was El Salvador, whose embrace of liberalizing reforms in the 1980s took place because the country had practically become the 51st state: By the late 1980s, for the first time in the history of U.S. foreign aid, the United States was putting more into a foreign government's treasury than the recipient country itself.

Contrary to what some Reagan administration officials thought, the swing rightward in Latin American economic policies did not necessarily represent a political shift—not among policymakers, and certainly not among ordinary Latin Americans. "No one privatized because of a firm commitment to the ideology," said Moises Naim, an executive director of the World Bank who administered Venezuela's austerity program of 1989. "They did it for pragmatic reasons. People were tired of not being able to make a telephone call."

Many of the Latin American leaders

who became reformers, such as Menem, Fujimori, and Pérez, were left-wing ideologues until after taking office. They campaigned on a platform of firm opposition to reforms, then, once elected, decided reforms were the only course and proceeded to smuggle them past the electorate early in the honeymoon period of their administrations. Indeed, of all the Latin reformers, only Fernando Collor de Mello in Brazil, a conservative who narrowly defeated Workers Party candidate Luis Ignacio Lula da Silva in 1989, campaigned on a platform of liberal reforms—and then backtracked once he reached office.

Instituted with so little public support, the reforms have proven difficult to sustain. While many ordinary Latin Americans knew that there was something seriously wrong with their countries' economies and endorsed the general goals of low inflation and economic growth, the only part of the reforms that they initially experienced was the tremendous social cost: the layoffs and price hikes. Many Latins believe—with good reason—that the reforms' benefits will go to society's elites, while the poor bear the costs.

Even the economic miracle of Chile proves their point. From 1979 to 1989, according to the Pinochet government's own statistics, the proportion of national wealth owned by the top 20 percent of the population rose from 51 to 60 percent. In 1988, the buying power of a worker making the minimum wage was 25 percent less than it was in 1970, when socialist Salvador Allende became president.

And what about more recent converts to liberalization? Venezuela's 1989 reforms—which included the freeing of currency exchange and interest rates, increases in electricity, water, transportation, and other tariffs, the elimination of subsidies to producers of flour and other basic goods, and the sale of state enterprises—

brought the country 9.2-percent growth in 1991, the highest growth rate of any country in the world. Yet ordinary Venezuelans were so disgusted with sacrifice at the bottom and corruption at the top that an attempted military coup this past February enjoyed widespread public support. Many believe it is only a matter of time before the soldiers try again.

In many countries, government officials tried to make reform palatable by promising medium-term growth, jobs, and prosperity in exchange for immediate sacrifice, echoing Vargas Llosa's campaign slogan that with his reforms, Peru would become "a country of proprietors." This is typical political hyperbole. While reforms now flounder, ordinary Latin Americans feel defrauded—as well they should. The reforms were oversold. They have proved to be no more and no less than macroeconomic adjustments, a rationalization of economic policies rather than a ticket to prosperity.

The best illustration is Bolivia, which went from 8,000-percent inflation in 1985 to a mere 16 percent in 1991. Bolivia accomplished this by cutting government spending, devaluing the currency, freeing interest rates, liberalizing tariffs, and removing subsidies: in other words, by following the liberal model being promoted throughout the world by such "shock therapy" gurus as Harvard's Jeffrey Sachs. Yet Bolivia remains the poorest country in South America, and living standards for the great majority have not improved. The reforms have produced per-capita growth of one percent or less a year and very little foreign investment. If Bolivia is an example of success, what is a failure?

In many ways, Latin America's new austerity policies are the economic equivalent of its regular elections. On paper there may be little difference between the economic rules of the game in Peru and in the countries of Western Europe and North Amer-

ica: All respect private property, equality of economic opportunity, and other liberal economic principles. But in reality Peru and other Latin nations are as illiberal economically as they are politically. Most Latin American economies are characterized by two overwhelming—and profoundly illiberal—characteristics: a justice system that prevents the uniform application of economic rules, and success that comes with whom you know, not what you do.

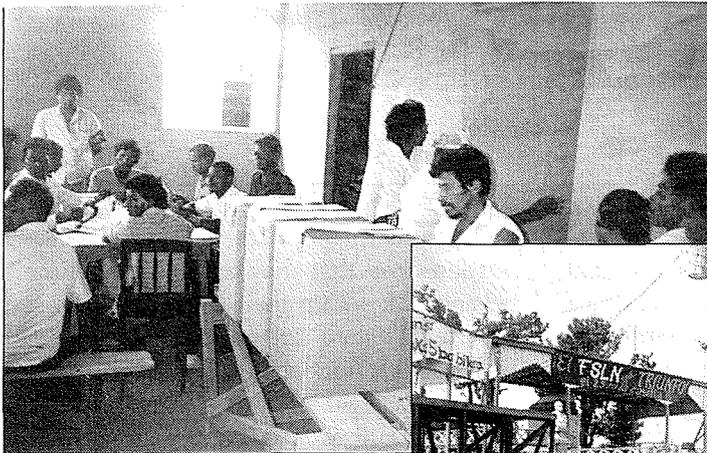
Peruvian businessman and politician Hernando de Soto characterizes the economic system of much of Latin America not as capitalism but as mercantilism. Mercantilism is the product of the same legacies that shaped the continent's political system. In most countries (again, the former colonies of Costa Rica, Chile, and Uruguay being the exceptions), the labor force has consisted of landless and uneducated peasants who worked in mines and on plantations under miserable conditions. The colonial seats absorbed most economic activity and controlled the little that took place in the countryside. (And how this pattern persists: Lima during the late 1980s gobbled up 98 percent of all new investment in Peru!) The private sector in Latin America has always functioned more like a public sector; the state created and coopted businessmen, granting them privileges to keep them dependent. The same powerful families who ran government also ran, or were closely linked to those who ran, large business empires. They controlled government boards that marketed commodities abroad, and they managed state-owned enterprises whose inefficiency went unchecked. And the lack of a working justice system that would treat all comers fairly allowed corruption to thrive.

One manifestation of mercantilism is excessive—indeed, absurdly excessive—government regulation. As de Soto convincingly argues in *The Other Path* (1989),

regulations in most Latin countries are so burdensome that they are ignored. Enterprising folk set up their businesses outside the “legal” state not because they wish to be criminals but because going through the necessary legal channels would cost so much in bribes and wasted time that it would be folly even to try.

**B**ut overregulation is not the only problem. In Peru, for example, a small businessman with a good idea has virtually no chance of getting the capital he needs to get started. His established competitors will obtain an unfair advantage by bribing government inspectors, who will wink at irregularities and violations of building-code or safety standards. The established entrepreneurs will have a monopoly on government contracts, an important source of business. The newcomer cannot turn to a working justice system with a predictable, universally applied set of business and labor laws. Indeed, our entrepreneur may soon give up on working hard or efficiently. He may go into the unregulated “informal” sector, or he may try to make money the old-fashioned way: by cultivating close ties to people in power.

De Soto is quite correct to point out the destructiveness of government overregulation. Where he is wrong—and where his gospel has been wrongly preached in the United States—is in believing that the government should therefore have as small a role as possible. (He has said, for example, that he does not even believe in a minimum wage.) The problem he describes has little to do with the size of government. A big government smothers initiative through overregulation; a too-small one allows it to be devoured by predators while the state stands by, unwilling or unable to enforce rules that check abuses by the high and mighty. A successful liberal, capitalist economy needs neither a particularly large nor



The 1990 election in Nicaragua, one of the most closely observed elections in modern history, surprised the world with its results: the defeat of the Sandinista presidential candidate Daniel Ortega.



a particularly small state. It needs a strong state whose legitimacy rests on its ability to deliver basic services such as justice, education, and health care. In short, it needs a state in which all people can believe.

Reducing government interference in the economy will not turn mercantilist nations into liberal states. It could, instead, open the way to more corruption, financial scandal, and exploitation of those who need protection that only the state can provide, whether it is from food stands selling contaminated ceviche or plantation owners who do not pay minimum wage. Reduced interference could simply facilitate mercantilism, which in turn would feed opposition to liberal reforms.

Chile's relative success at producing growth, and the failure of nominally democratic societies such as pre-coup Peru, Bolivia, Argentina, and Venezuela to match it, has given rise to an argument heard increasingly in Latin America—and in Eastern Europe and the former Soviet Union—that dictatorship is good for the economy. Some elites in Peru welcomed Fujimori's April self-coup, saying that Peru's economy would improve now that Peru had a "Chinochet."\*

\*In Peru Fujimori is dubbed "el Chino" because of his Asian ancestry; hence "Chinochet."

Among its many flaws, this argument ignores the strong likelihood that Chile's prosperity came *despite* Pinochet's dictatorship. Dozens of right-wing military dictators in Latin America have tried Pinochet-style policies—in the words of Uruguayan writer Eduardo Galeano, imprisoning people so prices could go free—and most met with economic catastrophe. Less than a decade before Pinochet's success, the military junta in Argentina failed with similar reforms. The free-market "Brazilian Miracle" that began in 1969 and put Brazil's rate of growth among the world's highest collapsed by 1973.

Indeed, Pinochet himself failed once. In 1975, his University of Chicago-trained economists finally convinced him to allow them to begin a process of privatizing reforms. After a slow start, Chile enjoyed a wild, five-year economic boom. Loans were easily available and the peso, fixed at 39 to the dollar, was vastly overvalued; even working-class Chileans bought cars, televisions, and imported Scotch; Santiago's streets, said one Chilean, looked like the duty-free zone at the Hong Kong airport. Chile's powerful economic groups, held by a small number of owners in interlocking networks, bought up the newly privatized industries, accumulating huge dollar debts

to finance their purchases.

With the 1981 world recession the foreign loans dried up, and with them vanished the boom. The government devalued the peso by 75 percent in the last six months of the year, effectively quadrupling the debts of those who had borrowed dollars. The next year the gross domestic product fell 14 percent and unemployment reached 30 percent. On January, 14, 1983, the government announced that two important banks and a savings-and-loan had gone bankrupt. Before the crisis was over, the government would take control of 70 percent of the country's financial sector.

In 1985, Hernan Buchi, a young, Columbia University-educated economist, became finance minister and began to privatize again. This time it worked. Circumstances played a part. The earlier privatizations fell victim to a world recession, rising oil prices, and a fall in the price of copper, Chile's main export. The second time around, commodity prices were more favorable and the World Bank contributed a \$750 million loan. But what Chilean economists consider just as important is that the second attempt was accomplished with more government regulation. New laws prohibited the huge concentrations of wealth that the first sell-offs had produced. Buyers' accounts were carefully inspected. Some protective tariffs were reintroduced. Workers were given the opportunity to buy shares in the privatized businesses. The state regulated capital markets, and it kept exchange and interest rates realistic. Rather than allow the private sector to assume huge dollar debts, as it had before, the government worked to reduce Chile's debt through debt-for-equity swaps. In short, liberalization worked the second time not because the nation had a strong dictator at its helm but because it had strong civic and political traditions: a sense of fair play among its wealthy, an efficient

and largely uncorrupt judiciary, and respect for government and its laws.

Far from being helpful, dictatorships have several qualities that interfere with successful liberalizing reform. One is that dictators are notoriously insulated from real information about how well policies work. They hear what they want to hear and do not welcome the free press and panoply of pressure groups that tell the government how it is doing. Dictatorships also lack a method to ensure that bad policies are changed. Democracies have one: voting. The ballot may be an imperfect method, but it is better than anything dictatorship has yet produced.

Indeed, it was largely the economic failure of military governments that forced them to hold elections in the late 1970s and early 1980s in many countries, Argentina and Uruguay included. This is one reason an unprecedented wave of democratization in Latin America has come simultaneous with the worst economic decline since the Great Depression. When elected civilians took over, they were handed the bill for the unrestrained borrowing and ruined infrastructure of the dictatorships. This could explain why many in Latin America think of hard times when they think of democracy—a most unfortunate association.

People will voluntarily make the sacrifices needed for liberalizing reforms only if they believe in their government and its legitimacy. In Chile, for example, the democratic government of Patricio Aylwin has enjoyed greater labor peace than did Pinochet's authoritarian regime, because the principal unions want Aylwin to succeed and feel that strikes or wage demands might hurt the Chilean economy. There are few dictatorships that have enjoyed genuine public support of this type. Juan Perón's quasi-dictatorial regime in Argentina, for example, benefited from the fervent—indeed, worshipful—backing of Argentina's

workers. But Perón was idolized precisely because he told workers they had sacrificed too much. His protectionist policies helped ruin an economy that before World War II had been the fifth richest in the world.

Under elected government, of course, popular groups have the power to threaten reforms, and public demonstrations can panic governments into resorting to populism. The risk is especially great in the first throes of reform. But even in countries with powerful unions, this has not happened. In Argentina, Menem managed to splinter his country's powerful, corrupt unions, and Bolivia's leaders found that the country's vocal unions, sick of hyperinflation, in the end accepted reforms.

In Brazil, union opposition to liberal reforms was less significant in blocking them than was resistance from business. A few weeks after President Collor declared an end to subsidies in 1991, for example, he turned around and granted his country's sugar producers an \$11-billion package of subsidies and price supports. This exception then produced a general clamor for more exceptions, and subsidies crept back into Collor's economic plan.

Indeed, in most Latin American countries, the principal obstacle to reform has come not from society's poor but from its privileged. Many Latin businessmen—from Brazil's food processors to Peru's tire manufacturers—owe their fortunes to protectionist policies. Not surprisingly, they strongly resist changes that expose them to international competition. Their factories are not efficient enough to compete; they may not even know how to behave in a modern business culture. (One New York investment banker who handles Latin America said he is occasionally offered bribes by Peruvian businessmen to misrepresent their firms' economic health.) In the

most backward nations, such as El Salvador, some land and factory owners shoot labor leaders, refuse to pay taxes, and resist any encroachment on the other near-absolute privileges they enjoy. They behave more like feudal lords or the *caudillos* of yore than bourgeois citizens.

If Latin American countries want to emulate Chile's success with liberal economics, it is not Pinochet's dictatorship they should emulate but Chile's civil society, social consensus, rule of law, well-run public institutions, and strong, legitimate state. Capitalists may clamor for authoritarian pro-business policies, but capitalism's long-term interests are served by policies that are almost exactly the reverse. Instead of permitting landowners and businessmen to threaten grassroots organizations, governments should promote unions, peasant federations, and neighborhood associations; such organizations build civil society, deepen democracy, and give the dispossessed a stake in the system. Governments must encourage social pacts that wrest concessions from all sides in business and social conflicts in return for social peace. Governments must collect taxes, fight corruption, keep health clinics stocked with medicines and teachers in the schools, and, most important, build fair and efficient courts. This is already a daunting task for Latin American governments; any economic program that throws more hurdles in the way is doomed to fail.

Successful, modern capitalism will not simply emerge a gleaming new edifice when old regulations are chipped away. An economically and politically liberal state demands not fewer rules but new rules—rules that apply to all, sustained not through violence but through the shared conviction that it is law, not power, that governs the new world.

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### ... *But Will There Always Be a Britain?*

**BRITONS:** Forging the Nation 1707–1837. By Linda Colley. Yale. 375 pp. \$35

Few questions have proved so puzzling as the question of what makes a nation. Still fewer ideas have proved so psychologically satisfying, and yet so lethal, as nationality. To call it an idea may even be something of a misnomer, since most of its force derives from the popular belief that it is a naturally occurring fact, like carbon or nitrogen. National self-determination—the proposition that ethnic identity should be expressed and guaranteed through political sovereignty—has enjoyed a wider sway than any other modern political doctrine. But what is a “self” here? Ethnic differences all too obviously lead people to kill each other, but if representatives of various ethnicities are asked to spell out what makes them distinct—for instance, to help would-be peacemakers to draw up the baselines for a political settlement in Northern Ireland, Palestine, or the south Slav successor states—they find it impossible. A people’s “way of life” seems, literally, to be inexpressibly precious.

Once upon a time (and most national histories are indeed fairy tales), there was—in theory, at least—a simple explanation of nationality. A nation was a nation because it had a common culture, articulated through its language. Language was the most obvious sign of nationhood because it indicated a shared experience, but there could be other indicators as well, such as religion or even an artificially imposed political unity. This was where things started to get complicated. The ideal type hardly ever meshed with reality on the ground. German unification in the 19th century established the modern rule that the only legitimate political unit is the culturally homogeneous “nation state.” Yet even Germany’s “ideal case” involved the dragooning of other ethnic groups and fell far short of the pure nationalist dream of inner unity (*Volksgemeinschaft*).

The British case was more ambiguous still. Everybody knew, as Daniel Defoe put it, that “from a Mixture of all kinds began/ That Het’rogeous Thing, *An Englishman*.” Yet the mystical force was with Defoe and his contemporaries, too. A 19th-century British schoolbook could say quite unproblematically of the American colonists that “they had English feeling and spoke the English language.” What this meant everybody knew. Everyone also knew that *British* was a term of artifice, a plausible civic fiction for England’s control of a multinational state incorporating Scots, Welsh, and—with considerably more controversy—Irish. Or at least everyone suspected it was, and was therefore reluctant to subject the term



to rigorous scrutiny. English nationalism has been one of the last major cases to attract historical attention. In suggesting that not only an English nationality but also a comprehensive British nationality, emerged before Victorian times, Linda Colley of Yale University set herself a task more difficult than it may appear—a task with substantial relevance to other multi-ethnic “nations” such as Czechoslovakia and Yugoslavia. To her credit, she has produced a substantive study of how legitimacy is negotiated.

Colley’s technique is as much visual as verbal. She has a persuasive way of locating in visual messages and symbols the roles both played in nation-building. Her view embraces such celebrated images as Benjamin West’s *Death of General Wolfe at Quebec* (1770) and less familiar (and even more complicated) interplays of imagery and visual symbols. She describes the sudden passion of elite males at the turn of the century for tight-fitting uniforms, and she has an eye for other sartorial and behavioral details, such as Jonas Hanway’s famous umbrella. The patriotic pamphleteer Hanway (1712–86) was the first man to carry one regularly—a more English trait would be hard to find—but why did he? Not, as we may think, only because of the fear of chills that terrorized society in his century but because he “desperately needed to impress and be taken seriously” by keeping his clothes in good shape.

This takes us to one of the central lines of Colley’s argument, the contention that nation-building was an enterprise of the middle class on the make. The outline of this view, in soft-Marxist form, is familiar enough—it is hard to imagine that nationalism would have begun to draw breath if it had been inimical to the middle class—but Colley enlarges it to show how the British state engaged the energies and loyalties of former outsiders, the Scots and even women. Her most vivid theme is the monarchy’s rise as the central symbol of the new national identity. Of course, monarchs had always been central, but no previous kings had pulled off (or even tried to

pull off) the Hanoverian trick of becoming simultaneously grand and commonplace. When George III went mad after 1810, and his draconian medical treatment became the nation’s daily news, the royal family stumbled on the peculiar modern power of soap opera to represent a way of life. (Their discovery would be exploited by Trollope, Galsworthy, and ultimately *Dallas*.) A more effective means of focusing public consciousness surely has never been devised. Only now, as the marital problems of Fergie and Di go over the top, is the script beginning to go off the rails, a mini-debacle in line with Colley’s uncertainty about the permanence of the British identity.

The main reason for this uncertainty is the weight Colley places on war as the accelerator of national unity. It was old-fashioned xenophobia, more exactly Franco-phobia, that incorporated the lower classes into the nation. Britain was “forged” above all in the experience of the long war against France between 1792 and 1815. “If the inhabitants of the United Kingdom are now more conscious of their internal divisions,” she suggests, “this is part of the price they pay for peace and the end of world-power status.” This is hardly novel as a general proposition, but by mining some rich evidence of public opinion (an unprecedented, and forgotten, government survey under the first Defence of the Realm Act of 1798), Colley shows that the long-fashionable emphasis on popular dissent, associated with the work of E. P. Thompson, has been misleading. British people were substantially loyal to the authorities who led them against the French.

War may be a precarious basis for identity. Yet that other motor of British opinion, Protestantism—or, more exactly, anti-Catholicism—Colley finds no more congenial. The brute force of Protestant prejudice has provided spectacular assertions of national unity; it has also diminished the appeals of conflicting loyalties by making them too dangerous. After, for example, the anti-Catholic Gordon Riots of 1780, most British Catholics prudently identified themselves slightly more as En-

glishmen and slightly less as Catholics than they had before. Here her argument comes closest to measuring the concrete content of nationality, the "self" itself.

Yet exactness in this matter, however urgently it has been pursued by political scientists concerned with ethnicity, does not greatly interest Professor Colley. Indeed, she dismisses "agonizing over definition," with the aplomb only historians can muster, as being "necessary only if one remains wedded to an unrealistically narrow view of what constitutes nationhood." This tolerance of imprecision may indeed be the keystone of the British structure. Unfortunately for the rest of the world, however, such weddings have been the main aim of most impassioned nationalists. This is exactly the issue between Serbs and Croats, Czechs and Slovaks. Instead of defining an "ethnic self," Colley settles for the humanistic notion that people are "many-layered creatures."

In practice, people do indeed have multiple identities, but they tend to be hierarchically ordered. People do not routinely kill each other on the basis of their subordinate identities (e.g., motorist/golfer, conservationist/gourmet) in the way they do in the name of the fundamentals: Catholic/Protestant, Serb/Croat. That is why nationalism presents a desperate challenge to academic analysis. Rather than brushing aside, as Colley does, the tension between British and English identity, we should perhaps be looking for explanations of how it became fruitful rather than destructive. We really do need to know what kinds of political structures will contain ethnic demands. Where exactly does social trust stop, and why? Can national identities be deliberately constructed, invented, recast, or "forged"? Colley subscribes to the common view that the shared memory of nations is formed by selective amnesia, but how does the selection work? For the British fertility in the "invention of tradition" she provides hundreds of examples but no real explanation. All that we can deduce from *Britons* is that the invention of tradition is a clever way of managing and dis-

guising change. We learn that English people came to accept being ruled by Scots during the late 18th century and also to give Catholics civil rights. But if these happened principally under the pressure of war against an even more threatening Other (usually France), the outlook for peaceful change is rather bleak. If Colley is right, for all its advantages—not least its geographical uniqueness—Britain may not be such a success story.

War may be the most intense expression of nationally shared experience and memory. Yet there are other expressions of national identity that may prove robust enough to sustain this kind of composite nation. In *Imagined Communities* (1983), Benedict Anderson wrote a brilliant essay on nationalism (only fleetingly alluded to in one of Colley's footnotes). The unifying mechanism Anderson describes is one of administrative integration, represented by the "looping flight" of the career bureaucrat. Where this bureaucratic flight path has become well-established and broad enough to accommodate ambitious people of various ethnic groups, it has knit together unpromising political units such as Indonesia and the successor states of Spanish America. This civic-administrative framework for identity, reinforced by the commercial mass journalism that Anderson calls "print-capitalism," seems to mesh rather well with the British experience. Though it is scarcely foolproof on its own—as the fate of the Soviet Communist Party dramatically demonstrates—it does at least form the basis of a peaceful model of ethnic evolution. Bolstered by the distinctive pluralist civic culture which became the hallmark of "liberal England" (a.k.a. Britain), administrative integration can form a sturdy, legitimate, yet flexible structure. If it were to prove replicable in a larger framework, it might even make Europe fly. The people of Bosnia and Belfast and Moldova must hope it can.

—Charles Townshend, a former Wilson Center Fellow, is professor of modern history at Keele University and the author of *Britain's Civil Wars* (1986).

## Making the Old-Time Religion New

**FUNDAMENTALISMS OBSERVED.** Edited by Martin E. Marty and R. Scott Appleby. Univ. of Chicago. 872 pp. \$40

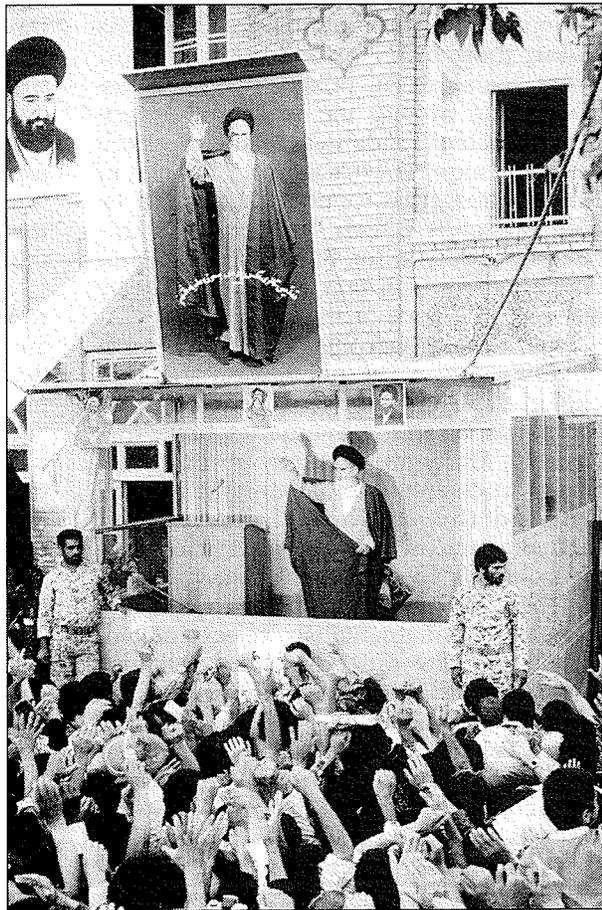
Who would have predicted that at the end of the 20th century we would be worrying about religious fundamentalism? A century ago, Mark Twain sought to kill religion through bitter, almost virulent ridicule. If late 19th-century liberals such as Washington Gladden believed that the Christian religion might still prosper in modern times, their Christianity was so amorphous and progressive that one could hardly be certain it was religious at all. Sigmund Freud, the prophet of the new era, thought that religion would simply wither away, as irrelevant to society as it was to him personally.

This massive book sounds a very different note. Indeed, it trumpets the contemporary power not only of religion but of religion in its most extreme form—"fundamentalism." Weighing in at nearly 900 pages, bearing the imprimatur of the American Academy of Arts and Sciences, *Fundamentalisms Observed* serves as a kind of academic icon. Lifting this volume to one's desk will disabuse any reader of the notion that fundamentalism remains a national joke, as it was 70 years ago. Far from being a relic, fundamentalism has emerged the world over as the most robust cultural movement of the late 20th century. In *Fundamentalisms Observed*, author after author illustrates how and why fundamentalist movements may have effects on this century's life and culture that easily outrival those of Marxism and communism.

The editors—Martin Marty, professor of religious history, and Scott Appleby, a research associate, both at the University of Chicago—begin this volume with a survey of fundamentalism in the United States.

They are right to do so. The concept of religious fundamentalism originated early in this century in the reorientation of conservative American Protestantism. This was signaled by the publication in 1909 of the *Scofield Reference Bible*, with its fundamentalist "dispensationalist" view of the scriptures—a work which to this day remains one of Oxford University Press's steadiest-selling reference books. Then, between 1910 and 1915, Los Angeles oil millionaires Lyman and Milton Stewart published *The Fundamentals*, a dozen popular paperbacks on conservative Christian doctrine, which gave the movement the name by which it is now known.

What makes *Fundamentalisms Ob-*



*served* required reading for every student of modern world history is the transit it describes from that relatively docile American fundamentalism to the extraordinary panoply of fundamentalist movements that has emerged in virtually all the world's major religions. Within the United States, the political involvement initiated by Jerry Falwell was an exception to an older tradition of self-contained proselytizing—a tradition to which American fundamentalists now have returned in good measure if not wholly. Fundamentalism elsewhere in the world is a radically different—and highly political—order of business.

But how can we—if indeed we can—discuss Christian and Islamic and Confucian fundamentalists together, as though there were a “generic” fundamentalism? These movements are historically discrete, deriving from tendencies and tensions within their own “orthodox” traditions. There seems to be relatively little cross-fertilization among the religions. American Protestant fundamentalists, for example, often express extraordinary interest in Judaism and great support for modern Israel, but clearly their fascination is dictated by loyalty to the Pauline Epistles and concerns with spiritual orthodoxy, not by any real influence of Judaism itself.

Yet, despite warning us that the term *fundamentalism* is “not always the first choice or even a congenial choice at all for some of the movements here discussed,” Marty and Appleby go on to describe an essential fundamentalist mentality. And the characteristics of that mentality are, in fact, revealed in each of the volume's 15 substantial essays.

The first part of this characterization is negative. Fundamentalists reject individualism, secular rationality, and religious tolerance with its tendency toward relativism. But fundamentalists do more than merely reject or protest. They exhibit positive or, as the editors put it, “fighting” characteristics. First, they *fight back*. Militancy is crucial to their identity. Second, they *fight for*. They possess an extraordinary sense of their own foundations and of

their principled character. Third, they *fight with*. That is, they reach back to real or presumed pasts in order to shape their present milieu. Fourth, they *fight against*. Their enemies are evil, not merely mistaken. And finally, they *fight under God*. Their cause is transcendent, not merely temporal.

The aggressive character of fundamentalism became a matter of international concern in 1979, when the Shi'ite revolution succeeded in Iran. That Iranian model inspired Islamic fundamentalist activity elsewhere. In 1981, Egyptian fundamentalists assassinated President Anwar Sadat, believing that after his murder, as historian John Voll writes, “faithful Egyptians would rise in holy war against the unbelieving state.” Sadat had promoted, Voll says, a “modern technocratic elite, more congenial to the perspectives of Islamic modernism than to revivalism.” For Sunni fundamentalists, Sadat's dramatic assassination was as logical as it was bracing, and it in turn has stimulated further agitation, if not an armed religious revolt. This past January, Algeria's parliamentary elections were cancelled after Sunni fundamentalists overwhelmed other parties in the first round of voting.

Despite such examples, it would be erroneous to see fundamentalists as simply antimodern. Marty and Appleby protest that religious fundamentalists are grossly misunderstood when they are described as “in every case committed to violence, as obstructionists, as unthinking foes of progress, or as inherently representative of a regressive trend in religion and in human civilization.” Marty, Appleby, and in fact most of the other contributors treat fundamentalism as a part of the modernization process rather than as a force of blind opposition to it, a kind of spiritual Luddism.

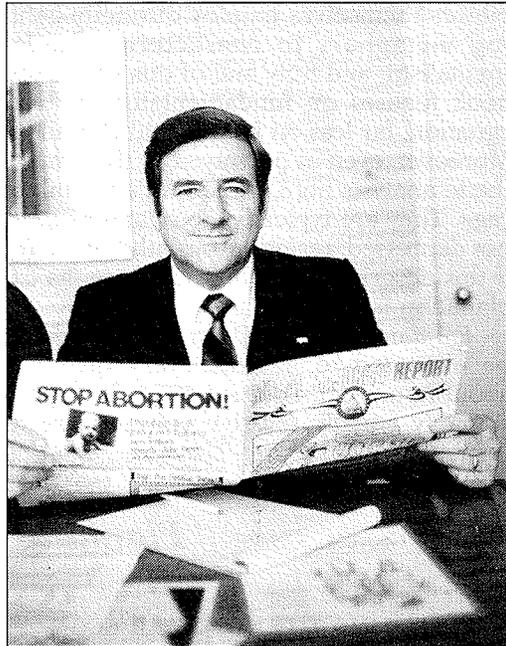
Late-20th-century fundamentalism thrives *on*, not merely *in*, a vibrant, gritty, urban milieu. Fundamentalists are nearly everywhere urban and middle class rather than rural and lower class. Muslim, Sikh, and Christian fundamentalists attempt to discipline the present, to subject it to an-

cient and transcendental criteria. They do not reject the present. Nor do they retreat from the contemporary world in the fashion of Shakers or Mennonites.

Marty and Appleby can thus argue that “fundamentalists demonstrate a closer affinity to modernism than to traditionalism.” Fundamentalists may find the modern world sinful, but this sinful world has also created opportunities and technologies, notably with electronics, that allow them to proselytize more effectively than ever before. Hassidic Judaism, Latin American Protestant evangelicalism, Arab and non-Arab Muslim fundamentalism, Thai Buddhist reform, and Indian Hindu fundamentalism are rooted so deeply in urbanization, industrialization, and political modernization that they are inconceivable without them.

Even in mental outlook, fundamentalists are more akin to modern secularists than either likes to imagine. The literalist reading that fundamentalists give to spiritual texts is quite in keeping with the literalism and materialism of most contemporary science and of modern pragmatic thought in general. Without doubt, fundamentalists’ reduction of “spiritual matters” to simple theological certainties suits the “sound-bite” demands of radio and television, and fundamentalists everywhere have adopted the electronic media as major tools of proselytization. (Yet not even the fundamentalists’ “simplicity” is truly simple: The same fundamentalist Christians who imbibe a facile television broadcast will then reach for the *Scofield Reference Bible*, 1,300 pages long, for dense, knotty advice on correct biblical interpretation. Their Muslim counterparts apply the most complex fine points of Sharia, traditional Islamic religious law, to quite modern problems.) But as for the fundamentalists’ supposed antagonism to materialism—try walking through any parking lot where fundamentalists park: Their cars are usually loaded with purchases, suggesting a relationship of religion to possessions that would have made Max Weber smile.

Fundamentalists also embrace the state



more often than they reject it. Jerry Falwell’s campaign to create a “moral majority” was a modest venture into politics compared to the Islamic revolution in Iran or Indian Sikh demands for a separate state. What Mumtaz Ahmad, a political scientist at Hampton University, observes of Middle Eastern fundamentalists is true elsewhere: Control of the state seems the logical consequence of their worldview.

This is so because fundamentalists consider religion not merely a nicety but a necessity. They tend to see nonbelievers and nonobservers as an insult to the gods that must be expunged. The modern state possesses awesome coercive powers which—whether in the United States, Iran, or India—the “moral majority” seeks to use to advance its religious truths and to suppress others’ religious outrages. Only rarely do fundamentalists see the irony of this adaptation: that the powers of the modern state far outstrip those of the mythologized historical societies they claim to idealize.

Marty and Appleby decry the efforts of those journalists who emphasize fundamentalist violence and ignorance. Yet the

editors themselves employ distinctly fighting metaphors to characterize fundamentalism, and fully half of this very thick book focuses on fundamentalist political agitation, far less on its spiritual character. Moreover, even as portrayed by the sympathetic analysts here, these fundamentalists rage. They are typically angry and furious, not depressed, resigned, or withdrawn. Yet if this description is commonplace, its explanation is not.

*Fundamentalisms Observed* should not be expected to answer every question about its subject. Four substantial and presumably equally massive volumes are to

follow. These will assess the motivations of the leaders and the temperament of the followers, the roles women play, and the consequences of fundamentalisms for public policy. These five volumes should finally erase the suspicion that academics and intellectuals still harbor toward fundamentalism. Certainly no one will laugh while lugging them home from the library.

—Jon Butler chairs the American Studies Program at Yale University and is the author of *Awash in a Sea of Faith: Christianizing the American People* (1990).

## *Planning Without War*

**DISMANTLING THE COLD WAR ECONOMY.** By Ann Markusen and Joel Yudken. *Basic*. 314 pp. \$25

America's post-World War II manufacturing dominance has succumbed to intense competition from around the globe. As consumers both abroad and at home shift to products made outside the United States, evidence mounts that the U.S. economy is failing the competitive test. America is losing manufacturing jobs, and its overall standard of living is falling. The 1992 presidential election may well turn on this lamentable state of affairs.

To be sure, many factors lie behind America's competitiveness problem, including failures by management and labor in the private sector and a lagging educational system in the public sector. But *Dismantling the Cold War Economy* concentrates on one particular failure, that of the U.S. government. Washington has let the industrial system that helped the West win the Cold War collapse, and so far it has failed to replace it. I use the word "system" in order to avoid the loaded phrase *industrial policy*, a term used overseas (and in America among Democrats in the early 1980s) to denote any government's plan for its national industrial future.

Such a plan—without any label at all—was quickly created in Washington after World War II, when a hostile Soviet Union threatened our future. In 1946, under Secretary James Forrestal and Admiral Howard Bowen, the navy—with the army and the air force quickly following suit—spent millions on defense research contracts that nourished new industries and helped establish U.S. manufacturing superiority. Defense Department research and development (R&D) spending soon mounted into the billions of dollars. A strategy for winning the Cold War had the side benefit of propelling the domestic economy ahead—at least through the early 1970s.

Ann Markusen and Joel Yudken, both specialists in industrial development at Rutgers University, take as their subject the cluster of industries nourished by this Cold War strategy. They call that sector the "ACE complex," meaning defense-related industries mainly in aerospace, communications, and electronics. More precisely, their topic is defense contractors—a set of firms, their employees, and surrounding communities—who after 40 years of success now face a questionable future.

When the Soviet Union unexpectedly dissolved and the Cold War ended, the U.S. government's demand for weapons—the

core of the ACE complex's business—began to shrink. Yet even when defense spending was at its peak, during the Reagan administration, it was evident that decades of reliance upon government contracts had weakened the competitiveness of the ACE complex, whose civilian product lines now faced revived Asian and European competition. What was to be done?

As far as civilian products go, pure free-market logic dictated that the ACE-complex companies be left to deal with the bracing winds of competition on their own. This was indeed the position of the Reagan administration. In the early 1980s, as defense-related industries in computers, semiconductors, and machine tools lost business to Japanese and European competitors, the Reagan administration complacently stood by, content to accept the market's verdict. But both Pentagon planners and the Democrat-led Congress opposed this approach, arguing that defense contractors could not stay on the technological cutting edge without remaining competitive in the civilian marketplace, where the impulse toward innovation is strongest. To ensure that the ACE complex retain its technological excellence, Congress in 1984 eased antitrust laws and allowed competing ACE firms to form consortia, such as Sematech in the semiconductor industry, which then received R&D support from the federal government.

Throughout George Bush's presidency, military planners and members of Congress have urged a reluctant White House to do more. The Departments of Defense and Commerce (as well as private groups such as the Aerospace Industry Association) drew up lists of "critical technologies"—ranging from semiconductors to artificial intelligence and robotics—whose sustenance was deemed vital to American interests. Previously, defense spending in these industries had been dictated by Pentagon specialists. Now the government enjoined these industries to develop "dual-use technologies," to produce military and civilian goods simultaneously.

This activity amounts, in effect, to a minimalist industrial policy for the ACE complex. It is an industrial policy that even Republicans can live with. In fact, the main difference between George Bush and Bill Clinton on this issue seems to be that the president will not admit that his administration has been pushed by the Pentagon into this new strategy, while the Democratic nominee is openly enthusiastic about it.

Markusen and Yudken agree that the old plan that worked for so long now needs reform, and they too would like to see the ACE complex survive. Their book is about how to convert that industrial base, or substantial parts of it, to nonmilitary uses. Only one thing is certain, however: Conversion will not be easy.

Decades on the Defense Department's payroll have erected what the authors call a "wall of separation" between these firms and the civilian economy. Markusen and Yudken describe how the military-industrial complex built the ACE "gunbelt" in the first place. They reveal the political decisions that scattered defense production facilities mainly throughout 10 southern and western states, away from the established manufacturing centers. Over the years these firms and their suppliers became accustomed to a single customer with deep pockets—and to the military's highest-tech specifications. Markusen and Yudken thus depict a cluster of firms gradually rendered unfit for today's competitive struggle.

To revitalize the American economy, the authors suggest, the ACE industries must be assisted in a conversion to "green" industries—environmental protection, waste disposal, alternative energy. The framework of a federal plan is necessary because conversion to nonmilitary products is otherwise too difficult. The Pentagon's Office of Economic Adjustment offers grants for conversion, and some communities have assisted in converting defense-related plants. To date, however, the overall record reveals a series of disappointments and a climate of "fear, confusion and bumbling." In the authors' view,

America's efforts resemble the struggles the Soviets faced in transforming their economy. In Boston, for example, Quincy Shipyards (owned by General Dynamics) tried for four years to change from military to commercial shipbuilding. But, dreaming of a return of defense contracts, management was lukewarm toward the conversion, while labor and the state government never could agree upon an "alternate-use plan." The result was that in 1986 Quincy Shipyards simply went under.

What has been lacking so far, Markusen and Yudken say, is a "coordinated and highly visible . . . adjustment strategy." The industrial policy to boost the new green industries, they argue, will have to be as comprehensive as the one that created the ACE complex in the first place. As it did with the original ACE industries, the government will initially have to provide R&D spending, favorable regulations, a market for the goods, capital subsidies, and even bailouts.

Markusen and Yudken thus stake out the left edge of a range of industrial policy options. Readers will have to decide if they like the ideology behind it. The strategy of allowing Pentagon planners to direct the economy at least assumed that technological spillovers would find their way to civilian consumers, who remained (in theory) in the driver's seat. Recent reforms attempt to do more than encourage accidental spillovers: They intend to ensure them by involving the private sector. Yet consumer satisfaction cannot be the criterion for America's new industrial system, Markusen and Yudken say: Japanese products already satisfy American consumers all too well.

Bombers, pensions, and video games now seem the choices of, respectively, the Pentagon, Congress, and individual consumers. Markusen and Yudken would obviously challenge these priorities and redirect the American economy toward a greater investment in "public goods"—

that is, in a sound environment, health care, and community stability. Under the system proposed by the authors, instead of a small, secretive set of uniformed Pentagon executives ordering up the products and aiming the R&D, federal, state, and local governments, as well as regional task forces, would consult with labor, business, and communities. The ACE complex would be reoriented from military to civilian public goods, producing waste-management facilities and solar generators instead of submarines and missile-aiming systems.

Have Markusen and Yudken ignored the lessons of the very history they are writing? In the old ACE complex, government-sponsored industries became inefficient and uncompetitive, but under Markusen and Yudken's new system, government-sponsored industry would, miraculously, become the source of economic vitality and jobs. Their answer to this puzzling contradiction has to be coaxed from their text, but I assume it goes something like this: The Cold War industrial policy worked fine for a time, and if it eventually made its firms sick, that was not because work for the government and government goals is corrupting in itself. What was corrupting was working for admirals and generals. By contrast, work in collaboration with, and for goals set by, a broader public coalition would be quite a different matter.

Well, yes, maybe—but what Markusen and Yudken are proposing certainly is not free-market capitalism. Indeed, in the various strategies from Bush's to Clinton's to those proposed here, free-market capitalism is the strangely absent element. Ronald Reagan does seem a long time ago.

—*Otis Graham, Jr., a former Wilson Center Fellow, is professor of history at the University of California, Santa Barbara, and the author of Losing Time: The Industrial Policy Debate (1992).*

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**OTHER TITLES**


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*Contemporary Affairs*

**THE END OF EQUALITY.** By Mickey Kaus.  
Basic. 271 pp. \$25

That in egalitarian America the richest five percent of society now own roughly two-fifths of the nation's wealth neither surprises nor upsets *New Republic* editor Kaus. Indeed, Kaus's book reads like a calming election-year sermon to his fellow liberals. Its moral is that liberals (by whom he means Democrats) have been exiled from the White House by their misguided commitment to welfare and income redistribution. Typically, liberals ignore the fact that economic inequality is as natural to capitalism as flies and ants are to a picnic. In place of *income* equality, Kaus prescribes *social* equality, which would restrict the spheres of life in which money matters and enlarge those in which it does not.

Kaus may be preaching to the converted. At their 1992 convention, Democrats kept sounding the refrain of how far their party had traveled from 1972 and George McGovern's vow to redistribute wealth. A decade ago, well before Reaganomics had run its course, political philosopher Michael Walzer suggested in *Spheres of Justice* (1983) that people with wealth or authority should not be able to translate such advantages into privileges that work to the detriment of less fortunate people in other sectors of society. Wealth should not translate into privileged access to medical care, for example, and if the wealthy can have their private garden parties, then the public parks should be safe and pleasant as well. Kaus has taken Walzer's idea and packaged it in specific proposals and a political agenda.

Kaus would introduce or reinforce institutions that establish social equality: better schools and public transportation, mandatory national service for the young, an electoral system that is publicly financed, a national public health system. His chief proposal, however, involves replacing welfare with guaranteed jobs. Every American over 18 could, as a fallback, obtain a useful public job, compensated at a wage slightly below the private-sector mini-

mum. The federal government would supplement all low-paid jobs with earned-income tax credits, to raise all employees and their families above the poverty line. Those critics who expect the end of the welfare state to result in huge savings may be shocked at the tab for Kaus's scheme: initially, \$66 to \$83 billion a year. (For purposes of comparison, America's current welfare system costs roughly \$23 billion, while George Bush's requested military budget this year is \$281 billion.) Ultimately, Kaus argues, the investment in a "work ethic state," where there would be a smaller underclass, less drug use, and less crime, would more than pay for itself.

For all of Kaus's discussion of a civic ethic and of a society scaled to human needs, his book is remarkably devoid of any testimony from real people. By keeping to the theoretical, Kaus scants the difficult social and institutional realities involved in getting Americans off welfare and food stamps and into meaningful jobs. Kaus presents a new vision of civic society, of an America animated by a more communal spirit, but he leaves the realization of this vision up to federal authorities, without adequately exploring the role that states, localities, and voluntary groups might play in bringing it to fruition.

**IN MY FATHER'S HOUSE:** Africa in the Philosophy of Culture. By Kwame Anthony Appiah. Oxford. 225 pp. \$29.95

In the film *Mississippi Masala* (1992), a Ugandan-born lawyer of Indian descent becomes furious when a black friend, urging him to flee Idi Amin's terror, quotes Kwame Nkrumah's saying, "Africa for the Africans!" Appiah, a professor of philosophy at Harvard, argues that pan-African slogans such as Nkrumah's encapsulate a most curious history of racism.

Appiah here investigates that convoluted history to learn how the *idea* of "African" came into being. As a cultural notion it was, in fact, created not in Africa but elsewhere. During the 19th century, European colonizers—as a way



of discounting the legitimacy of so many diverse peoples and cultures—fabricated a single African identity. From Europe, Appiah shows, the intellectual drama next shifted to the United States, where the fathers of pan-Africanism—Alexander Crummel (1819–98) and W. E. B. Du Bois (1868–1963)—took the essentially de-meaning concept of “the Negro” or “the African” and embroidered it with positive connotations. Each race, Du Bois wrote in *The Conservation of Races* (1897), possesses its own special “mission” for civilization. Although Du Bois’s idea of an African civilization may satisfy a deep longing among Africans for some kind of unity, it flies in the face of everything that Appiah (a native of Ghana) personally knows: “Whatever Africans share, we do not have a common traditional culture, common languages, a common religious or conceptual vocabulary.” The contemporary “race industry”—thousands of politicians, professors, preachers, and poets who have a vested interest in race as a fundamental datum of human experience—will surely dislike Appiah’s insistence that there is nothing *essentially* black or African. Yet Appiah’s intention in casting out false racial or metaphorical identities is to help contemporary Africans more freely choose “what it will mean to be African in the coming years.”

But how is such an act of cultural self-definition to be accomplished? Here Appiah shifts to the personal, narrating the strange story of his father’s funeral. Appiah’s father, a modern Ashanti politician, left burial instructions that contradicted his clan’s matrilinear rules. In the ensuing dispute, spells were cast, sheep slaughtered, and poisonings attempted, as Appiah himself was pushed from neat abstractions like “tradition” and “modernity” into “an almost fairytale world of witchcraft and wicked aunts and wise old women and men.” He learned that Ashanti spirits—or, for that matter, the God of Christianity and Islam—have to be re-

spected as more than “symbolic truths.” *In My Father’s House* becomes the very desideratum it is proposing for Africa’s intellectual future: Appiah is writing not “African philosophy” (which he considers a meaningless term) but thoughts by an African in which oral wisdom and European concepts form a unified whole. “If you postulate an either-or choice between Africa and the West,” he concludes, “there is no place for you in the real world of African politics.”

### History

**A WORLD WITHOUT WOMEN:** The Christian Clerical Culture of Western Science. By David F. Noble. Knopf. 330 pp. \$25

Western science has long been something close to a male-only club, a condition documented in such feminist studies as Evelyn Fox Keller’s *Reflections on Gender and Science* (1985) and Londa Schiebinger’s *The Mind Has No Sex? Women in the Origins of Modern Science* (1989). Such books analyze how exclusive male control of the scientific enterprise has shaped our understanding of the physical world as well as the strategies by which we go about “mastering” it.

Noble, a historian at York University in Toronto, proposes to tell how the club became virtually all-male. It didn’t have to be so, he says. Nor was it even the inevitable consequence of the misogyny of Aristotle and other classical shapers of Western science. The problem lies, says Noble, in the history of one of the West’s more influential cultures of learning: the Christian church. Drawing on the work of such specialists as Peter Brown (on late antiquity) and R. W. Southern (on the Middle Ages), Noble shows how women’s exclusion from the world of learning resulted from the long struggle over the character and role of the Christian clergy: Should it be homosocial, celibate, and male-dominated? And should the clergy have the final say in defining correct doctrine and practice?

The fact that these questions were not always answered in the affirmative is proof, in Noble’s telling, of how things might have been otherwise. For example, in the second and third cen-

turies there were, within the Mediterranean world, female priests and bishops—a phenomenon that Tertullian of Carthage branded “heresy.” Far more common, and almost as threatening to most Church Fathers, were the many wealthy female patrons of various Christian communities and churches. Monasteries housing both men and women, such as the one founded by St. Brigit in fifth-century Ireland, and spiritual marriages between male and female celibates were but two institutions that involved women in the culture of learning.

But with the increasing militarization of the church during the Carolingian period and the reforms of Pope Gregory VII in the late 11th century (which strengthened papal authority and weakened lay influence), women were effectively cut off from the intellectual life of Western Christendom. Their exclusion was nowhere more noticeable than in the new universities of Paris, Padua, and Oxford. From the 13th century on, observed historian Friedrich Heer, “there was no satisfaction for [women’s] spiritual and intellectual yearnings.”

Noble tells how the anti-female bias survived among the New Philosophers, those thinkers from Francis Bacon (1561–1626) to Roger Boyle (1627–91) who retained a religious outlook even as they laid the foundations of modern science. Universities and scientific societies in the early modern world were full of such men who shared Isaac Newton’s monkish horror of women’s potentially corrupting influence upon the life of the mind. Yet Noble does not ignore the heterodox tendencies within late Christendom that allowed women, particularly in America, slowly to infiltrate realms deemed properly masculine. How slowly hardly needs saying. England’s Mary Somerville (1780–1872), hailed as the “premier scientific lady” of her day, saw her book on astronomy adopted as a set text at Cambridge. Yet neither she nor her daughters were permitted to study within its hallowed, masculine halls.

#### WHEN TIME SHALL BE NO MORE:

Prophecy Belief in Modern American Culture.  
By Paul Boyer. Harvard. 468 pp. \$29.95

“Many Arguments . . . persuade us,” Cotton Mather told his Boston congregation in 1709,

“that our glorious LORD will have an Holy city in AMERICA . . .” The belief that ancient biblical prophecies would be fulfilled in America has inspired some of the best minds of this country, observes Boyer, a historian at the University of Wisconsin. As late as the 19th century, the narratives of America’s then-premier historian, George Bancroft, indirectly gained momentum from his belief that the hand of God was at work in the country’s affairs. But as American culture became increasingly secular, what had once been a fertile line of thinking degenerated into eccentricity and crankiness. A debased form of prophetic writing continued as if in a parallel universe. Expositors offered “scientific” readings of the Bible to explain everything from World War I to global warming. Boyer is not entirely dismissive of this thinking: The doomsday visions of environmentalists, he points out, are essentially secularized versions of the Apocalypse. Biblically inspired superstitions circulate even among America’s high and mighty. Ronald Wilson Reagan was so painfully aware that the Bible assigned the number 666 to the Antichrist—and that each of his names has six letters—that at one time he had the street number of his California home changed from 666 to 668.

#### Arts & Letters

##### THE ANALYST AND THE MYSTIC:

*Psychoanalytic Reflections on Religion and Mysticism.* By Sudhir Kakar. Univ. of Chicago. 83 pp. \$15.95

Psychoanalysis was born partly in hostile reaction to religion. In *The Future of an Illusion* (1927), Sigmund Freud dismissed the religious inclination as a regressive, infantile wish to return to the mother’s breast or to the cozy womb. True to the positivistic climate in which he began writing, Freud was determined to make psychoanalysis a science. And just as the sciences treated surface phenomena as expressions of underlying laws, so psychoanalysis reduced human behavior, including religious behavior, to manifestations of biological drives.

Kakar, who practices psychoanalysis in New Delhi and teaches at the University of Chicago, offers an explanation for that early hostility:

Freud and his followers pronounced all religion anathema not because it was opposed to what they did but because it was too similar. (A decade ago, Bruno Bettelheim demonstrated that Freud's works in the original German are full of references to the soul, all of which were excised from the English translations.) Early in this century, psychoanalysis was popularly lumped with mesmerism, Christian Science, phrenology, and other fads that cloaked religious concerns in scientific trappings. For psychoanalysis, such trappings are no longer necessary, Kakar argues, because even the hardest sciences have moved beyond simple positivism. (Quantum physics, for example, challenges the positivistic notions of causality.) Someone without interest in religion might well read *The Analyst and the Mystic* as a primer of current trends in psychoanalysis, showing how the discipline has moved from a science of instinctual drives to being a study of the mental representations of relationships.

From his perspective in India, Kakar sees how even the most dissimilar analysts of the past decades—Erik Erikson, Donald Winnicott, Wilfred Bion, and Jacques Lacan, for example—share a “common antireductionistic agenda.” All have been unwilling to reduce the varieties of human behavior to underlying scientific paradigms. Kakar himself discusses the 19th-century Indian saint Sri Ramakrishna—a lovable, wise, and childlike mystic, in many ways like St. Francis—without any scientific condescension. Earlier, Ramakrishna—who passed into ecstatic trances for days at a time and who sometimes went naked or wore women's clothing—would have had every diagnostic label imaginable pasted on him. (Even the venerable Buddha had, within the psychoanalytic literature, the various diagnoses of melancholia, catatonic ecstasy, schizophrenic dementia, and apathy applied to him.) Yet here Kakar argues that Ramakrishna, with his capacity for love and work, more than passes Freud's test for mature well-being.

Representing perhaps the most complete reconciliation of religion and psychoanalysis to date, Kakar's book aims to expand the therapeutic understanding and techniques available to practitioners and laymen alike. But Kakar might have mentioned where the old scientific impulse in psychoanalysis has gone. If “rela-

tional models” represent one great trend in post-Freudian psychiatry, psychopharmacology is surely the other. Many doctors and therapists now hold that chemistry is at least as good as talk for treating most psychiatric complaints. The division that Freud struggled to prevent between humanistic psychology and science—between, as it used to be put, “salvation” and “salves”—apparently has come to pass.

**MICHEL FOUCAULT.** *By Didier Eribon.*

*Trans. by Betsy Wing. Harvard. 374 pp. \$27.95*

Michel Foucault (1926–84) is widely regarded as one of the 20th-century's more innovative thinkers. Eribon's biography, a best seller in France, has all the fascination of Foucault's own “archeologies,” which sought to uncover the relationships between self and culture.

Not only critics but even Foucault's friends have often read his work as a rationalization of his life. “I have suffered and I still suffer from a lot of things in French social and cultural life,” Foucault admitted. The young philosopher is shown here in his twenties making “several attempts at or stagings of suicide,” and all his life Foucault's psychological balance remained fragile. No wonder, then, that in *Madness and Civilization* (1961) he criticized society for defining itself in contrast to those it castigated as mentally different and labeled “mad.” Foucault was gay in a culture that understood homosexuality as a perversion. So of course he would write a *History of Sexuality* (3 vol., 1976–84) to argue that what passes for natural is, in fact, a social construct. But to relate Foucault's work to his life in this way is, as Eribon points out, a very un-Foucaultian way to approach it.

For Foucault, as for Nietzsche (to whom he is indebted), there is no pure knowledge or truth independent of social context. An individual's knowledge is largely an unconscious mimicking, through ideas, of the existing power structure. The intellectual's task, as Foucault defined it, is thus somehow to break out of the “hegemony” of knowledge, to reveal “the economic and political role it plays.” Foucault himself investigated the history of schools and asylums, medical clinics and prisons—the institutions that embodied, in Nietzschean terms, the social will to power—that determine what we believe

is natural or normal.

In his life, too, Foucault attempted to break out of the self-contained social circle in which power and knowledge reinforce each other. The sociologist Pierre Bourdieu described Foucault's project as "a long exploration of transgression, of going beyond social limits." To break from his native country, Foucault took teaching positions in Sweden, Poland, Germany, Tunisia, Brazil, Japan, and the United States. In 1966, his *Order of Things* became a best seller ("Foucault Selling like Hotcakes" ran the *Nouvel Observateur* headline), and in 1970 he was appointed a professor at the Collège de France. By then he had succeeded Jean-Paul Sartre as both the reigning French philosopher and the leading militant opposed to "courts, cops, hospitals, asylums, school, military service, the press, television, the State."

Foucault's story is not without its ironies. The man who challenged the entrenched orthodoxies was rewarded with international fame. Two thousand people attended his 1983 lecture in Berkeley on "The Culture of the Self;" indeed he was well on his way to becoming the new orthodoxy. A sadder irony is that Foucault, who had made a principle of transgressing limits, died of AIDS in Paris on June 25, 1984. "But couldn't everyone's life," Foucault once asked, "become a work of art?" Eribon suggests that Foucault's life, despite its fragility and sadnesses, was proof of that possibility.

### Science & Technology

**ECOCIDE IN THE USSR:** Health and Nature under Siege. By Murray Feshbach and Alfred Friendly, Jr. Basic. 376 pp. \$24

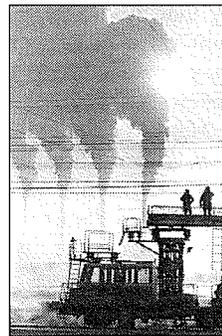
Embarrassed by Russia's backwardness, early Stalinist planners embarked on one of the great romances of history in their embrace of industrial progress. Propaganda posters in the 1930s depicted smokestacks bathed in ethereal orange and yellow soot as the very image of beauty. Open-pit mines became symbols of growth, prosperity, and, above all, hope.

A half-century later the former Soviet Union stands on the brink of ecological disaster. Feshbach, a Georgetown University professor of demographics, and Friendly, a former

*Newsweek* Moscow bureau chief, estimate that three-fourths of the commonwealth's surface water is polluted. Toxic chemicals, used to compensate for inefficient collective farming (to which the Soviets were committed ideologically), have turned most drinking wells into carcinogenic cocktails. "Mother Volga" is an open sewer, as are the Dniepr and Don rivers. As "the greatest single, man-made ecological catastrophe in history," Feshbach and Friendly point to the shrinking of the inland Aral Sea through relentless irrigation projects. Storms now carry toxic salts from the Aral's dry beds across Central Asia. Exposed to the virulent pesticides used in the irrigated cotton fields, mothers in the Aral region cannot breast-feed their babies without running the risk of poisoning them. The mind-numbing toll goes on and on: Half the young men who reported for military duty in 1991 were unfit to serve. The ecological crisis has in turn engendered a health-care crisis: Clinics and hospitals lack the trained staff and medical supplies (or sometimes even the plumbing) needed to deal with the sick who queue up in long lines.

How to make sense of this catastrophe? Some observers claim that Russia fulfilled its own propagandistic description of an evil imperial power: Moscow treated the peripheral republics like colonies, exploiting them for Mother Russia's benefit. Feshbach and Friendly reject this interpretation, pointing out that the ecological ravages within Russia are no less severe than in the other former republics. Instead, they blame Marxist theory, which held that labor created all value: Nature was neutral, merely indifferent raw material, for humankind to use however it saw fit. "We cannot expect charity from nature," ran one Stalinist-era slogan, "we must tear it from her."

The writer Pyotr Chadayev long ago lamented that it was Russia's fate to serve as an example to the world of how not to live. The authors think that the tragedy of Chernobyl—to which the Soviets officially attributed 31 deaths, and which one



American biophysicist estimated killed 50,000—may well have been a turning point, stirring public indignation and indirectly hastening the collapse of the Soviet Union. Cold Warriors may thus gloat while reading *Ecocide*. But what happened in the Soviet Union—where resources that should have supported sound health and ecological policies were diverted to military use—was, Feshbach and Friendly show, in some respects only an amplified version of what has happened in the United States and other industrialized nations.

**THE DIVERSITY OF LIFE.** By Edward O. Wilson. Harvard. 424 pp. \$29.95

Would you like to have a species of flora or fauna named after you? Then take note of Harvard entomologist Wilson's observation that in a tropical rain forest today the variety of species is so great that "the chances are high, in fact certain, of finding a new species . . . within days or, if you work hard, hours after arrival."

Wilson is not writing a travel prospectus for an Amazon tour. He is America's most renowned sociobiologist, studying the correlation between environment and behavior, and here he examines how the present destruction of ecosystems—rainforests, coral reefs, grasslands—may affect life on this planet. Five times before, he tells us, the Earth has suffered "extinction spasms." Meteor strikes, volcanic eruptions, or extreme climatic changes have variously wreaked havoc on the planet's biological population. Ten to 100 million years of evolution were required to repair the damage wrought by each of the cataclysms. Wilson warns: "The sixth great extinction spasm of geological time is upon us," this time wrought by that biological latecomer, man. At the current rates of extinction, by the year 2020 we may "lose at least one-quarter of the Earth's species."

Many people who live far away from rain forests, or any forests, may wonder whether the world will really be a poorer place if the occasional snail darter or spotted owl is lost. Wilson has an answer to their insouciance. Only about

1.4 million species out of a total of between 10 and 100 million have been "discovered," in the sense of having had a scientific name applied to them. Of these, "fewer than 10 percent have been studied at a level deeper than gross anatomy." Consequently, our knowledge of life on this planet is limited to the study of less than one percent of its inhabitants. With the extinction of countless unknown species, Wilson writes, "new sources of scientific information will be lost. Still undeveloped medicines, crops, pharmaceuticals, timber, fibers, pulp, soil-restoring vegetation, petroleum substitutes, and other products and amenities will never come to light."

Besides this forfeited cornucopia, there is another reason to halt the elimination of the Earth's fauna and flora. Scientists, Wilson says, "entertain only a vague idea of how ecosystems work." Nor do they know when a vanished species will prove to have been a "keystone species," one that provides the foundation for an entire ecosystem. Although it might seem plausible to dismiss many species, say of bugs and weeds, as unimportant, Wilson reminds us that "an obscure moth from Latin America saved Australia's pastureland from overgrowth by cactus." Even so seemingly minor a change as in the pH in seawater will cause the kelp to die, and, when that happens, whales that feed on kelp wash up and perish on the shore. Wilson's roster of crucial species adds up to an impressive brief for the living kingdom.

It may need that defense. Many people find nothing wrong in a world in which medicines would be synthesized only from chemicals, food grown only from domestic crops, and the air and climate "regulated by computer-driven fusion energy." The belief "that people can flourish apart from the rest of the living world" is of quite recent vintage, Wilson says, and could be a delusion. The life-sustaining ecosystems that enrich the soil and create the very air we breathe depend upon innumerable tiny animals and organisms—in other words, on weeds and bugs. If we sever our connection to this biodiversity, Wilson concludes, our fate could be like that of the whales that suddenly strand themselves on strange shores.

## The real meaning of Russia's second great revolution

Fortuitously, James H. Billington, the Librarian of Congress and one of the West's most distinguished Russian scholars, found himself in Moscow during the failed coup of August 1991. A uniquely informed and perceptive eyewitness, Billington here draws on the people and incidents he observed, as well as on his profound understanding and love of the Russian people, to analyze the significance of an event he believes was equal to, if not greater than, the Bolshevik revolution of October 1917. However, as he eloquently shows, *this* breakthrough was a spiritual renewal which holds out a genuine promise of freedom and redemption after Russia's long nightmare of autocracy and totalitarianism.



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## REFLECTIONS

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# Our Curious Contemporary, G. K. Chesterton

Earlier in this century, G. K. Chesterton (1874–1936) delighted readers with his fictional celebrations of English tradition and his whimsical essays on “What I Found in My Pockets” or “The Glory of Grey.” But then, to the extent that a 300-pound man can disappear, Chesterton vanished, if not from view then at least from critical appreciation, dismissed as a relic of the past. Here Robert Royal evokes a quite different Chesterton, one whose double consciousness and ability to overturn accepted truths show a quite modern sensibility and make Chesterton, curiously, a man of our time.

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*by Robert Royal*

**A**lthough G. K. Chesterton is one of the most quoted of early-20th-century English writers, he has yet to find his fair share of late-20th-century English readers. During his lifetime he was immensely popular, more popular even than his close literary friends George Bernard Shaw, H. G. Wells, and Hilaire Belloc. His unique combination of wit and kindly manner made him a much sought-after journalist and speaker. But what was more, he was loved—no other word will do—by the British public. At his death in 1936 he had a passionate audience for the magazine he edited, *G.K.'s Weekly*, and a large following for his books and for his weekly column in the *Illustrated London News*; he was also one of the most popular of the regular commentators on the BBC. Chesterton had the knack of touching some deep common chord

among his compatriots. He would have been gratified by the remark of an ordinary policeman who turned up at his funeral: “We’d all have been here if we could have got off duty. He was a grand man.”

Since then, devoted Chestertonians have continued reading him furiously. Chesterton societies exist in cities throughout England, America, Australia, Japan, and Eastern Europe. This enthusiasm has kept far more of his titles in print than those of his three illustrious contemporaries. Yet for the general public in the past few decades, Chesterton’s work has undergone the eclipse that often follows the death of a writer—though that neglect may be about to end. (Chesterton’s *Collected Works* in 45 volumes is now being published.) In a variety of ways, our postmodern condition orients us toward a new and better appreciation of Chesterton.

Chesterton may be unique in modern

literature in that his very quotability and verbal pyrotechnics have, paradoxically, contributed to his neglect. Most readers who come across some common Chestertonian aphorism (e.g., "If a thing is worth doing, it is worth doing badly") usually know nothing about Chesterton except that he seems to have been a consistently funny fellow. And they assume that he was a wit like Oscar Wilde who, for those of us too busy to be bothered with light reading, has nothing of substance to say.

Or if a reader is enticed into trying one of Chesterton's books, the mountain-goat leaps of logic, knotty verbal parallelisms, and prodigious use of paradox call for a patience and attention few other authors demand. Who else would have started a travel book—as Chesterton did his *What I Saw in America* (1922)—with this:

I have never managed to lose my old conviction that travel narrows the mind. At least a man must make a double effort of moral humility and imaginative energy to prevent it from narrowing his mind. Indeed there is something touching and even tragic about the thought of the thoughtless tourist who might have stayed at home loving Laplanders, embracing Chinamen, and clasping Patagonians to his heart in Hampstead or Surbiton, but for his blind and suicidal impulse to go and see what they looked like. This is not meant for nonsense; still less is it meant for the silliest sort of nonsense, which is cynicism. The human bond that he feels at home is not an illusion.... But to travel is to leave the inside and draw dangerously near the outside.

For people who know the thrust of Chesterton's work, this apparently aimless nonsense makes perfect sense. What he means is that our imaginations often preserve more truth than do our contacts with reality. But for many readers, the willful topsy-turviness causes patience to give out before the larger pattern can emerge.

Yet the wit and paradox and parody characteristic of Chesterton are familiar to those of us living in postmodern societies. After we have read Salman Rushdie's *The Satanic Verses* (1989), with its lush fracturing of Muslim identity in Proper London, we cannot be entirely at sea reading Chesterton's rambunctious novel, *The Flying Inn* (1914), with its fracturing of English identity owing to imported Islamic elements. Umberto Eco's *Foucault's Pendulum* (1989) is a virtual *omnium gatherum* of postmodern agnosticism about language, meaning, society, and history. Chesterton's novel *The Man Who Was Thursday* (1908), which many readers found



Chesterton's uniform—hat, cloak, cane, pince-nez—helped make the slovenly author a widely recognized London personage.

hard to understand when it was first published, chews over many of the same themes as Eco's book does, and with far more humor and sheer literary energy. Whatever other obstacles may keep a contemporary reader from appreciating Chesterton; difficulty or eccentricity can hardly still be among them.

Other obstacles, however, do exist. A paradox of Chesterton's work is that the framework for what we might call its "postmodern" elements are some very traditional beliefs. From his early years he was vigorously Catholic in his intellectual orientation, although he did not formally enter the church until he was over 50. Catholicism for Chesterton meant a way of life that has persisted through time as the central moral and spiritual sanity of Europe: "It is a mind surviving a hundred moods." The Catholic vision, he thought, was not merely a narrow system of dogma intended to fit us for another world. Rather, its theology and anthropology were the only realistic basis for human joy and exuberance in this world.

Chesterton was decidedly a defender of the old pleasures and sanities of Merrie England. Neither his Catholicism nor his Englishness are now in much favor in literary, scholarly, or even journalistic circles. For the average reader and writer today, a person committed to Catholicism and traditional social life can only be a reactionary. Chesterton's mature social vision, however, never called for a simple return to the past, but for what he termed Distributism. Contemporary conservatives who like to quote Chesterton, such as George Will, sometimes give the impression that "GKC" would have found himself at home among American conservatives today. Though Chesterton was certainly no modern liberal, he would never have felt comfortable with today's conservative preoccupation with economic enterprise and industrial growth. He preferred an almost Jeffersonian vision of the widespread distribution of property and the per-

sonal independence that comes with it:

I shall be completely misunderstood if I am supposed to be calling for a return ticket to Athens or Eden, because I do not want to go on by the cheap train to utopia. I want to go where I like. I want to stop where I like. I want to know the width as well as the length of the world; and to wander off the railway track into the ancient plains of liberty.

He said himself that "a reactionary is one in whom weariness itself has become a form of energy." What he meant is that the reactionary is inert and allows the world to set an agenda that stings him into action. Chesterton's own mind was far too vigorous and original for that. He is one of those traditional Catholic writers such as Cardinal Newman, Gerard Manley Hopkins, Evelyn Waugh, and Graham Greene, whose work has its own intellectual or aesthetic value over and above its apologetic value.

In Chesterton, the strong and good pleasures of the world can remain strong and good only if they are in a two-way relationship with a proper metaphysics and anthropology. Religion is crucial to human happiness because it provides a true reason for joy even when we are engaged in doing nothing in particular. It is no accident that Witold Rybczynski spends several pages at the beginning of his study of modern leisure, *Waiting for the Weekend* (1991), comparing Chesterton's view of unoccupied time as giving us "the freedom to do nothing" with current beliefs that leisure is to be filled up with the latest fad in exercise, educational activities, or the right kinds of fun. For Chesterton, any of these activities could lead to authentic joy if pursued with appreciation for it as a gift rather than as a utilitarian good. But he found that calculation was beginning to choke off human exuberance, not least among the very people who advocated a return to the simple life. He contended, against the Tolstoyans and their fussy simplicity: "There is more simplicity in the man who eats caviar on impulse than in the man who eats grape nuts

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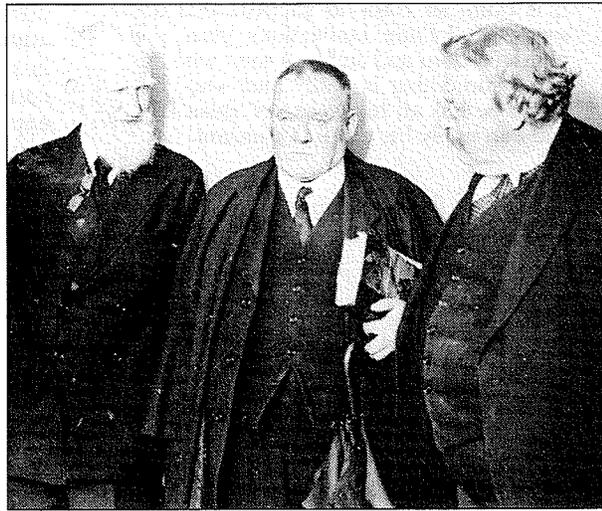
*Robert Royal* is vice president for research and John M. Olin Fellow at the Ethics and Public Policy Center in Washington, D.C. He is the author of *1492* and *All That* (1992) and the editor of *Hospitable Canon: Essays in Literary Play, Scholarly Choice, and Popular Pressure* (1991) and *Play, Literature, Religion: Essays in Cultural Intertextuality* (1992). Copyright © 1992 by Robert Royal.

on principle.”

The earthly pleasures are important both for their own sakes and because they keep our ideals from degenerating into a cranky, false spirituality, as in Tolstoy. English beef and beer, viewed through this lens, become almost sacramental. In Chesterton's own time, this was misunderstood. The vegetarian and teetotaler G. B. Shaw, for instance, once complained of the beef-and-beer side of Chesterton's work: "Have I survived the cry of Art for Art's sake and of War for War's sake, for which Mr. Chesterton rebukes Whistler and Mr. Rudyard Kipling, to fall a victim to this maddest of all cries: the cry of Beer for Beer's sake?" But for Chesterton the defense of beer was one with the defense of the English poor and of the sane social pleasures within their reach against the elite puritanism of Shaw and a host of social planners.

This vision of private and public goods emerged early and changed little. Chesterton opposed English imperialism as manifested in the Boer War with the same vehemence that he opposed German imperialism in the 1930s. His type of patriotism was incompatible with riding roughshod over the patriotism shown by others. Small, embattled nations such as the Boers attracted his sympathy because he thought of them as local and authentic rather than expansive and avaricious.

Beyond his labors as essayist, novelist, poet, and writer of detective stories, Chesterton was a journalist, but one who never confined himself to what George Steiner has called journalistic "spurious temporality." (Chesterton simply called himself a "jolly journalist.") His early book *Heretics* (1907), for example, deals with religion, but it is also a series of analyses of contemporary figures and popular movements. Friends like H. G. Wells or George Bernard Shaw become occasions for measuring what's wrong with the modern world, as do social currents such as Tolstoyism, imperialism, and theories of racial superiority. Take, for example, his remark about Rudyard Kipling. He sees beyond the accepted picture of Kipling the militarist:



*The socialist George Bernard Shaw (left) and the reactionary Hilaire Belloc (center) were political opponents, yet both could be friends with the easygoing Chesterton.*

Kipling's subject is not that valour which properly belongs to war, but that interdependency and efficiency which belongs as much to engineers, or sailors, or mules, or railway engines. And thus it is that when he writes of engineers, or sailors, or mules, or steam engines, he writes at his best. The real poetry, the "true romance" which Mr. Kipling has taught, is the romance of the division of labor and the discipline of all the trades. He sings the arts of peace much more accurately than the arts of war.

This is not only fine contemporary comment and original literary criticism, it points the way to a further observation. Some critics have accused Kipling of imperialism—something Chesterton always abhorred, believing as he did in smaller, democratic human communities. But Chesterton shows that because of his love for efficient organization, Kipling's problem is not, strictly speaking, imperialism but a preference for large-scale activities instead of loyalty to a place like England.

Writing of George Bernard Shaw, Chesterton denies that his friend, any more than he himself, is a mere buffoon saying witty things for public applause. Shaw, like Chesterton, is a refutation of the cliché that beliefs fetter the mind:

It is quite an error to suppose that absence of definite convictions gives the mind freedom and agility. A man who believes something is ready and witty, because he has all his weapons about him and can apply his test in an instant.

Shaw shows, then, a consistency that most people do not understand because they expect intellectuals to fall into predictable patterns:

If he laughs at the authority of priests, he laughs louder at the pomposity of men of science. If he condemns the irresponsibility of faith he condemns with a sane consistency the equal irresponsibility of art. He has pleased all the bohemians by saying that women are equal to men; but he has infuriated them by suggesting that men are equal to women.

Chesterton quarrels with Shaw not because Shaw is frivolous but because he has become mistakenly serious in embracing Nietzsche's Superman. As a profound democrat, Chesterton could not accept some supposed aristocracy of strength and intellect that would rise superior to the common people. Or as he put it in a famous passage:

Mr. Shaw cannot understand that the thing which is valuable and lovable in our eyes is man—the old beer-drinking, creed-making, fighting, failing, sensual, respectable man. And the things that have been founded on this creature immortally remain; the things that have been founded on the fancy of the Superman have died with the dying civilizations which alone have given them birth.

This was in 1907. When Chesterton saw the growing menace of Nazism in the 1930s, he knew that the evil seeds of the Superman were bearing fruit.

Chesterton abhorred theories of racial superiority of any stripe. In his *Short History of England* (1917) he demolished the then-popular theory of the Teutonic origins of English liberty as both scientific and historical nonsense. In the early 1930s, he denounced the anti-Semitism that was the mirror image of the Nazi theory of an Aryan master race. Hilaire Belloc and Chesterton's brother Cecil are often consid-

ered anti-Semites for their public stridency about Jewish financial interests. Chesterton is sometimes placed with them, mostly because in a few passages he uses anti-Jewish expressions common to his time. But this grouping is a mistake for two reasons. First, the profound humaneness of his whole character made it impossible for him to be consistently unfair to an entire group of people, as Cecil Chesterton and Belloc could be. More important, Chesterton believed on the deepest religious grounds that there could be no superior races, only morally better and worse individuals.

His fictional works are not always successful precisely because they are a species of *roman à these*, attempts to embody thoughts on religion and morality in not entirely realistic characters. Yet these are not mere ideological fictions. Kingsley Amis has estimated that of Chesterton's 18 works of fiction, at least seven or eight have such enormous life in them that they cannot help but take their proper places in literary history.

Similar judgments come from odd quarters. Franz Kafka, for example, was bowled over by Chesterton's book of Christian apologetics, *Orthodoxy* (1908), and by his Kafkaesque detective novel, *The Man Who Was Thursday*. He pressed them on a friend, saying that they simply had to be read because the author seemed as happy and energetic as a man who had actually found God. Kafka's reading penetrated to a crucial point: Perhaps the most salient feature of Chesterton's work is its sheer exuberance and joy in existence. How he came by that enormous imaginative energy is one of the great human mysteries.

Bowing down in blind credulity, as is my custom, before mere authority and the tradition of the elders, superstitiously swallowing a story I could not test at the time by experiment of private judgment, I am firmly of the opinion that I was born on the 29th of May, 1874, on Campden Hill, Kensington; and baptised according to the formularies of the Church of England in the little church of St. George opposite the large Waterworks Tower that dominated that ridge. I do not allege any significance in the relation of the two buildings; and I indignantly deny that the

church was chosen because it needed the whole water-power of West London to turn me into a Christian.

Thus begins Chesterton's *Autobiography* (1936). From it, we learn that the author passed his early life entirely in Kensington, the pleasant area of West London, in a happy, middle-class Victorian family. His father was an eccentric who was successful enough to retire early from the family real-estate business to pursue artistic hobbies. His mother, one of 20 siblings, gave the three Chesterton children support for their imaginative activities. Playing at toy theaters, drawing and writing in the quiet of his own home, seemed to Chesterton as close to paradise as existed on Earth (visits to pubs excepted). He showed literary talent but otherwise no great brilliance at St. Paul's School in London. So his father decided to send him to the Slade Art School instead of a university. In his *Autobiography* he describes his astonishment at what he found there: "An art school is a place where about three people work with feverish energy and everybody else idles to a degree I should have thought unattainable by human nature."

Chesterton's friends from St. Paul's, most of them literary types such as E. C. Bentley, had gone on to Oxford. Chesterton was always eccentric, but never bohemian, and could only have felt lonely among the arty students at Slade. The loneliness had one good effect, however: It drove him away from art into book publishing and journalism. His quirky genius and vivid visual imagination quickly made him a favorite with readers and magazine editors, and before he was 30 he had a large London following among readers of the *Daily Mail* and the *Illustrated London News*.

Chesterton's success was enhanced by the figure he cut: He was always of large proportions (nearly six feet, six inches tall and, at his heaviest, close to 320 pounds). At the same time, there was a kindly giant's gentility to his manner, even in the most heated disputes. H. G. Wells once remarked with some exasperation that it was impossible to quarrel with Chesterton—a fact confirmed by a record of nearly 40 years of polemics in which Chesterton appears to have made not a single enemy. Chesterton

was one of the great English talkers, and many of his contemporaries imagined him as something like Dr. Johnson or one of the larger-than-life characters out of Dickens.

After he married in 1901, his wife Frances gave up trying to keep him tidy and instead decked him out in a cape, large black sombrero hat, and sword stick so he would at least look presentable walking around London. All sorts of stories began circulating about him in Fleet Street, many of them true. The enormous Mr. Chesterton, for example, had been seen on a bus



*Just Indignation of Queen Victoria* —  
Chesterton might not have amused everyone, as his own self-mocking drawing suggests.

rising to offer his seat—to three ladies. When, owing to his bulk, he had trouble getting out of a car, a woman advised him to turn sideways, eliciting the reply, "Madam, I have no sideways." He was known to sit writing his columns and chuckling to himself in Fleet Street pubs while a cab stood waiting to enable him at the last moment to make his newspaper deadlines.

These habits may appear to be those of a very irregular person and unprofessional writer, but Chesterton knew what he needed to stimulate his imagination. In ad-

dition to turning out on average several books a year, he wrote a weekly column for the *Illustrated London News* throughout his adult life along with another weekly newspaper column, first for the *London Daily News* and then, after a disagreement with the editors, for the *Daily Herald*. He was constantly in demand as a lecturer and reviewer. Part of the liveliness of his work stems from the genius he had for an immediate and profound response to events—a genius sharpened in his case by the pressure of a deadline.

Eventually his wife persuaded him to leave the distractions of London and the life of a “jolly journalist” for more relaxed surroundings in the suburb of Beaconsfield. There he became even more prodigiously productive. But the stories about him continued. He was being invited to lecture all over England, with predictable results for such an unworldly man. In one notorious incident, his wife received an urgent telegram: “Am in Market Harborough. Where ought I to be?—Gilbert.”

Amidst all this eccentricity, a powerful literary and philosophical current began manifesting itself. During his art-school years, Chesterton had gone through a period of depression in which *fin de siècle* pessimism and skepticism had led him near madness.

At this time, I did not very clearly distinguish between dreaming and waking; not only as a mood, but as a metaphysical doubt, I felt as if everything might be a dream. It was as if I had myself projected the universe from within, with all its trees and stars; and that is so near the notion of being God that it is manifestly even nearer to going mad. . . . I had reached that condition of moral anarchy within, in which a man says, in the words of Wilde, that “Atys with the blood-stained knife were better than the thing I am.”

When he emerged from that gloom, he did so through a profound affirmation. Concerning this new turn, he quotes Robert Louis Stevenson’s “belief in the ultimate decency of things.” He came to an unshakable realization that we should be grateful for every detail in a world that, if the universe were ruled by pure logic, might not exist. We get a glimpse of this mature Ches-

terton in an early letter to his future wife: “I do not think there is anyone who takes quite such a fierce pleasure in things being themselves as I do. The startling wetness of water excites and intoxicates me: the fieriness of fire, the steeliness of steel, the unutterable muddiness of mud. It is the same with people. . . . When we call a man ‘manly’ or a woman ‘womanly,’ we touch the deepest philosophy.”

**B**ecause of this radical experience, of all the Edwardian English writers, Chesterton has weathered subsequent literary developments quite well. Not only Kafka, but Jorge Luis Borges, who taught English literature for years in Argentina, read Chesterton and found a remarkable spirit there—one, perhaps not surprisingly, similar to his own. He remarks, “Chesterton restrained himself from being Edgar Allan Poe or Franz Kafka, but something in the makeup of his personality leaned towards the nightmarish, something secret, and blind and central.” Though other critics regard this as a misreading, Borges is partly right. Whatever sanity and exuberance emerged from Chesterton’s struggle with his *fin de siècle* malaise, he always knew that the good was fragile and particularly vulnerable to some very powerful forces in this century.

Even his popular series of Father Brown detective stories shows this awareness. Chesterton took from real life the idea for his simple priest who solves mysteries because he understands the mind of the sinner-criminal. While vacationing with his wife in Yorkshire in 1904, he met Father John O’Connor, who, as they discussed some proposed social legislation, surprised Chesterton with his knowledge of perversions relevant to the issue: “It was a curious experience to find that this quiet and pleasant celibate had plumbed those abysses far deeper than I. I had not imagined that the world could hold such horrors.” Later the same day, Chesterton and the priest were at a house party with two Cambridge undergraduates. When O’Connor left the room, the young men began praising his cultivation but said they thought his vocation represented a fear of real life. Chesterton nearly burst out laughing: “For I knew perfectly well that, as regards all the solid Sa-

tanism which the priest knew and warred with all his life, these two Cambridge gentlemen (luckily for them) knew about as much of real evil as two babies in the same perambulator."

The Father Brown stories generally reflect this real-life insight. Brown is a shabby, bumbling, incompetent-looking curate who solves murders and mysteries not with the rapier reasoning of a Sherlock Holmes but through his profound understanding of human nature. The first volume of stories bears the ironic title, *The Innocence of Father Brown* (1911). That collection and four sequels were to bring Chesterton such large royalties that he could afford to write and lecture for little or nothing when adoring but poor clubs and societies extended invitations. All the Father Brown stories, collected into an oversize Penguin volume, remain popular, and one was made into a delightful film with Alec Guinness playing the priest.

In recent decades, several distinguished critics have tried to rehabilitate Chesterton on more or less high modernist grounds. Marshall McLuhan, Hugh Kenner, and Garry Wills each wrote extensively on Chesterton, sifting what they believed to be the wheat from the chaff in his immense oeuvre. McLuhan called him "a metaphysical moralist"; Kenner wrote a small book, *Paradox in Chesterton* (1949), aiming to show him as a master of "analogical perception"; Wills tried to excavate the recesses of an apparently simple figure in *Man and Mask* (1961). All three critics were Catholic intellectuals trying to recover something in Chesterton that they thought lay buried under an outmoded, almost embarrassing aesthetic. Yet with time, it has become clear that Chesterton remains far greater than these somewhat priggish attempts to save him.

McLuhan, Kenner, and Wills praise Chesterton for brilliant philosophical acumen but accuse him of an inability to create art—art in typical modern modes, of course. But if anything, this criticism raises the question of whether it was their idea of art that had narrowed, since there are things by Chesterton indisputably moving yet not easily fitted into the usual critical categories. For example, while Chesterton

wrote unusual fiction, he wrote mostly traditional poetry. Most modern poets have written of war, but few have written anything like the battle songs common to the ancient or medieval world. Chesterton, however, had the old knack of touching some deep recesses in the national psyche. In 1915, soldiers in the trenches shouted passages from his poem "Lepanto" back and forth to one another. Thirty years later, at a particularly low point after the battle in Crete during World War II, the *London Times* reported on the disaster and invoked some of Chesterton's verses from *The Ballad of the White Horse*, written years earlier:

I tell you naught for your comfort,  
Yea, naught for your desire,  
Save that the sky grows darker yet,  
And the sea rises higher.

Night shall be thrice night over you,  
And heaven an iron cope.  
Do you have joy without a cause,  
Yea, faith without a hope?

Anyone who can stir the memory of his people in this manner at their most difficult moments has some rare, almost myth-making faculty—something even more powerful than art.

Those who read postmodern literature may also have a great deal more use for Chesterton's parody and playfulness than did the New Critics. Chesterton's poems, for instance, may not be Eliot's *Waste Land* or Pound's *Cantos*, but their value lies in their own lighthearted terms:

Old Noah had an ostrich farm and fowls  
on the largest scale  
And he ate his egg with a ladle, from an  
egg-cup as big as a pail,  
And the soup he took was elephant soup,  
and the fish he took was whale,  
But they were all small to the cellar he  
took when he set out to sail.  
And Noah he often said to his wife when  
he sat down to dine,  
I don't care where the water goes, if it  
doesn't get into the wine.  
("Wine and Water")

And so on for two more stanzas.

Humor in the face of doubt seems to be one of the strongest features of postmodern literature. Read now, Chesterton's work



*Chesterton's fans considered him the Dr. Johnson of his age. Attending a 1920s costume ball with his wife Frances, he dressed the part.*

seems to anticipate many such current developments to a remarkable degree. It may be useful to look briefly at some of the central postmodern questions to see how and why Chesterton engages them.

Although the term *postmodernism* appears in discussions ranging from religion to architecture, from politics to literature, its meaning is difficult to pin down. By its very nature, postmodernism displays non-unitary, even downright contradictory traits. If we are forced to make a brief inventory of some postmodern obsessions, however, we could group them in three large categories: fragmentation of meaning and language, dissolution of identity, and, in a reverse movement, the attempt to construct a humane society.

The starting point for most of this kind of contemporary literature has been described by the French literary theorist Jean-François Lyotard in *The Postmodern Condition* (1984). According to Lyotard, we now know that all the attempts at a unifying

story—be they Christian, Marxist, humanist, or other—are “totalizing” approaches, grand-master narratives, that smack of “totalitarianism.” Our knowledge is and can only be piecemeal, limited, and local. *Petits récits* are valid and liberating; anything more is false and dangerous.

Obviously tied up with these specific questions is the larger issue of what many postmodernists call the Enlightenment Project, the possibility of a rational human life. Poststructuralists and postmodernists of various conflicting stripes all at least seem to agree that any hope for a true and liberating master narrative leading to human happiness is dead. With the collapse of large explanatory models, absolutes of any kind are no longer available. Strong or effective performance of tasks replaces the acquisition of truth as an end. Schools become more occupied with teaching skills rather than ideals. All art becomes, in a sense, performance art; morals becomes voluntarist and emotivist; politics is no longer a search for justice but a space for competition among special interests for power.

How does Chesterton, defender of old values, anticipate the tactics of the deconstructors? His main avenue is the use of paradox. A typical postmodern paradox is the employment of traditional categories to deny traditional categories. A sign that appeared during the 1968 student demonstrations in Paris, for example, announced: “It is forbidden to forbid.” Chesterton recognized early on where this type of incoherence masquerading as daring thought was headed. In the earliest of his books, *Heretics*, he notes that Shaw in embracing Ibsen and Nietzsche had embraced an inhuman contradiction:

When Mr. Shaw forbids men to have strict moral ideals, he is acting like one who should forbid them to have children. The saying that “the golden rule is that there is no golden rule,” can, indeed, be simply answered by being turned around. That there is no golden rule is itself a golden rule, or rather it is much worse than a golden rule. It is an iron rule; a fetter on the first movement of a man.

This is no mere empty gesture. For Chesterton, a creature without moral con-

siderations is not a human being. The American philosopher Philippa Foot has recently criticized Nietzsche's disdain for the masses and their morals. She contrasts it to Chesterton's comments on Dickens:

He did not dislike this or that argument for oppression: he disliked oppression. He disliked a certain look on the face of a man when he looks down on another man. And the look on that face is the only thing in the world that we really have to fight between here and the fires of hell.  
(Introduction to *Oliver Twist*)

Foot allows that Nietzscheans will say that Nietzsche's disdain is noble compared to Chesterton's crude picture. But Chesterton anticipates poststructuralists such as Jacques Derrida who worry about the ease with which the Nazis were able to use that Nietzschean disdain to advance their own purposes.

Nietzsche is so pervasive a presence in postmodern thought that it is useful to see what Chesterton says directly about him. What he immediately noticed in the philosopher was a typical modern assumption that his advanced ideas were breaking bold new ground. The "slave morality" of the old Judeo-Christian heritage, for example, often came in for criticism by Nietzsche, who prided himself on his penetrating psychological insight into motivation. But Chesterton debunks both Nietzsche's psychology and his supposed originality:

It is calmly and persistently supposed that the great writers of the past, say Shakespeare for instance, did not hold this view because they had never imagined it; because it had never come into their heads. Turn up the last act of Shakespeare's *Richard III* . . . Richard Crookback says to his nobles:

Conscience is but a word the cowards use,  
Devised at first to keep the strong in awe.

"It was not that Shakespeare did not see the Nietzschean idea," says Chesterton, "he saw it; and he saw through it."

In postmodern literature, black humor suggests human value in the face of an empty infinity. Chesterton had seen that abyss but used the very tools of contradic-

tion and humor against emptiness:

Truths turn into dogmas the instant they are disputed. Thus every man who utters a doubt defines a religion. And the skepticism of our time does not really destroy the beliefs, rather it creates them; gives them their limits and their plain and defiant shape. We who are Liberals once held Liberalism lightly as a truism. Now it has been disputed, and we hold it fiercely as a faith. We who believe in patriotism once thought patriotism to be reasonable, and thought little more about it. Now we know it to be unreasonable, and know it to be right. We who are Christians never knew the great philosophic common sense which inheres in that mystery until the anti-Christian writers pointed it out to us. The great march of mental destruction will go on. Everything will be denied. Everything will become a creed . . . Fires will be kindled to testify that two and two make four. Swords will be drawn to prove that leaves are green in summer. We shall be left defending, not only the incredible virtues and sanities of human life, but something more incredible still, this huge impossible universe which stares us in the face. We shall fight for visible prodigies as if they were invisible. We shall look on the impossible grass and the skies with a strange courage. We shall be of those who have seen and yet have believed.

For Chesterton this struggle to assert simple truths has complex consequences. It led him to make an important contribution to what we think of as the typically postmodern debate over the relationship of personal identity to society. We have been misled, he says, into thinking liberty means a breaking of all bonds—to polities, families, even to past selves—when in fact liberty can only be the power to forge bonds, and therefore selves, of the right kinds. Postmodern social ethics, however, are almost entirely consumed in trying to ward off the tyranny of "totalizing views." But the greatest modern tyranny is the tyranny of emptiness, Chesterton warned. In emptiness there are no restraints, but there is no connection either.

One of the characteristic forms of postmodern literature that demonstrates this predicament is a well-known modern genre in France, the "antidetective story."

Unlike the traditional detective story, the antidetective story does not solve a mystery and therefore restore human community. Typically, it begins with the traditional trappings of the detective story, with an investigation of a sort. But then funny things start to happen. The investigator grows more and more puzzled by the incoherent facts and events he comes upon. He starts to lose a sense of his own identity or what he is pursuing. To make the situation even more problematic, the real-life author of the story often turns up, by name, as one of the characters and becomes part of the same spreading abyss of mysteries. (A good American example of this genre is Paul Auster's *City of Glass*.) Everything seems unknown and frightening. It is as if Kafka had been called in to do a rewrite of Raymond Chandler.

Chesterton, of course, was a successful detective writer with his Father Brown series. But he also wrote something roughly comparable to the antidetective story with *The Man Who Was Thursday*. There, as readers have discovered to their astonishment, a group of anarchists come to find out that they are all really police agents working for a high police official, named Sunday, who is both the director and the object of the investigation. In the closing pages, Sunday metamorphoses into several mysterious forms that seem to invoke contradictory images, including everything from not-so-Motherly Nature to Christ himself. Chesterton was aware of the kind of infinitely self-reflexive, infinitely self-undermining consciousness that makes an appearance in varying degrees of radicalness in postmodern novels.

But he subtitled *The Man Who Was Thursday* "A Nightmare," and unlike the conclusion of the antidetective novel, in which everything and everyone slide into an anxious nullity, Chesterton concludes his story with a significant return to sanity. Gabriel Syme, the protagonist, is described as having come to his senses to find himself walking "by instinct along one white road,

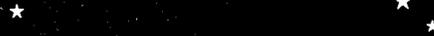
on which early birds hopped and sang, and found himself outside a fenced garden. There he saw the sister of Gregory, the girl with the gold-red hair, cutting lilacs before breakfast, with the great unconscious gravity of a girl." The sanity that persists after postmodernism has done its best and worst is for us now perhaps the living core of Chesterton. The French are already producing a "new new novel." Perhaps, if he undergoes a revival, Chesterton will be dubbed the first post-postmodernist.

When all these arguments have been made, it is still possible to imagine a certain type of critic who says, yes, there is some remarkable writing and insight in Chesterton. But when all is said and done his art is wanting. He always remained a journalist who wrote too much, and too fast. There are simply too many blemishes in every one of his books—essays, fiction, verse—for us to consider him part of the canon of the greatest English writers. The very standards he himself invokes deny him entry.

This is partly true. And yet, when all is really said and done, Chesterton seems to rise above it. He writes badly often enough, but to write with the large motions and import with which he did is rare, even among very good writers. There is probably no piece of work by him that does not contain something that redeems its failures. He wrote of criticisms of Dickens:

The kind of man who had the courage to write so badly in one case is the kind of man who would have the courage to write so well in the other . . . . And herein is shown the frigid and feeble imagination of our modern wits. They make violent efforts, they make heroic and almost pathetic efforts, but they cannot really write badly. There are moments when we think they are almost achieving the effect, but our hope shrivels to nothing the moment we compare their little failure with the enormous imbecilities of Byron or of Shakespeare.

Or of Chesterton.



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# Let Us Now Praise The Humble Post-it

Contemplating the manifold uses of the Post-it Note, one might wonder how humankind ever managed to get along without it. As engineer-author Henry Petroski relates, the story behind this product's relatively recent development demonstrates not so much how "form follows function" but rather how "the form of one thing follows from the failure of another thing to function as we would like."

---

*by Henry Petroski*

**M**any a writer on technology has been struck in a moment of pause between sentences or an hour of distraction between paragraphs by the extraordinariness of ordinary things. The push-button telephone, the electronic calculator, and the very computer on which these words are being processed are among the more sophisticated things we use, and they awe into silence those of us who are not electrical engineers. By contrast, low-tech objects such as pins, thumb tacks, and paper clips are frequently and verbosely praised for their functionality and beauty of line, but are seldom the subject of study, unless it is for the sake of learning how to market something that people use much but consider little. The most common of objects are certainly not generally thought to hold lessons for technological process, prowess, or progress.

But if there are general principles that govern the evolution of technology and its things, then the principles must apply equally to the common and to the grand.

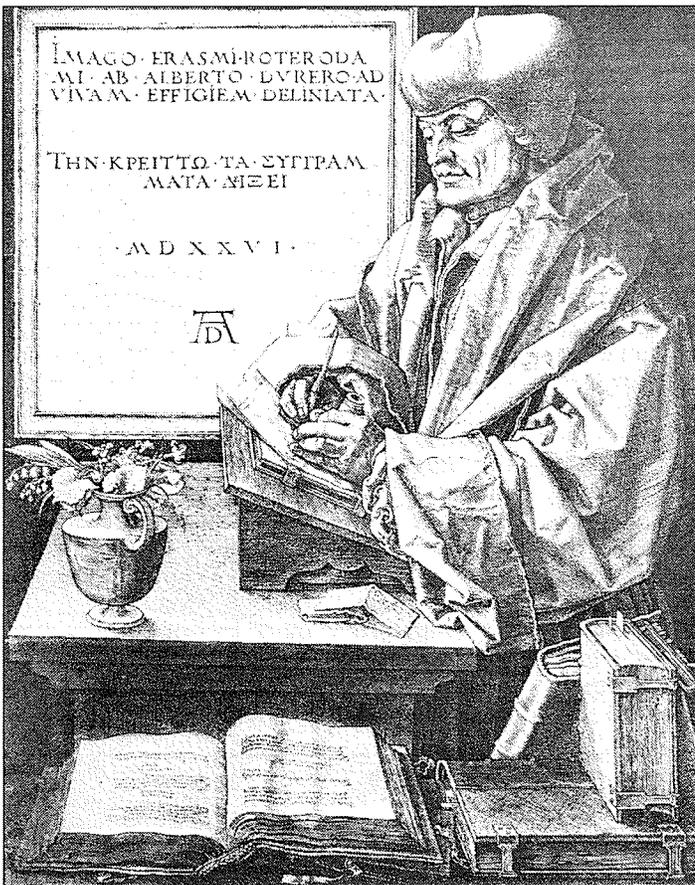
And how much easier it might be to understand how technology works if we could pursue it in the context of something that is less intimidating than a system that takes teams of engineers years to develop. The individual complexity of supercomputers and skyscrapers, nuclear power plants and space shuttles, distracts from the common basic elements of technological development that are behind all things—the great and the small, the seemingly simple and the clearly complex. The individual designer and engineer involved in the production of large systems is often lost in numerous management shuffles, and the story of the end product is frequently a major enterprise with an anonymous if professional cast of thousands, no one of whom is commonly known to be the designer or the engineer. But, while the often-amateur actors in the little-theater pieces surrounding the design and development of many of our simple objects may also be anonymous as far as myriad consumers are concerned, the plot is usually much easier to follow.

Ironically, the largest and most anonymous engineering structures and sys-

tems—such as bridges, skyscrapers, airplanes, and power plants—are frequently produced by companies named after people. Thus we have the Brown and Roots, the Bechtels, and the countless regional and local founder-named construction companies that ultimately shape so much of our public space and convey a sense of civic pride and achievement. We have the airplanes called McDonnell-Douglasses, Curtiss-Wrights, and Boeings, namesakes of inventors and developers whose pioneering has, directly or indirectly, given us the space shuttles, superjets, and even corporate jets of today. And we have the Westinghouses and the Edisons that have provided us with the electric-power stations and distribution networks that make modern life so comfortable and convenient. We have the Fords, Chryslers, Mercedes-Benzes, Rolls-Royces, and other automobiles carry-

ing on their grilles the names of long-gone entrepreneurs. Even the giant corporations called General Electric, General Motors, and General Dynamics can evoke more the sense of a leader of manufacturing troops than the culmination of a concatenation of once-individual and private companies.

The names commonly associated with some of the more familiar and cherished products on our desks, however, are enigmatic if known at all. Items such as pins and paper clips certainly do not carry nameplates or medallions memorializing their makers. If we examine the box that paper clips come in, it tells us our clips were made by Acco or Noesting, which hardly sound like the names of inventors or even people. Many a desk stapler is labeled Bostitch. Is this someone's name, or what? Modest products tend to have, at best, pseudonyms that give little hint of their in-



*During the long centuries before the invention of the Post-it, lovers of books, including the great humanist Erasmus, had to make do with imperfect versions of bookmarking technology. (The etching, by Albrecht Dürer, was completed in 1526.)*



The company letterhead of 3M in 1908.

ventors, but the brand name of a product and that of the company that makes it often do hold clues to how the product evolved, thereby providing tremendous insight into the evolution of things. And the stories of their names often parallel those of the products that were developed to solve problems with, if not the downright failure of, preexisting products.

**O**n the back of a pad of the original Post-it Notes, those yellow slips of paper that stick to everything from irate correspondence to refrigerator doors, were the trademark Scotch and a bold 3M, which older thingophiles and trivia buffs may recall was once known as the Minnesota Mining and Manufacturing Company. How did such a seemingly self-explanatory and no-nonsense-sounding company get involved with little sticky notepads? Besides, isn't Minnesota peopled by Scandinavians rather than Scots?

In 1902 five businessmen from Two Harbors, Minnesota, formed the Minnesota Mining and Manufacturing Company to quarry what they thought was a local find of corundum, a mineral just short of diamond in hardness and thus an abrasive valuable to grinding-wheel manufacturers. The ore proved to be a substance other than corundum, and thus less suited to the

making of grinding wheels. So in 1905 the fledgling company turned to making sandpaper in Duluth. Difficult years followed, with new financing staving off bankruptcy, but true success in selling sandpaper could come only with a product at least as good as the other guy's.

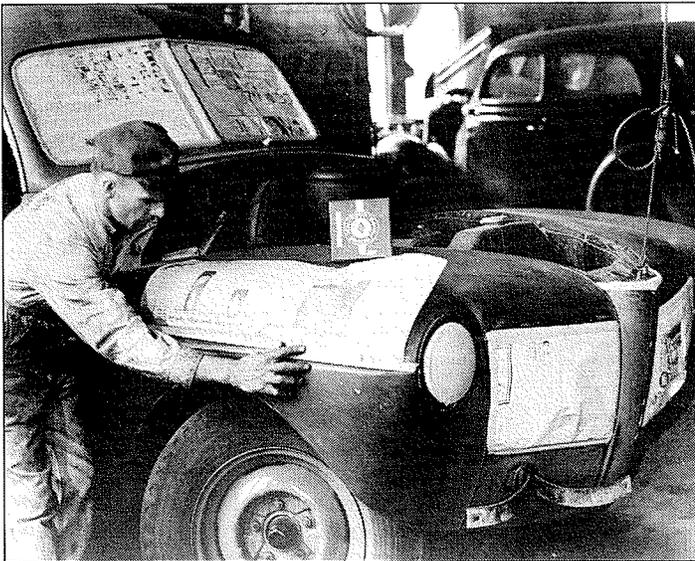
In 1916 the company's sales manager insisted that a laboratory be formed to carry out experiments and tests to ensure quality control so that salesmen would not be embarrassed by faulty products. The laboratory in time made possible the research and development necessary to produce new and improved items in response to problems experienced by sandpaper users. While a manufacturer's salesmen might say that after quality control the purpose of a company's laboratory was to respond to customers' needs for new products, engineers saw a laboratory more as a troubleshooting workshop in which to deal with the horror stories of product failures and the general tales of irritating shortcomings brought home by the salesmen. In the course of troubleshooting, new products would naturally evolve in response to shortcomings in existing products.

Sandpaper is made by bonding an abrasive material to a paper backing, and the quality of the product depends not only on the quality of the principal raw materials of

*Henry Petroski, a professor of civil engineering at Duke University, is also a columnist for American Scientist magazine. He is the author of To Engineer is Human: The Role of Failure in Successful Design (1982), The Pencil: A History of Design and Circumstance (1990), and the forthcoming The Evolution of Useful Things, from which this essay is adapted. The book will be published by Alfred A. Knopf in December. Copyright © 1992 by Henry Petroski.*

grit and paper but also on how uniformly and securely they can be combined. Hence, to manufacture sandpaper it was necessary to develop an expertise in coating paper with adhesive. Unfortunately, even with good glue, the paper used in early sandpaper fell apart when wet, and so using sandpaper was necessarily a very dry and dusty operation. But in the growing automobile industry—where, in the 1920s, a considerable amount of sanding was needed to finish the paint on auto bodies—the dust was causing lead poisoning among workers. Making waterproof sandpaper would allow wet sanding that in turn would cut down

tened to the car body. If shop-brewed glue was used, it would sometimes stick so well that it had to be scraped off, more often than not pulling paint with it. Surgical adhesive tape was sometimes used, but its cloth backing tended to absorb solvents from the newly sprayed paint and cause the masking materials to stick to the paint they were intended to protect. Clearly, the existing means of masking had serious drawbacks. One day, while dropping off a batch of waterproof sandpaper, Drew overheard some body-shop workers cursing two-tone painting. The young technician, who had studied engineering through correspon-



*"Scotch" masking tape was used in the painting of cars during the 1920s, when two-tone paint finishes became all the rage.*

on dust, and thus be a great improvement. In response to the failings of existing sandpaper, the Minnesota Mining and Manufacturing Company developed a waterproof paper that one of its young lab technicians, Richard Drew, was asked to take to some St. Paul auto shops for testing. In doing so he became aware of another problem.

The new two-tone style of painting automobiles was popular in 1925, but it presented considerable problems for auto manufacturers and body shops alike. In order to get a clean, sharp edge when applying a second color, workers had to mask the first color, of course, and this required that newspaper or butcher paper be fas-

tened to the car body. If shop-brewed glue was used, it would sometimes stick so well that it had to be scraped off, more often than not pulling paint with it.

As in most design problems, Drew's objectives were most clearly expressed in negative terms: He wished to have a kind of tape whose adhesive would not stick very readily. Not only would this allow the tape to be formed in rolls from which it could be removed easily and cleanly but it would also make it easy to peel the tape from a freshly painted auto body. But stating the problem and finding the right combination of adhesive and paper were two different things. The first could have come in a flash at a body shop. The latter took two years of experimenting with oils, resins, and the

like, not to mention papers to which they could be applied. After many negative results and suggestions that the problem should be dropped, Drew tried some crepe paper left over from unrelated experiments and found that its crinkled surface provided an ideal backing. Samples of the new product were taken to Detroit auto manufacturers by the company's chief chemist, who returned to Minnesota with orders for three carloads of Drew's masking tape.

According to company lore, the tape came to be called Scotch because on an early batch of two-inch-wide tape, the adhesive was applied only to the edges, presumably because this was thought to be sufficient and even perhaps desirable for masking. One edge of the tape would hold the paper, the other would adhere to the auto body, and the dry middle would not stick to anything. However, with so little adhesive the heavy paper pulled the tape off the auto body, and a frustrated painter is said to have told a salesman, "Take this tape back to your stingy Scotch bosses and tell them to put more adhesive on it." While some company old-timers have labeled the story apocryphal, others give it credibility by recalling that the incident "helped spark the inspiration for the name" of the line of pressure-sensitive adhesive tapes that now carry the tartan trademark, presumably not because the manufacturer is stingy with adhesive but rather because consumers can use the tape to make economical repairs on so many household items.

Cellophane was another new product in the late 1920s, and its being transparent and waterproof made it ideal for packaging everything from bakery goods to chewing gum. It was even natural to want to package masking tape in cellophane, and so someone in St. Paul began to experiment with the transparent material. At the same time Drew was working to overcome a serious shortcoming of the tape: Not being waterproof, it was of little use in very moist environments. He got the idea of coating cellophane with his adhesive, which if it worked would yield a tape able to make clear packaging watertight. But sticking an adhesive that works wonderfully on crepe paper onto cellophane is easier said than done, and using existing

machinery to manufacture a new product made of a new material usually involves considerable experimentation and development. In the case of Scotch cellophane tape, Drew's initial attempt to make it waterproof fell short: "It lacked proper balance of adhesiveness, cohesiveness, elasticity and stretchiness. Furthermore, it had to perform in temperatures of 0 to 110 degrees F in humidity of two to 95 percent." At first, not surprisingly, it did not, and the failure engendered some well-defined problems to be solved.

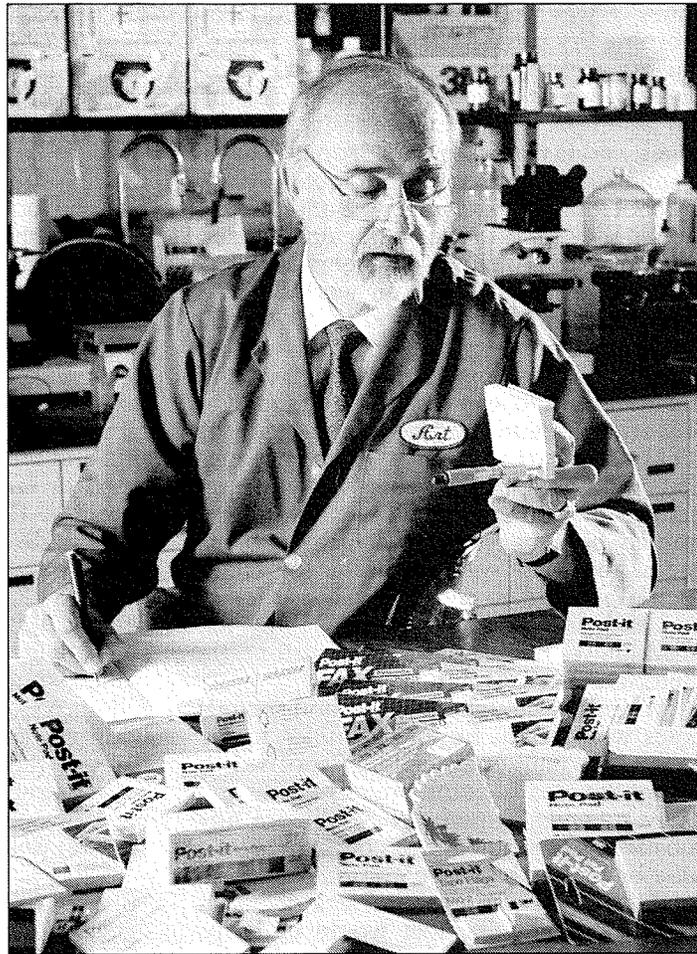
After a year of work, Drew did solve the problems, at least to a satisfactory degree for the time, and shiny-backed cellophane tape was the transparent tape used for many years for all sorts of mending and attaching jobs. Its tendency to yellow with age, curling up and coming off with time, and its notorious habit of hiding its end and tearing diagonally off the roll were accepted by users as just the way the tape was—nothing better was available. But inventors and tinkerers like Drew saw each shortcoming as a challenge for improvement, in part because they and their bosses knew that competitors did also. Difficulties in getting Scotch tape off the roll, for example, prompted the development of a tape dispenser with a built-in serrated edge to cut off each piece squarely and leave a neat edge handy for the next use. (This demonstrates how the need to dispense a product properly and conveniently can give rise to a specialized infrastructure.)

As changes in the tape were made and offered as new and improved versions, users wondered how they ever got along with the old tape. Indeed, the company's own description of the latest version of its product can be read not only as praise for Scotch Magic Transparent Tape but as an indictment of cellophane tape: "It unwinds easily. You can write on it. You can machine-copy through it. It's water repellent. And, unlike the earlier tape, it won't yellow or ooze adhesive with age." This list of implicit and explicit faults of the "earlier tape" makes it sound disgusting and inadequate, but in its day it was peerless. Our expectations of a technology rise with its advancement.

The company that began by making an adequate sandpaper might not have fore-

seen the nature of its products many years hence, but the experience 3M gained by attaching adhesives to paper and other backings and the public's receptiveness to new applications of that expertise—and other applications accumulated along the way—enabled the Minnesota Mining and Manufacturing Company eventually to make tens of thousands of products. Since the old name no longer fully described the diverse output of the giant manufacturing company, it came to be known more and more by the abbreviation 3M, and in a recent annual report to the stockholders the full name appeared only in the report of the accountants.

The characteristic of 3M that enabled it to attain such diversity in its product line is a policy of what generally has come to be called "intrapreneurship." The idea is to allow employees of large corporations to behave within the company as they would as individual entrepreneurs in the outside world. A model "intrapreneur" is Art Fry, a chemical engineer who in 1974 was working in product development at 3M during the week and singing in his church choir on Sundays. He was accustomed to marking the pages in his hymnal with scraps of paper so that he could quickly locate the songs during the two services at which he sang. This worked fine for the first service, but often by the second some of the loose scraps of paper had fallen out of their places. Fry, not having noticed this, was sometimes at a loss for words. Loose scraps of paper have long been used as bookmarks—some are clearly visible in the foreground of Albrecht Dürer's famous etching of the great humanist Erasmus—and one can safely say that many a bookmark had lost its place in the four-and-a-



*Chemical engineer Art Fry designed the Post-it Note by exploiting the peculiar adhesive properties of an "unglue" that had earlier been developed by another 3M researcher, Spencer Silver.*

half centuries between that etching's date of 1526 and when Fry reflected on the failure of bookmarks to do all that might be expected of them.

Fry remembered a curious adhesive, an "unglue" that was strong and yet easily removed, that Spencer Silver, another 3M researcher, had come upon several years earlier in the course of developing very strong and very tacky adhesives. Although not suited to solving his immediate problem, Silver felt the unusual adhesive might have some commercial value, and so he demonstrated it to various colleagues, including Fry. At the time no one had come up with a use for it, and so the formula for the weak

adhesive was filed away—until the Monday morning Fry came to work with the idea of making sticky bookmarks that could be removed without damaging the book. His initial attempts left some adhesive on the pages, and Fry surmises that “some of those hymnal pages I tested my first notes on are probably still stuck together.” But since it is 3M’s policy (and that of other enlightened companies) to allow its engineers to spend a certain percentage of their work time on projects of their own choosing, a practice known as “bootlegging,” Fry was able to gain access to the necessary machinery and materials and to spend nearly a year-and-a-half experimenting and refining his idea for sticky—but not too sticky—slips of paper that could be used for “temporarily permanent” bookmarks and notes. While Fry wanted bookmarks to stick gently to his pages, he did not want their ends to stick to each other, and so adhesive was applied at one end only. This would also allow the product to be used for repositionable memos and removable notes.

When Fry thought the stick-and-remove notes were ready, he took samples to the company’s marketing people, who had to accept the idea as commercially viable and likely to meet a market need before any substantial amount of the company’s own time or money could be committed to the product. There was a general lack of enthusiasm for something that would be more costly than the scratch paper it was intended to replace, for it was felt that the greatest commercial application for Fry’s invention was removable notes rather than sticky bookmarks. Fry was committed to his brainchild, however, and he finally convinced an office supply division of 3M to test-market the product that “met an unperceived need.” Early results were not promising, but in those cases where samples were distributed, customers became hooked. While no prior need for the little sticky notes had been expressed, once they were in the hands of office workers all sorts of uses were found, and suddenly people

discovered that they couldn’t do without them. Post-it Notes generally were available by mid-1980 and are now ubiquitous, even coming in long, narrow styles to accommodate the vertical writing of Japanese. While it might be argued that they have reduced the recycling of scrap paper as scratch paper and bookmarks, the removable notes do have the potential to eliminate the use of unsightly and damaging tape and staples for posting notes and announcements in public places.

Years ago, when I would walk with my dean across campus to the Engineering School, he would invariably remove the numerous announcements of meetings, parties, and kittens for adoption that had been taped or tacked to the door since his last entrance. He carefully peeled off the tape that made posting notices so easy but which invariably marred the surface of the doorway. The dean explained how the tape became difficult to remove if it stayed up several days and nights, and how it had ruined some freshly painted walls that then required patching and repainting. The dean was opposed not to the notices but to the damage that the tape or tacks did to the main entrance of his school. How he might have loved Post-it Notes and dreamed of them in poster sizes.

**P**ost-it Notes provide but one example of a technological artifact that has evolved from a perceived failure of existing artifacts to function ideally. Again, it is not that form follows function but, rather, that the form of one thing follows from the failure of another thing to function as we would like. Whether it be bookmarks that fail to stay in place or taped-on notes that fail to leave a surface clean and intact, their failure—or perceived failure—is what leads to the true evolution of artifacts. That the perception of failure may take centuries to develop, as in the case of loose bookmarks, does not reduce the importance of the principle in shaping our world.

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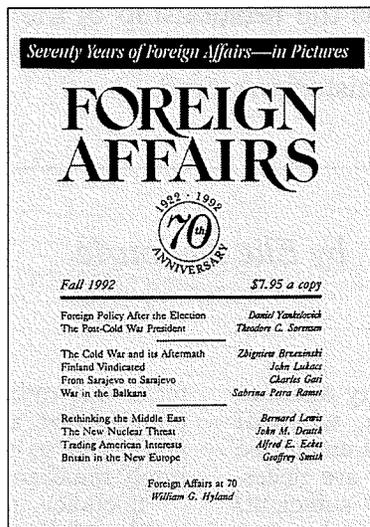
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## Why Brutus Stabbed Caesar

"The key to every man is his thought," wrote Emerson. But how should the historian approach that most characteristic of human activities? And what is the relationship of the history of ideas to the history of events? Elie Kedourie here ponders one of the central problems of the historian's craft.

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by Elie Kedourie

**T**he study of history assumes time and place, without which a past event cannot be understood. Both are necessary, but are they sufficient? The question arises because there are often inquiries that are clearly not couched, as the physical sciences are, in terms of timeless causes and effects but that we do not consider to be history—inquiries relating to geology, botany, and zoology, in which it is necessary to specify time and place. Such inquiries have indeed been sometimes described as history. Thus the author of a book on ornithology dating from the end of the 18th century could title his book *A History of British Birds*, and French schoolchildren have long had to study a subject called *histoire naturelle*.

Natural history, however, is clearly not history, and we may distinguish between the two by saying that, unlike natural history, history proper is concerned with human activity, to understand which we must indeed see it as taking place at a particular time and in a specific place. But of human activity we also predicate that it is coherent and purposive, that it is not a sequence of (changeless) causes issuing in (uniform) ef-

fects, but rather that it is a complex of choices that are by definition unpredictable—and to say choice is necessarily to imply mind and will.

If choice, mind, and will are the hallmarks of human action, and if history proper is concerned with human activity, then a description of the historian's business such as that offered by the English philosopher R. G. Collingwood in *The Idea of History* (1946) would seem at first sight to be reasonable and convincing. "Historical knowledge," Collingwood says, "is the knowledge of what mind has done in the past." He says, further, that the "historian of politics or warfare, presented with an account of certain actions done by Julius Caesar, tries to understand these actions, that is to discover what thoughts in Caesar's mind determined him to do them." This implies the historian's envisaging for himself the situation in which Caesar stood and thinking for himself what Caesar thought about the situation and the possible ways of dealing with it. This activity Collingwood calls "the reenactment of past thought in the historian's mind." Can one speak in this way? Can one "reenact" past thought? The historian, after all, is someone who, having



The Assassination of Julius Caesar, by H. F. Auger

present to him certain objects, documents, etc., which he comes to consider as "evidence," proceeds to compose a narrative that accounts satisfactorily for, and is seen to remain within, the four corners of the "evidence." This is what distinguishes historical from fictional narrative.

**E**vidence, however, is neither fixed nor univocal. New evidence is always cropping up; indeed, anything to a historian's eye can suddenly and unpredictably become evidence. Further, all evidence is equivocal: The historian has to account satisfactorily for all the evidence, and there can be more than one way of doing so. Consider for instance what the historians reviewed in Pieter Geyl's *Napoleon For and Against* (1944) have done in their diverse ways with the evidence relating to Napoleon, or again how other historians have tried, each in his own particular way, to identify Shakespeare's Dark Lady of the Sonnets. If so many different accounts are

offered, then there can be no question of the historian "reenacting" past politics or past warfare as conducted by Caesar or Napoleon or Churchill. Ten or 20 historians, each giving a different account of some past action or event, cannot possibly all be reenacting the same event. Again, to mention these examples, widely separated in time, is to make the point that the nearness or remoteness of the past does not affect their argument. Furthermore, the historian has the privilege—his only privilege—of hindsight. He knows more than Churchill or Napoleon can have known about their own situation. If nothing else, the existence of this knowledge must forbid any talk of reenactment.

The way in which Collingwood envisages the historian's activity, as a reenactment of past thought, leads him to his well-known and striking definition of history: "All history," he asserts, "is the history of thought." If this means that all history exhibits the presence of purpose and choice,

and therefore of mind, then no possible objection can be made. But Collingwood does mean something more by this definition. In order to illustrate his meaning, he goes on to describe the historian's activity in this way:

The historian of philosophy, reading Plato, is trying to know what Plato thought when he expressed himself in certain words. The only way in which he can do this is by thinking it for himself. . . . So the historian of politics or warfare, presented with an account of certain actions done by Julius Caesar, that is, tries to discover what thoughts in Caesar's mind determined him to do them. This implies envisaging for himself what Caesar thought about the situation in which Caesar stood, and thinking for himself what Caesar thought about the situation and the possible ways of dealing with it.

Thinking for himself what Caesar thought? As is well-known, the novelist Flaubert said, *Madame Bovary c'est moi*. Madame Bovary is Flaubert simply because she is entirely his creation, but Martin Gilbert cannot say, *Churchill c'est moi*, John Morley cannot say, *Gladstone c'est moi*.

Collingwood's definition, again, leads him to put on the same footing an account of Caesar's wars and an account of Plato's philosophy, and thus to refuse to make a distinction between what may be called the history of events and what may be called the history of ideas. Is this distinction really superfluous? Let us again borrow a statement of Collingwood's: "When an historian asks, 'Why did Brutus stab Caesar?' he means, 'What did Brutus think, which made him decide to stab Caesar?'" History, we have said, is concerned with giving an account of past human activity, an account guided and delimited by the available evi-

dence. When we hear that "Brutus" stabbed "Caesar," if we are to go beyond this bare, sterile, and meaningless record—and it is not always possible to do so, as the great number of unsolved murders testifies—we have to provide a coherent account of the situation, an account that will make comprehensible the incident of Brutus's stabbing of Caesar. If we possess sufficient evidence, and if we have industry and imagination, we will proceed to exhibit Marcus Julius Brutus in his antecedents, his character, his associations, and his political activities. We will describe the political situation he confronted, what we may call the decay of the traditional republican institutions, and Caesar's roughly getting hold of power. We will show Caesar's political and military activities, we will trace his dealings with Brutus, and we will try to show if these dealings can have led to the stabbing. What we may possibly say goes something like this:

Marcus Junius Brutus was a descendant of Lucius Junius Brutus, the nephew of Tarquinius Superbus, the last king of Rome, against whom Lucius Junius Brutus is said to have led the uprising that ended kingship in Rome and established republican institutions. This Lucius Junius Brutus became one of the first two consuls under the Republic, and he is said to have put to death his own sons, who had attempted to restore the Tarquins. Marcus Junius Brutus was also the son of a half-sister of Cato of Utica and married to Porcia, Cato's daughter. This Cato of Utica was the great-grandson of Cato the Censor, who in his time preached a return to the simple virtues of the early Republic, and who was a man given to the uncompromising assertion of political principles. We will also say that in the civil war between Pompey and Caesar, Brutus was on Pompey's side but that after the battle of Pharsalus in which Pompey

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*Elie Kedourie*, a Wilson Center Fellow, died in Washington, D.C. on June 29, 1992, only days after completing this essay. Born in 1926 in Baghdad, Iraq, he was educated in England, where he lived and wrote for most of his life. Kedourie, who taught at the London School of Economics, was a well-known authority on the modern history of the Middle East, but his interests extended to the history of European political thought. The recipient of many honors, he was a Commander of the Order of the British Empire and a Fellow of the British Academy and of the Netherlands Institute for Advanced Study. Kedourie founded the journal *Middle Eastern Studies* and was the author or editor of 19 books, among them *Nationalism* (1960), *The Chatham House Version* (1984), and *Politics in the Middle East* (1992). Copyright © 1992 by Elie Kedourie.

was defeated, he was pardoned by Caesar, who made him first governor of Cisalpine Gaul and then praetor. We will argue that a man of this character—an unbending character (the 48 percent interest he charged on money lent to Salamis in Cyprus, to collect which his agent shut several prominent Salaminians in the Senate House and kept them there without food until some of them died, may illustrate this aspect of his character)—also aware and proud of his ancestors and what he believed they stood for, mistrustful of Caesar and his appetite for power, fearful of betraying his principles and his ancestors out of gratitude to Caesar, determines—and Caesar's benefits make him all the more determined—to kill the usurper and save republican institutions.

This is a very short abridgement of what a historian would say in answer to Collingwood's question, Why did Brutus stab Caesar? The answer goes far beyond what could be an answer—if an answer were possible—to the question as Collingwood reformulates it, namely, What did Brutus think which made him decide to stab Caesar? The answer to this particular question understood literally and precisely is, in the absence of evidence about it, that God alone knows—the All-seeing and All-knowing, as Muslims describe him.

Brutus's stabbing of Caesar—or rather an account, having regard to the evidence, of how it could possibly have happened—it always being remembered that it need never have happened, either at all or in the way in which it did happen—is the kind of thing one means by a history of events. It is an account of men in the peculiarity, idiosyncrasy, and specificity of their personalities, outlooks, capacities, and positions, confronting or dealing with other men differently placed in respect to these things, and confronting or dealing with them in situations different from one another at least in respect of time and place, initiating, originating, taking measures, parrying, responding, reacting—the vocabulary we use to describe all this amply indicating that here are present an involved purpose and choice, mind and will.

We may then say that there are many objections to describing all history as the history of thought. Taken literally and precisely, it is not true, since history includes

accidents, coincidences, and unpremeditated and unregarded happenings issuing in prodigious and unexpected events. We recall Pascal's observation that if Cleopatra's nose had been a shade longer the history of the world would have been different. We recall also the meteorological conditions in the Mediterranean in the year 1798 which facilitated Bonaparte's expedition to Egypt and his later escape to France which, had these conditions been different, would have put out of the question the 18th Brumaire and all that followed. Again, if after the first sustained bombardment of Gallipoli in March 1915, the British command could have known that the Ottoman troops had exhausted their ammunition, the Dardanelles expedition could have had quite a different outcome, with far-reaching consequences for Russia and the Middle East.

These are not a matter of thought in the literal and precise sense. Thought is, of course, involved in the decision to cope with the situation in this way rather than that, but it does not, all the same, make Collingwood's language any more satisfactory. Even taken figuratively, Collingwood's language is still not satisfactory. Whatever such figurative language is intended to convey, it does in fact obscure, indeed obliterate, differences between the historian's activity when he is elucidating the fortunes of a particular notion used and modified by successive generations, and when he is dealing with a statesman's character and career, or the ups and downs of a firm, or the course of a military campaign. There is a difference between having to cope with winds and tides, and having to examine, scrutinize, and bring out the implications of an idea or an argument. The aim in the criticism of ideas is to effect the utmost transparency of understanding, which no admiral could approach, desire, or comprehend.

A question, or an objection, may arise. History, it might be said, is a seamless robe. The past contains no obviously necessary boundary shutting off one event from another: For the All-knowing, history is a chain linking every happening to all the other happenings in the world. As Leibnitz put it: *Tout est conspirant*, all things work together, so that a division of history into

"periods" or "areas" or "subjects" has always something arbitrary and temporary about it, and we could say that any event in the past implies in principle the whole past, that the historian is led by the very logic of his activity to look upon history as universal history.

However, even in the writing of universal history, the historian cannot treat events as an undifferentiated and uniform body of water flowing under the bridge. The evidence (by which he is bound) will seem to disclose highlights and obscurities, ups and downs. If only because of this, the historian will be led to enhance or emphasize here and pass over in silence there. But the record of historiography shows that "Dark Ages" can suddenly become illuminated and take on the strong hues of a distinctive character. This is the case of the Dark Ages of Europe, consigned for so long to darkness by a Renaissance periodization that considered nothing to be worthwhile in the interval between classical antiquity and its own day. It is only yesterday, in the last 150 years or so, that historians have begun to seek for and examine the evidence pertaining to the Dark Ages of Europe. Sometimes, again, dark ages can stay obstinately dark. Thus, the couple of centuries of British history following the Roman evacuation of the island have remained dark because, though there is a "past" there, no one has been able to describe its particular contours and specific anfractuosités.

If the historian does not, and cannot, look upon the past as placid and uniformly flowing water, he is not obliged to look upon it as a wild and romantic "English garden." He may even consider such a picture highly misleading. He would say: I do not see any Niagaras here, but I do see water slowly, imperceptibly flowing and meandering over the centuries. This is the picture called to mind by H. S. Maine's work on ancient law, or by Fustel de Coulanges's on the *polis* and the *civitas*. The picture is given a theoretical defense, indeed argued to be the only true likeness, by the school of history associated with the French journal *Annales*. The founders and leaders of this school distinguish between *histoire événementielle*, event-centered history, and *histoire structurale*, structural his-

tory. They believe that somehow the latter is deeper, more important, more fundamental than the former: that the study of "feudal society," to take the title of Marc Bloch's well-known work, is more important than the study of the Hundred Years' War, that the study of inflation in the 16th century should somehow take precedence over the study of the so-called wars of religion in that century. If it is taken seriously, the metaphor "structure" would mean the transformation of history into sociology, and "feudalism," "capitalism," etc., would become changeless ideal types. The distinction between structural and event-centered history is, however, fallacious, since so-called structures are also events continuously changing into other structures, that is, into other events, through the mediation of events. The change in the ties of feudal dependence may be so gradual as to be almost imperceptible, but it is change of the same character as something more spectacular—such as a change of dynasty or the outbreak of a war, or a nose job for Cleopatra. *Histoire structurale* is *histoire événementielle*, and feudalism is no more important or fundamental than the Hundred Years' War. It all depends on the question you ask, on the seam you decide to make in the seamless fabric of history.

Because it is incontrovertibly true that history is a seamless robe, it is no less true that the historian's activity seems to involve the making of seams—which are, however, highly provisional, being continuously made and unmade, and this not only when he is dealing with a "period," a "subject," or an "area," but also when he forswears such delimitation and proclaims the intention to write a universal history. Arnold Toynbee's *Study of History* (1946–61) is the most ambitious attempt so far to write a universal history. Toynbee articulates this history in terms of what he calls "civilizations," which he considers (arbitrarily) to be the only "intelligible" objects of historical study. In his first volume Toynbee thought he had identified 20 of the then-"intelligible" civilizations. At the end of his life some four decades later, he increased these to 28.

If, then, the historian's activity is quite impracticable without the making of seams (even if they are made only to be unmade),

if an historian is to distinguish and discriminate within the historical past, then the question will always arise concerning any particular distinction or delimitation whether it is at all, or more, or less appropriate. If so, we can examine whether the distinction between a history of ideas and a history of events is appropriate, and the manner in which it is appropriate.

Let us consider Brutus once again. The historian's account of Brutus's stabbing Caesar dwelt on his concern that the traditional republican institutions of Rome be defended against Caesar's ambition and restored to their original condition. When we speak of "republic" and "republican institutions," the expressions denote a cluster of ideas which we think the evidence warrants us in asserting that they were present to Brutus, that they constituted some of the ways in which Brutus articulated his objections to Caesar and justified the conspiracy and the assassination. We might be tempted to take this for a justification of Collingwood's assertion that all history is the history of thought. We would then be understanding the assertion in a way different from Collingwood's. We would be committing ourselves to the general proposition that "ideas govern events" or that "ideas move men": a proposition both current and popular, exemplified in, say, the conclusions of John Maynard Keynes's *General Theory of Employment, Interest and Money*, where he says that

Practical men, who believe themselves quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.

Whatever the exact significance of this general proposition, it is clearly incompatible with the historical mode of thought. In historical understanding, events have to be understood as mediated by other events, always in a context of time and place. In history, an event cannot be directly caused in the same way that pushing a button causes an engine to start.

If the historian refuses to commit him-

self to such a general proposition, he still has to elucidate what "republic" meant to Brutus and in his time. The historian's inquiry would be one into linguistic usage obtaining at a particular time and place. If he were to extend his inquiry into the meaning of the term from its first appearance in the evidence at his disposal, to follow and account for the changes in meaning which it underwent from *res publica* through to *res publica christiana*, and then from "republican virtue" and "republican legality" to "republic" as contrasted to "monarchy," he would then be doing a kind of history of ideas. The first thing to be said here is that the history of ideas arises because human thought is expressed, communicated, and handed down in words. As Genesis 2:20 puts it: "And Adam gave names to all cattle, and to the fowl of the air, and to every beast in the field."

"Adam gave names to all cattle": If that had remained the extent of the human vocabulary, the activity of the historian of ideas would have been extremely restricted, and its interest very small indeed. However, the ostensive function of language—the naming of cattle—is not its most significant one. In a celebrated essay on the origin of language, J. G. Herder argued that language can never have been, even at the origin, purely ostensive, because man as active mind never merely catalogues the things surrounding him but is always simultaneously expressing his attitude toward them.

If man, then, is a self-conscious creature, feeling a need to represent his experience in a fabulatory, symbolical, or ratiocinative manner, then words acquire from use in human intercourse a burden of nuances, associations, meanings, and overtones which are both implicit and continuously changing. This is why, as Francis Bacon said, words shoot back upon the understandings of the mightiest; the reason why, as the poet T. S. Eliot puts it,

Words strain,  
Crack and sometimes break under the  
burden,  
Under the tension, slip, slide, perish,  
Decay with imprecision, will not stay in  
place,  
Will not stay still.

The historian of ideas has, in a manner transcending lexicography, to exhibit the character and progression of this continuous change.

Take as an example the maxim of British foreign policy in the 19th century, that British interests required the maintenance of the independence and integrity of the Ottoman Empire. The maxim occurs in state papers, speeches, and official and unofficial discussions from about 1830. At its origin, it was a practical rule of thumb, formulated in the course of coping with a situation in which Britain was a powerful state with means such as to endow this maxim with more than academic significance; a state, moreover, which had substantial interests in regions whose safety would be affected by a change in the control of Ottoman territory, to the benefit of powerful European rivals tempted by Ottoman weakness into trying to annex some of that empire's domains. This state of affairs underlay the Near Eastern crisis of the 1830s involving Britain, France, and Russia. The maxim was formulated during this crisis and in the historian's eye is inseparable from it. To write the history of the Near Eastern crisis is to write a history of events, and this history will of course include this particular event, namely the formulation of the maxim concerning the independence and integrity of the Ottoman Empire, which is inseparable from these events.

Is it really inseparable? We have reason to think the contrary, for the maxim, once formulated, begins a life of its own which may have little connection with the circumstances of its coming to be. Such a maxim can have a life of its own because states are generally stable entities, as are, also generally, international alignments and rivalries; as are, similarly, the traditions of departments of state. Distinct from the history of the Eastern Question, which is a history of diplomatic and military transactions, there is the history of the maxim itself. This history may be elucidated under two distinct but related aspects. There is, first, the character of the maxim as a maxim, i.e. as a general rule, and its influence as such on the actions of statesmen at different points in the history of the Eastern Question or as a justification given for these actions. And there is, second, the elucidation of changes

in what the maxim came to mean in the usage of successive statesmen, diplomats, and writers, according to their changing views about the Ottoman Empire and the possibility of its reform and also according to the states against whom it was directed, the earnestness with which it was accepted, and the manner in which it became, toward the end of its history, a meaningless and convenient cliché. As it happens, just as it has a particular beginning, the history of this maxim also has an end, for in November 1914 Britain and the Ottoman Empire went to war. Ironically, for a year or so thereafter, the maxim carried on a kind of ghostly existence, for we see an official interdepartmental committee in 1915 laying it down that the independence and integrity of the Ottoman Empire remained a British interest. To write the history of this maxim is to do the history of ideas.

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Al like in the life of mankind and in the development of the individual," writes the philosopher F. H. Bradley, "the deed comes first, and later the reflection." More gnomically, the poet Paul Valéry, echoing and emending Descartes, wrote: "*Tantôt je pense et tantôt je suis*"—now I think and now I am. This is another way of making the distinction among events, ideas, and their respective history. If the deed comes first and the reflection afterward, yet the reflection, which takes one specific form of words, owing to its eloquence, to its evocative power, or to some other reason, may come to have significant connections with subsequent action. Consider Don Quixote, who immersed himself in romances of chivalry; Madame Bovary, who read too many sentimental novels; or Charles the Bold, Duke of Burgundy, of whom the chronicler Commines writes: "Covetous he was of glory, which was the chief cause that made him move so many wars. For he desired to imitate those ancient Princes whose fame continueth till this present." For, says another chronicler, Charles "delighted only in romantic histories and the feats of Julius Caesar, Pompey,

Hannibal, Alexander the Great and many other great and high men whom he wished to follow or imitate."

There is, thus, a continuous mutual influence of action upon reflection, and further action following the preceding reflection, giving rise to yet further reflection, in an endless gallery of (distorting) mirrors. From this is apparent the particular difficulty of doing the history of ideas—a difficulty further complicated by the fact that words over time acquire a miscellaneous burden of meanings that do not obviously or necessarily cohere with one another (e.g., Whig, Tory, Conservative, Liberal); or else that words used, to start with, in a technical sense, come to acquire a common currency: *enthusiasm* (which was once strictly part of the vocabulary of Christian theology), *establishment* (which had to do with the position of the Anglican Church within the state), *melancholy* (which formed part of the classification of "humors" in ancient Greek medicine), *traumatic* (which comes to us from the science of psychiatry). The difficulty is akin to what is involved in trying to use a gun whose bore is subject to continual and unpredictable change.

The maxim relating to the independence and integrity of the Ottoman Empire is an example of an idea whose history is intimately tied to the history of events, to wars, changes in alliances, in the balance of power, etc. There are ideas not so, or not so intimately, connected: the idea of the Trinity, or of happiness, or of natural law. These are really clusters of ideas more or less transparent, more or less coherent. If we were to do the history of these clusters of ideas, we would see that this means tracing how the "more or less" of transparency or coherence gives rise to successive objections, rejoinders, changes of emphasis and reformulations, such that through a process of continuous internal change a particular cluster of ideas ends by looking like an entirely different cluster. In his *European Thought in the 18th Century* (1954) Paul Hazard examines how, by this process of internal change, a cluster of ideas roughly described as classical becomes the cluster of ideas we loosely describe as romantic. This is how Hazard, in the first paragraph of the first chapter of his second volume, de-

scribes what he is doing:

We shall now look at another spectacle which will show us, in the coherent objectives which we have studied, the incoherency which will partially change them. We have, in fact, to examine how one of the transitions, which make the history of ideas a perpetual change, has taken place; how a doctrine was dissolved, not through the intervention of outside enemies, but from the inside; how obscurities subsisted in a theory which seemed most lucid, contradictions in a system which seemed most logical; how a proclaimed victory was yet premature; and how an immense effort to attain human happiness was once again to fail.

In the same chapter he poses questions which the book purports to answer:

Through what psychological necessities, through what subtle operations which, to start with, were almost invisible; not only through what estrangements, but rather through what help, through what compromises, through what misunderstandings did the *philosophe* set free the *anti-philosophe* and let loose the man of feeling?

To exhibit these transitions and their mediations is finicky and difficult work. It can be made even more difficult, not to say impossible, if we allow ourselves to fall prey to two prevalent and powerful temptations. The first I have mentioned earlier, namely the assumption that ideas govern events. John Milton in *Areopagitica* gives a striking example of this belief. "For Books," he says, "are not absolutely dead things, but do contain a potencie of life in them to be as active as that soule whose progeny they are . . . I know they are as lively, and as vigorously productive as those fabulous Dragons teeth; and being sown up and down, may chance to spring up armed men." Thomas Hobbes, too, in *Leviathan*, is extremely vehement about the subversion and disorder which the reading of classical literature and philosophy caused in his own day. The picture that Milton and Hobbes paint is of a special situation that frequently is taken to be generally true of all politics. The situation that both depict is one that obtains when an ideological style

of politics, in which great importance is attached to general formulations and bookish knowledge, has taken hold. Milton and Hobbes of course lived through a period when this ideological style waxed very strong. Even so, contrary to their belief, it is not possible to establish a direct, causal connection between Lenin's *What Is To Be Done?* and the liquidation of the kulaks, between *Mein Kampf* and Auschwitz.

The second, even more prevalent temptation is to believe that ideas are "produced" by, are a "reflection" of, events, that they are a "superstructure" resting on some "substructure" somehow more fundamental, more real than the "superstructure." Such a view, held by Marxism, and more generally, by the sociology of knowledge, makes impossible the pursuit of the history of ideas. It is pointless to bother about the ideas in men's heads since we know that they are the reflection of their class interests or the time in which they

live. This, however, is untenable, since contemporaries of the same class so-called, are found again and again to hold very different, not to say irreconcilable ideas: Consider Thomas Hobbes and Lord Clarendon, who belonged to the same intellectual set before the English Civil Wars, the second of whom vehemently attacked the political doctrine which the first was to set out in *Leviathan*, or Jean-Paul Marat and Joseph de Maistre, the one a revolutionary and the other a reactionary. The sociology of knowledge, further, finds itself in a vicious circle: The sociologist accounts for men's ideas by their social circumstances, and the cogency of these ideas, the pursuit of truth or coherence which they embody, cease to matter. If he is right, the sociologist finds himself in the same boat, obliging us to discount wholly what he says about the subjects of his study as being the mere reflection of his own circumstances and class interests: the biter bit.

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*Continued from page 14*

firms "to lower labor costs by lowering wages." What they should be doing instead, Hoerr asserts, is "improving productivity by reorganizing work, giving workers more voice in deci-

sion making, and stepping up training programs." With the permanent-replacement strategy, Hoerr maintains, U.S. business may well be shooting itself in the foot.

## *Discount Destruction?*

"Sam Walton and Wal-Mart Stores, Inc.: A Study in Modern Southern Entrepreneurship" by Sandra S. Vance and Roy V. Scott, in *The Journal of Southern History* (May 1992), Rice Univ., P.O. Box 1892, Houston, Texas 77251.

For better or worse, businessman Sam Walton (1918-92) had a big impact on the American South. Starting in 1945 with a single variety store in Newport, Arkansas, and concentrating on the country towns and smaller cities that large retailers shunned, Walton developed a chain of discount department stores, Wal-Mart Stores, Inc., that expanded across the Sun Belt and beyond. Many southerners were grateful and proudly regarded their local Wal-Mart store as "a symbol of progress and hope," note historians Vance and Scott, of Mississippi's Hinds Community College and Mississippi State University, respectively. But others mournfully contended that the "Wal-Marting" of the South destroyed a cherished way of life.

Walton's first store was a Ben Franklin franchise, located in Newport, a town of 5,000 about 80 miles from Little Rock. Sales almost tripled in three years—prompting Walton's landlord to take over the business himself. So Walton started anew in 1950 in Bentonville (pop.: 3,000), in the northwest corner of the state. By the early 1960s, Walton and his brother, Bud, had built a chain of 16 stores.

But the Waltons, Vance and Scott write, "understood clearly that variety stores were losing market share to supermarkets... and to expanded drugstores... and that retailing as a whole was being changed markedly by discount merchandising." In 1962, Walton opened his first Wal-Mart Discount City store in Rogers, Arkansas (pop.: 5,700). By 1970, the Waltons had 18 Wal-Marts, selling everything

from clothing to garden equipment, as well as 14 Ben Franklin variety stores. Some big-city sophisticates sneered at the "couturier to the hillbillies." But stressing low prices and encouraging employees to feel part of "one big family" (with no need for a union), Wal-Mart steadily expanded. By 1980, the old variety stores were gone and Wal-Mart had 276 outlets in 10 states in the South and Midwest. By 1990, it had 1,525 outlets in 29 states and was challenging both K mart and Sears, Roebuck for the title of number-one retailer in the United States.

There is no denying Wal-Mart's impact on small towns, Vance and Scott note: "Some local merchants went out of business; while the focal point of many communities, their once-bustling main streets, withered away, and with them a way of life." Locally owned stores, detractors argued, kept more profits and salaries in the community.

There may be some truth to such laments, Vance and Scott say, but "on balance Wal-Mart no doubt serves the greater good. Country towns had been dying for decades before the huge discounter appeared on the scene. Its stores attracted customers in droves, and local enterprises that did not compete directly with Wal-Mart benefited significantly." Most important, Vance and Scott say, people in hundreds of rural communities suddenly had available "a wide variety of reasonably priced goods." Had that been true before, they note, Wal-Mart would never have succeeded.

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## SOCIETY

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### *Tuition Tales*

"The Scandal of College Tuition" by Thomas Sowell, in *Commentary* (Aug. 1992), 165 E. 56th St., New York, N.Y. 10022.

Throughout the 1980s, tuition at American colleges and universities increased faster than inflation. By 1990-91, tuition at 255 institutions

was \$10,000 or more, and at places such as Brown and Princeton the cost of tuition, room, and board now tops \$20,000. College adminis-

## Should Immigration Be Curbed?

*A Survey of Recent Articles*

America has always been of two minds about immigration. There were the inspiring words of Emma Lazarus inscribed on the Statue of Liberty—and then there were the not-so-inspiring national-origins quotas imposed during the 1920s. The United States finally scrapped that dubious system in 1965, and today about one million immigrants, legal and illegal, pour into the country each year. The illegal population alone—currently three to four million—is increasing by more than 200,000 people a year, with most coming from Latin America (particularly Mexico). Many Americans, remembering their own immigrant forebears, think that the United States should welcome even these illegal newcomers. But many other Americans apparently are coming to a contrary view: that it is time to impose more restrictions on immigration.

“Emma Lazarus notwithstanding,” asserts Lawrence E. Harrison in the *National Interest* (Summer 1992), “there is compelling evidence that most Americans are opposed to continuing high levels of immigration, legal and illegal.” Harrison, a

former U.S. Agency for International Development official, cites a 1990 Roper poll that found 91 percent favoring an all-out effort to stop illegal entries and two-thirds wanting to reduce lawful immigration. What’s more, he adds, “They are right.”

Harrison urges not only “moving more aggressively” to deport illegal immigrants and devising “an effective and humane border control system,” but also forging a new policy regarding legal immigrants.

Visas should be granted on the basis of the prospective immigrants’ “educational and professional experience” rather than, as now, their family ties to people already in the United States. “The roots of our economic troubles are deep,” he says, “and a recovery from the current recession will not produce circumstances in which the national interest will be served by the immigration of uneducated, unskilled people.”

The immigrants today are coming from “an astounding array of backgrounds and cultures,” notes Rob Gurrwitt in *Governing* (June 1992). Topping the list of countries of origin



trators frequently explain that their costs are rising sharply, and hasten to add that students are still getting a good deal. High as tuition may seem, they say, it does not cover the full costs of an education. Sowell, a Senior Fellow at the Hoover Institution, contends that neither of these plausible-sounding claims makes any sense.

Colleges and universities “seek to insinuate . . . that the cost of what they have always done is rising, necessitating an increase in tuition.” In reality, he says, the institutions have

been expanding what they do—and whatever they choose to spend their money on, however dubious it may be, is called a “cost.” Academic bureaucracies, for example, have ballooned. Although student enrollment nationally rose by less than 10 percent in the decade after 1975, college professional support staffs increased by more than 60 percent. The concept of “cost” in academe is extremely elastic, Sowell observes. The University of South Carolina paid the widow of Egyptian President Anwar Sadat \$350,000 to teach one class a week for three

for legal immigrants in 1990 were Mexico and El Salvador, followed by the Philippines and Vietnam; then came the Dominican Republic and Guatemala, followed by South Korea and China. In all, Asia sent 338,581 legal immigrants in 1990, while Latin America accounted for a little over one million (including former illegal immigrants already here who won legal status during the 1980s).

The immigrants are not spread evenly throughout the United States. Three-fourths of those who came here during the 1980s went to just six states: California, New York, Texas, Florida, Illinois, and New Jersey. California alone accounted for 35 percent of the total.

Absorbing all of the newcomers is not easy, Gurwitt reports. "Local officials have been called on for everything from soothing landlords enraged by the discovery that tenants were cooking meals over open fires in the living room to explaining to young men that snatching their bride of choice from her home is considered kidnapping in this country."

*Forbes* Senior Editor Peter Brimelow, writing in *National Review* (June 22, 1992), argues that today's immigrants receive too much in the way of social services. America's historical experience with immigration was "a triumphant success," he says. "But in the late 20th century, the economic and political culture of the United States has changed significantly—from classical liberalism to an interventionist welfare statism. . . . Earlier waves of immigrants were basically free to succeed or fail. And many failed: as many as a third of the 1880-to-1920 immigrants returned to their native lands. But with the current wave, public policy interposes itself, with the usual debatable results."

According to a study of census data by economist Stephen J. Trejo of the University of California, Santa Barbara, immigrants who arrived during the 1970s were more inclined to rely on

welfare than were earlier immigrants. Writing in *Contemporary Policy Issues* (April 1992), Trejo reports that the welfare-recipient rate in 1980 for immigrants from Mexico, Central America, South America, and the Caribbean was about 13 percent—twice as large as for immigrants from Europe or Asia.

"All the empirical evidence," Peter Brimelow says, "is that immigrants from developed countries assimilate better than those from underdeveloped countries. It is developed countries that teach the skills required for success in the United States."

The large supply of low-wage unskilled labor is tempting American business "away from the high-tech trajectory necessary to compete internationally," contends demographer Leon F. Bouvier in his recent book, *Peaceful Invasions: Immigration and Changing America*. U.S. industry cannot succeed in the global economy with a low-wage, low-price strategy, he says, because wages low by American standards "are not low enough to compete with [those of] Chinese seamstresses or Chilean farm workers." Moreover, Bouvier argues, the influx of newcomers who do not complain about extremely low wages or wretched working conditions worsens the plight of the American poor: "As long as eager immigrants are available, private employers are not going to make the difficult and costly adjustments needed to employ the American underclass."

Indeed, the influx hurts even the immigrants of the 1970s and '80s. The restrictive immigration laws of the 1920s, Bouvier says, "were racist and are an embarrassing blot on the American conscience." Yet, by limiting the influx of newcomers, the laws prevented the growth of self-perpetuating ethnic enclaves and encouraged those immigrants already here—Italians, Slavs, and Jews—to get out and get moving into the American mainstream.

semesters. In truth, Sowell says, "it is the amount of money that colleges and universities can get—from tuition, endowment income, donations, etc.—which determines how much their spending or costs will go up, *not* the other way around, as they represent it to the public."

What about the claim that tuition does not even cover the cost of education? It is not supposed to cover it, Sowell points out. Alumni and others donate money for the explicit purpose of subsidizing education. There is no more reason to suppose that tuition should cover all

the costs of college education, he says, than there is to assume that magazine subscriptions should cover all the costs of a magazine's production. "Nor do magazines make any such sanctimonious claims." In any case, Sowell says, all the talk about the cost of "education" is misleading. Universities spend a large (but unknown) share of their money promoting faculty *research*, not teaching.

With parents in many cases being invited to take out loans against the equity in their homes to finance the education of their children,

**The Fate of the Vietnam Veteran**  
(Median Weekly Earnings of Full-Time Workers, Sept. 1989)

	ALL VETERANS	Vietnam Theater	Outside Vietnam Theater	NONVETERANS
Average.....	\$519	\$498	\$551	\$511
White .....	522	508	551	524
Black .....	451	405	558	363
Fewer than 4 years of high school.....	389	403	376	333
4 years of high school .....	478	463	491	447
1 to 3 years of college .....	522	499	575	532
4 or more years of college.....	759	625	835	737

*The Vietnam veteran of popular mythology is a perpetual misfit, chronically unemployed or worse. A new study in Monthly Labor Review (June 1992) by Sharon R. Cohany of the U.S. Bureau of Labor Statistics tells a different story: Many of the eight million Vietnam-era veterans earn more than their nonveteran peers. (Unemployment is identical among the two groups.) Overall, veterans have more schooling than their peers, chiefly because relatively few are high-school dropouts, but the four million who served in the Vietnam theater are less educated than other veterans.*

Sowell believes that the time has come to examine closely what colleges and universities are really doing. The institutions' "pious state-

ments," he suggests, should be regarded "with the same skepticism that is applied to self-serving statements from other institutions."

**PRESS & MEDIA**

*The Origins of Trash Journalism*

"The Wicked World: The *National Police Gazette* and Gilded-Age America" by Elliott J. Gorn, in *Media Studies Journal* (Winter 1992), Columbia Univ., 2950 Broadway, New York, N.Y. 10027.

Before the *National Enquirer* and tabloid television, before the *New York Post* and other scandal sheets, there was a lurid and extremely popular publication by the name of the *National Police Gazette*. "Murder and Suicide: A Gush of Gore and Shattering Brains All Around the Horizon" was just one of its regular columns. Under the direction of Richard Kyle Fox, an immigrant from Belfast, the magazine flourished in the late 1870s and early '80s, and paved the way for the "yellow journalism" of the '90s.

The *Police Gazette* started out in 1845 as a sober chronicle of the crimes of the day, but after the Civil War it began moving toward sensationalism. It didn't move close enough, how-

ever. By the mid-1870s, when Fox acquired it, the *Gazette* was near extinction. He breathed new melodramatic life into the weekly, splashing its pages with much more graphic images of "murders, seductions and horrible accidents—all that was gruesome or thrilling." Writing in the "new" *Gazette* was strictly informal, with the emphasis placed on rumor and gossip—and on the well-told "story." The aim was entertainment, not enlightenment. "Coverage of sports—especially illegal blood sports like boxing and cockfighting—of vaudeville and variety shows, and of sexual scandals, particularly among the socially prominent, grew increasingly important to the *Gazette*," Gorn

writes, "but crimes of violence, the more bizarre and blood-soaked the better, were the journal's lifeblood."

Fox's formula proved to have broad appeal. Circulation of the New York-oriented weekly soared to 150,000. The *Gazette* was to be found wherever men congregated—at saloons, hotels, liveries, and barber shops. The lesson of the *Gazette*'s success, Gorn says, was not lost on the publishers and editors of daily newspapers. By the 1890s, many of them were packaging the news "as a series of melodramas and atrocities, of titillating events covered as spectacles, complete with illustrations."

Fox had sensed the enormous potential audience among the wage earners of the Gilded Age. To workers seeking escape from dull jobs—or just relief from the Victorian ethos—his *Gazette* offered vicarious excitement.

The *Gazette* had its critics, however. In it and its competitors, complained Anthony Comstock, founder of the New York Society for the Suppression of Vice, "we . . . have a thing so foul that no child can look upon it and be as pure afterward." He called on parents to keep "vile and crime-full illustrated papers" out of their homes and to boycott stores that sold them. Comstock, who had the backing of J. P. Morgan and other prominent figures, gave the illustrated papers "too much credit for polluting American life,"



*A lurid racism was a Gazette staple. Chinese-Americans were shown "luring even little girls into their dens . . . and, after stupefying them with opium candy, debauching the poor creatures."*

Gorn believes. Still, he adds, Comstock had a point. "The moral universe he and his friends grew up in was beginning to fall apart."

## Out of Context

"TV's Talking Headaches" by Janet Steele, in *Columbia Journalism Review* (July-Aug. 1992), 700 Journalism Bldg., Columbia Univ., New York, N.Y. 10027.

During the Persian Gulf War and its Desert Shield prelude, TV news filled the airwaves with "talking heads"—retired colonels, erstwhile government officials, and think-tank gurus. In the space of eight months, 188 such worthies made 843 appearances on network

news programs. Rarely, however, were the specialists asked "to provide background, context, or analysis," laments Steele, a University of Virginia communications professor. All that television journalists wanted was "a never-ending supply of predictions."

## Talk-Show Nation

Carl Bernstein, celebrated for his *Washington Post* reporting on Watergate, casts a surprisingly jaundiced eye on today's news media in the *New Republic* (June 8, 1992).

*Our actual work in uncovering the Watergate story was rooted in the most basic kind of empirical police reporting. We relied more on shoe leather and common sense and respect for the truth than anything else. . . . We did our work far from the enchanting world of the rich and the famous and the powerful. . . .*

*In retrospect, the Nixon administration's extraordinary campaign to undermine the credibility of the press succeeded to a remarkable extent, despite all the post-Watergate posturing in our profession. It succeeded in large part because of our own obvious shortcomings. . . . For more than 15 years now we have been moving away from real journalism toward the creation of a sleazoid info-tainment culture in which the lines between Oprah and Phil and Geraldo and Diane and even Ted, between the *New York Post* and *Newsday*, are too often indistinguishable. In this new culture of journalistic titillation, we teach our readers and our viewers that the trivial is significant, that the lurid and the loopy are more important than*

*real news. We do not serve our readers and viewers, we pander to them. And we condescend to them, giving them what we think they want and what we calculate will sell and boost ratings and readership. Many of them, sadly, seem to justify our condescension. . . . Still, it is the role of journalists to challenge people, not merely to amuse them.*

*We are in the process of creating, in sum, what deserves to be called the idiot culture. . . . For the first time in our history the weird and the stupid and the coarse are becoming our cultural norm, even our cultural ideal. . . . Even The *New York Times* has been reduced to naming the rape victim in the Willie Smith case; to putting Kitty Kelley on the front page as a news story; to parlaying polls as if they were policies. . . .*

*The failures of the press have contributed immensely to the emergence of a talk-show nation, in which public discourse is reduced to ranting and raving and posturing. We now have a mainstream press whose news agenda is increasingly influenced by this netherworld. On the day that Nelson Mandela returned to Soweto and the allies of World War II agreed to the unification of Germany, the front pages of many "responsible" newspapers were devoted to the divorce of Donald and Ivana Trump. . . .*

Thus, on February 5, 1991, ABC's Peter Jennings asked former Pentagon aide Anthony Cordesman: "What is the best the U.S. can hope for from the B-52 campaign against the Republican Guard? . . . Can the Iraqis confuse the U.S. on the ground? . . . Can the Iraqis get themselves back together again a couple of weeks after taking this kind of attack?" Such questions were not irrelevant, Steele says, but the specialists "were almost never asked to put events in a broad historical context," which would have helped viewers understand how and why they happened. Instead, the TV news legions were intent upon "illustrating, expanding, and explaining" what one producer called "the picture of the moment."

Some questions were, if not irrelevant, unanswerable (e.g., What's going on in the mind of Saddam Hussein?). That did not prevent television's "talking heads" from responding. ("This is a judicious political calculator who is by no means irrational, but dangerous to the ex-

treme," said one pundit.)

The most important service rendered by the specialists, Steele concludes, was to help TV create "an atmosphere of gravity and authority" on its news programs. The talking heads provided, as one critic put it, "the illusion of depth."

TV news organizations, Steele argues, were more interested in creating that illusion than in real depth. They seldom ventured outside the familiar precincts of Washington and New York to find their talking heads. They frequently failed to identify fully the specialists they did put on the air, or to warn viewers of any axes being ground. And in some cases, TV news organizations featured specialists whose expertise was open to question. One of TV's Middle East "experts," for instance, did not speak Arabic and had written "nothing of consequence" on the region. But she had spent time there and had numerous contacts. For television, that was enough.

## RELIGION &amp; PHILOSOPHY

*The Limits  
Of Realism*

"Varieties of Realism: Thucydides and Machiavelli" by Steven Forde, in *The Journal of Politics* (May 1992), Dept. of Political Science, Louisiana State Univ., Baton Rouge, La. 70803.

During the last half-century, through the work of Hans J. Morgenthau, George F. Kennan, Reinhold Niebuhr, and others, *realism*—i.e. skepticism about the applicability of ethical standards to international politics—has become a leading school of thought on international relations. Today, the realist mantle is claimed by both "neoisolationist" liberals and by some conservatives who oppose Wilsonian idealism in foreign policy. Although most modern realists do not favor suspending ethical standards in domestic politics, University of North Texas political scientist Forde notes, few have seriously considered whether morality can be entirely discounted in one realm without losing its force in the other.

Two figures that loom large in the realist tradition—Thucydides, the fifth century B.C. Greek historian, and Niccolo Machiavelli (1469–1527), the Italian political theorist—did take up that question, and they arrived at very different answers. Both thinkers were extreme realists with regard to international affairs, believing that necessities arising from human nature and the nature of international relations overrode ethical obligations. Even imperialism could be excused. In the Peloponnesian War, according to Thucydides, the Spartans were not to blame for their aggression against the Athenians, because "the growth of Athenian power . . . inspired fear in [them] and compelled them to go to war." But neither was Athenian imperialism to blame. After all, as the Athenian envoys told the Melians, "the strong do what they can and the weak suffer what they must."

Machiavelli took the realist argument even further, Forde says, developing it into "a universal imperialist imperative." As he wrote in

*The Prince* (1513), "war may not be avoided but is deferred to the advantage of others." Machiavelli's international realism, Forde says, was just part of his "thoroughgoing ethical realism." He was not the first to discover immoral political necessity, but he was the first to insist "that the political world be made over in its image." He wanted "to make princes, states, and the world in general more 'Machiavellian' than they actually are." Machiavelli denied moral principles altogether.

Thucydides did not. As shown in his lament over the "barbaric" slaughter at Mycalessus, Forde points out, the Greek historian saw "a moral, or humane, or perhaps simply 'human' dimension to politics, a dimension which transcends the 'realist' side of political life, and in some sense is to be preferred to it." He also saw that international immorality "ultimately threatens the moral basis, and thus the integrity, of the community." Despite its great success in the international arena, Athens ultimately lost the Peloponnesian War because of a breakdown of cohesion at home. "The primacy of self-interest over justice, proclaimed for a generation or more as the basis of the city's [foreign] policy, came eventually to infect the city's domestic life," Forde notes. "When the community declares itself free from moral restraints in international politics, individuals conclude eventually that those restraints have no claim upon them either."

The fact that necessity dictates international immorality was, in Thucydides' eyes, "a problem if not a tragedy," Forde writes. The Greek historian's imperfect solution: moderation. Statesmen ought to resist the force of realism as much as possible, not only for the sake of the community, but because morality demands it.

*Black Catholics*

"Hangin' with the Romeboys" by Paul Elie, in *The New Republic* (June 11, 1992), 1220 19th Street N.W., Washington, D.C. 20036.

Four summers ago, former Roman Catholic priest George Augustus Stalling founded the African American Catholic Congress (a.k.a. Imani Temple) and declared his congregation independent of Rome. Soon excommunicated, Stallings then appeared everywhere from "60

Minutes" to "Donahue," spreading his gospel, which, as Elie describes it, is "that the Church, like America, is a racist, Eurocentric yoke around the necks of black Americans."

Very few black Catholics followed Stallings out of the Church, notes Elie, a writer who spe-

cializes in religion, but his move reflected the mood of discontent in their ranks. Blacks today make up less than five percent of the Church's 52 million American members. Black Catholics are a minority among blacks and "an anomaly among Catholics." There are 1,100 mostly black parishes and only 300 black priests. Black priests are rarely assigned to highly visible positions or as pastors in white parishes. There are only 11 black bishops, all but two of them serving under white bishops in dioceses with large black populations.

The Church's legacy of racism is not forgotten. Early Catholic leaders supported slavery as an easy way to win converts, and even after emancipation, blacks were consigned to the side areas or balconies of Catholic churches. They were excluded altogether from Catholic schools. Yet some early black Americans "responded to Catholicism's internationalism, its black saints, its claims to be a Church for all peoples." Newly arrived slaves also found in the Church's incense, libations, and feast days something more like their own African forms of worship than the austere Protestantism that prevailed in colonial America. Today, encouraged by Rome, blacks in some parishes celebrate mass with gospel choirs and practice baptism by immersion.

Yet, discontent simmers. Some black Catho-

lics favor a new canonical rite for themselves, a separate denomination within the Catholic Church with its own liturgy, canon law, and clergy. The rite, if approved by Rome, would make the African-American denomination the second-largest black church in the United States, after the Baptists.

But many black Catholics are wary. There is concern, says Elie, that "'resegregating' the Church would be economically foolish for parishes," and would overburden the few black Catholic priests. Furthermore, Elie suggests, their long, if painful, history of loyalty to the Church makes blacks hesitate to isolate themselves from it. After all, "The current strains do not approximate the agony of slavery or segregation, and a new separatism is widely perceived as a betrayal of the black Catholic tradition rather than its culmination."

Supporters of the separate rite argue that the Church places too much emphasis on assimilating its members into mainstream American society; blacks "moving freely in the margins," says outspoken black Catholic priest Lawrence Lucas, would be better able to maintain a critical distance from society. Yet for all its possible benefits, Elie believes, the isolation of blacks within a separate rite "would be a great loss to the American Catholic Church—and American society as a whole."

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## SCIENCE, TECHNOLOGY & ENVIRONMENT

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### *The Rise and Fall Of Oat Bran*

"Reconcilable Differences" by Ingram Olkin, in *The Sciences* (July-Aug. 1992), The New York Acad. of Sciences, 2 East 63rd St., New York, N.Y. 10021.

Remember when oat bran was all the rage? A small 1984 study indicated that it dramatically lowered high levels of cholesterol. Then, a 1987 book, *The Eight-Week Cholesterol Cure*, trumpeted the humble bran's wondrous properties. Finally, a 1988 article in the *Journal of the American Medical Association* proclaimed it a more cost-effective treatment for high cholesterol than any available drug. By the end of that year, oat bran was "in" among the health-conscious—the '80s' answer to bean sprouts. The Quaker Oats Company's sales of what was once the stuff of childhood tantrums increased sixfold, and David's Cookies was selling 100,000 oat-bran muffins a week.

But two years later, the bubble burst. A 1990 study showed that refined wheat, used in plain

old white bread and other now-scorned baked goods, although lacking the soluble fiber of oat bran, has the same effect on cholesterol levels—and does not produce the gastrointestinal distress that oat bran does. The study's authors suggested that oats and refined wheat reduce cholesterol simply by replacing the fatty foods that people would otherwise eat.

The mass delusion about oat bran could have been avoided, contends Olkin, a Stanford professor of statistics and education. If "all available oat bran studies [had] been meticulously analyzed before the furor of the late 1980s," he points out, "the evidence for a health effect would have looked flimsy indeed. A handful of small trials studying only eight to 15 people—minute samples by statisticians' standards—did

suggest oat bran has a positive effect. But the results of other studies were marginal."

There is an important lesson here, Olkin maintains: Scientific studies should be subjected to tough scrutiny, using the rigorous methods of science. More than 9,000 scientific studies of various kinds are carried out each year. Through the application of sophisticated statistical techniques, he says, what has come to be called "meta-analysis" can provide "a quantitative synthesis of data from a group of studies on a given question" and thereby yield "a conclusion based on a much larger sample than any single study." In this way, he contends, the weaknesses of individual studies often will be exposed, and patterns sometimes will appear that were invisible to the original investigators. "Virtually all studies have flaws or biases," Olkin says, "and it may well be that the only way to ascertain the truth is to search for patterns in an aggregate of studies." Call it the Oat Bran Rule.



*Wellness Update: Thirty-year-old man starting on the twenty-five-thousand-pound oat-bran muffin he must consume over forty years in order to reduce significantly his risk of death from high cholesterol*

*America's muffin days: The health-minded among us just could not get enough oat bran to eat during the late-1980s craze.*

## *Global Warming— Just Hot Air?*

A treaty to ward off catastrophic global warming by requiring nations to control emissions of carbon dioxide and other greenhouse gases was the main agreement to emerge from the "Earth Summit" in Rio de Janeiro earlier this year. The pact, however, set no deadlines for the nations to act. That toothlessness was much deplored, but it may not, in reality, have been a defeat for the global environment. University of Virginia environmental scientist S. Fred Singer points out that there is no scientific consensus that a greenhouse warming threat even exists.

The Washington-based Science and Environmental Policy Project (SEPP), a research group Singer directs, surveyed more than 120 U.S. atmospheric scientists in the summer of 1991. Of the more than 50 who responded, an over-

whelming majority (85 percent) agreed that there is no clear evidence that any greenhouse warming resulting from human activities has occurred during the past 100 years. Moreover, nearly all of the respondents doubted the adequacy of the models used to predict future changes in the global climate.

Other surveys of scientists who are actively involved in global-climate research have told a similar story. A November 1991 Gallup poll of 400 members of the American Meteorological Society and the American Geophysical Union, for example, found that only 19 percent believed that human-induced global warming has taken place during the past 100 years.

As such surveys indicate, Singer says, most climate scientists believe that while some

"Warming Theories Need Warning Label" by S. Fred Singer, in *The Bulletin of the Atomic Scientists* (June 1992), Educational Foundation for Nuclear Science, 6042 S. Kimbark Ave., Chicago, Ill. 60637.

global warming may be occurring, "catastrophic predictions are unsupported by the scientific evidence." It will take years, perhaps a decade or more, before a definite climatic trend can be established with satellite data.

In the view of many scientists and most agricultural specialists, greenhouse warming may well be beneficial if it occurs, since crops need both warmth and carbon dioxide to flourish. Global warming would be especially welcome if, as some scientists expect, the current interglacial period, which began about 11,000 years ago, comes to an end relatively soon and the Earth enters a new ice age.

But what if the environmentalist doomsayers, despite the current lack of evidence, are right?

"Delaying action," Singer maintains, "is not an invitation to disaster, as [is] often claimed." Calculations by University of Illinois atmospheric scientist Michael Schlesinger, Singer says, "clearly demonstrate that postponing controls on carbon dioxide for even a decade would have no noticeable impact on the next century's temperature trends." By contrast, drastic steps to curtail carbon dioxide emissions, as an SEPP statement signed by more than 50 atmospheric scientists warned, could have "catastrophic" economic effects, "with the most severe consequences falling upon developing countries and the poor." That such steps were not taken in Rio, it appears, may not have been so terrible a failure after all.

## The Pill's Precursors

"Oral Contraceptives in Ancient and Medieval Times" by John M. Riddle and J. Worth Estes, in *American Scientist* (May-June 1992), Sigma Xi, The Scientific Research Soc., P.O. Box 13975, Research Triangle Park, N.C. 27709.

Historians puzzling over sudden population declines in ancient and medieval times usually conclude that infanticide or other nonmedicinal methods of family planning were involved. But Riddle and Estes, historians of pharmacology at North Carolina State University and Boston University School of Medicine, respectively, contend that "the archeological and written record is sprinkled with evidence that drugs were a trusted way to prevent conception or induce early-term abortions."

Ancient medical authorities regularly prescribed antifertility preparations made from plant secretions. The sap from silphion, a plant grown exclusively in the hills near Cyrene, an ancient Greek city-state in North Africa, may have been the ancient world's most effective antifertility drug—it was finally harvested to extinction. As professional medicine developed during the Middle Ages, antifertility lore came to be almost exclusively the property of midwives; in time, much of it was lost.

Western scientists have long regarded the ancient antifertility prescriptions as belonging to "the realm of magic and superstition." But in 1960, chemists D. B. Bounds and G. S. Pope,

following up on a report that Thai women took an extract of the root of *Pueraria mirifica* to induce abortion, isolated an estrogenic compound from the plant. (It is by keeping estrogen concentrations in the blood at a high level that modern oral contraceptives work.) Subsequent reports in Indian and Chinese journals provided further evidence that crude traditional antifertility drugs made from indigenous plants were effective.

"It is possible . . . that women of ancient and medieval times were fooled by physicians, witch doctors, herbalists, witches, midwives, village wise persons and charlatan medicine-show salesmen into taking birth-control potions that did not work," Riddle and Estes write. If so, women were fooled for a very long time. "We've so many sure-fire drugs for inducing sterility!," said the Roman satirist Juvenal—and six centuries later, priests were asking women in confession if they had drunk any *maleficium* (herbs or other agents) to prevent conception. Modern scholars, in Riddle and Estes's view, have too quickly dismissed the possibility that the ancients' antifertility preparations actually worked.

## The R&D Deficit

"Redesigning Research" by Elizabeth Corcoran, in *Scientific American* (June 1992), 415 Madison Ave., New York, N.Y. 10017.

U.S. companies long ago proved their excellence in basic scientific and technological re-

search. Back in the 1950s, they often advertised their scientific prowess. The Radio Corporation

of America (RCA), for example, declared in a 1952 ad that its "years of research and engineering" were opening the way for television service throughout the land. Bell Telephone Laboratories, in another ad, hailed the impending introduction of its "tiny amplifying device" (the transistor) to the world of telephone communications. But such proud corporate refrains are not being sung so loudly these days, reports *Scientific American* staff writer Elizabeth Corcoran.

"Even prominent laboratories have been sold or shuttered," she writes. "RCA's research center, where liquid-crystal displays were invented, was simply given away." Overall, the growth of investment in U.S. industrial research and development (R&D) has slowed in recent years. Investment grew by only 1.5 percent annually in 1985-90, compared with almost seven percent in 1975-85.

Companies now confront a changed economic environment. "Tax policies, demands for quick financial returns and takeover threats have discouraged long-term strategies based on investing in research," Corcoran explains.

But if corporate R&D has fallen on hard times, it is partly because of its own past (economic) performance. Fewer than half the companies that gave birth to an important invention in the last few decades made much money

from it, according to Charles H. Ferguson, an industry analyst at the Massachusetts Institute of Technology. "From the window of the corporate finance office," Elizabeth Corcoran notes, "the research center has looked more like a resort for misplaced academics than a business division. Scientists often seem motivated by obscure, intensely personal goals rather than by company goals."

But the scientists are not the only culprits. Although the first color printer was built at Xerox's Webster Research Center, near Rochester, N.Y., Xerox's competitors were more successful at exploiting the new technology. At Xerox, IBM, and a few other U.S. firms, corporate leaders have come to perceive the research "problem" as a matter of managing innovation, Corcoran reports. "If an invention is too far outside the company's agenda to exploit, both research and management must ask themselves why research wandered so far afield. When relevant inventions are not translated into commercial innovations, management must bear some of the blame."

The redesign of corporate R&D, however, can be carried only so far. There must be room for researchers to engage in "longer-term thinking," a Xerox manager told Corcoran, or the "research" becomes so narrowly focused as to be of almost no consequence.

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## ARTS & LETTERS

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### *Unforgivable?*

"Nat King Cole" by Terry Teachout, in *The American Scholar* (Summer 1992), 1811 Q St. N.W., Washington, D.C. 20009.

Singer Nat King Cole's 1951 hit, "Unforgettable," transmuted by modern recording technology 40 years later into a duet with his daughter Natalie, soared to the top of the pop charts last year. Few of his new fans knew that Cole (1919-65), one of America's most successful popular singers in the 1950s and '60s, had before then been an outstanding jazz pianist. Nat King Cole, said *New Yorker* jazz critic Whitney Balliett, "belonged with Earl Hines and Art Tatum and Teddy Wilson, from all of whom he learned, and if he had concentrated on playing rather than on singing he might well have outclassed them all." That he did not concentrate on his piano playing in the postwar decades was, in the eyes of many jazz critics and historians, unforgivable, a result of his having "sold out." Cole signed with Capitol Records in 1943, and Capitol's greedy executives, according to

the indictment, soon had him singing saccharine ballads and working with studio orchestras. Cole "capitulated to the evils of the capitalist system," as one recent critic put it, and so his great potential as an artist went unrealized. That is the legend of Nat King Cole, but it fails to stand up to close scrutiny, asserts Teachout, a writer who is working on a biography of H. L. Mencken.

"To begin with," Teachout says, "Nat Cole was a singer of real stature, Frank Sinatra's only rival as the most distinguished popular vocalist of the '50s." In addition, Cole began singing in public not in 1943 but in 1937, shortly after his King Cole Trio was formed. Finally, Teachout says, there is the evidence of the 349 tracks from 1943-61 in the recently issued *Complete Capitol Recordings of the Nat King Cole Trio*. "Some are jazz oriented, others



A master of two instruments, the piano and his voice.

purely popular, but virtually all, early and late, are the work not of a cynical purveyor of musical pabulum but of a jazz pianist of the first order."

In 1945, Cole was both a jazz star and a pop idol, able to shuttle easily between one role and the other. In the ensuing years, however, that became difficult, Teachout says. "The postwar American popular music scene was dominated by stand-up singers [who played no instruments]. Most of the big bands of the 1930s and '40s had folded, and instrumental jazz, which achieved a certain amount of general popularity during the swing era, lost much of its commercial appeal with the rise of bebop." Cole, Teachout says, chose to move with the times. In the fall of 1951, he quit playing jazz altogether and became a full-time singer. With songs like "Unforgettable," "Mona Lisa," and "Too Young," he achieved the mass popularity he had long sought.

Contrary to the legend, Teachout maintains, Cole's success did not come at the expense of his artistic integrity. "Those who criticize him for giving up the piano fail to recognize that the magic heard in his jazz piano playing of the '40s did not suddenly dry up and blow away in 1951. It was now simply expressed in terms of a different instrument—his voice."

## The Passion Of T. S. Eliot

"The Passionate Poet and the Use of Criticism" by Louis D. Rubin, Jr., in *The Virginia Quarterly Review* (Summer 1992), One West Range, Charlottesville, Va. 22903.

In his famous 1919 essay on "Hamlet and His Problems," T. S. Eliot (1888–1965) pronounced Shakespeare's masterpiece "an artistic failure." The title character, he insisted, "is dominated by an emotion . . . in excess of the facts as they appear." This, to Eliot, was unacceptable. "The only way of expressing emotion in the form of art," he maintained, "is by finding an 'objective correlative'" for that emotion. In his criticism and, as it seemed at the time, his poetry, observes Louis Rubin, a professor emeritus of English at the University of North Carolina at Chapel Hill, Eliot presented himself as "the anti-romantic, the severe moralist who would

suppress the brazen assertion of personality through immersion in the literary tradition." Ironically, Rubin says, there is hardly "a poet of any era the rhythms of whose verses throb with more autobiographical passion than Eliot's, while his criticism, which once seemed so calm and magisterial, now appears to constitute a strenuous and even desperate insistence upon personal coherence in the face of near-chaotic emotions."

When the American-born Eliot embraced England and set out to conquer literary London, he left behind him his native land and his family's expectations that he would pursue an

academic career. He was, Rubin writes, "a man in full emotional recoil from democracy, the middle class, religious latitudinarianism, and the cramp of the flesh. His adopted English identity became a badge of virtue to signify his emancipation from vulgarity." And his poetry was a way for him to assert "an intensely personal appetite for suffering, an agonizing fear of sexual appetite, and a shrinking from carnality, along with a desperate need for religious certainty and for civic and social coherence."

What gives "The Love Song of J. Alfred Prufrock" (1917) its power, Rubin says, is "the communicated sense of frustration, the struggle between decorum and libido, the contempt

for mannered response juxtaposed with the dread of vulgarity." And "The Waste-Land" (1922), Rubin adds, "is no diagnosis of contemporary society from outside and above," but rather "the articulated and agonized depiction of a participant sharing in the chaos."

Eliot asserted in another famous essay, "Tradition and the Individual Talent" (1919), that "poetry is not a turning loose of emotion, but an escape from emotion; it is not the expression of personality, but an escape from personality." His poetry, however, tells a very different story. "His poetry is *not* an escape from passion; it is not *about* the passion," Rubin notes. "It is the passion."

## Late-Blooming Architect

"What Louis Kahn Built" by Michael J. Lewis, in *Commentary* (Mar. 1992), 165 E. 56th St., New York, N.Y. 10022; "What Does the Building Want to Be?" by Brooks Adams, in *Art in America* (July 1992), 575 Broadway, New York, N.Y. 10012.

Architect Louis I. Kahn (1901-74), "the last great modernist" in critic Brooks Adams' phrase, did not get a prestigious commission (the Yale Art Gallery in New Haven) until he was 50 years old. When the Richards Medical Laboratory, his first project to be internationally celebrated, was built at the University of Pennsylvania in Philadelphia, he was nearly 60. Yet during the next 15 years, writes Michael J. Lewis, a historiographer at the Canadian Center for Architecture in Montreal, Kahn "produced a solid body of work that met with almost uniform critical acclaim, something true of none of his contemporaries."

Kahn's best known buildings include the Jonas Salk Institute in La Jolla, California, with its compounds (as Lewis notes) "gathered around a single monumental axis, a mighty crescendo that culminates in a triumphant vista of the Pacific," and the library at the Phillips Exeter Academy in New Hampshire, with (in Adams' description) "its amazing well of space punctuated by huge cast concrete bull's-eyes which reveal the stacks behind." But the architect's "grandest spatial conceits," Adams says, are located in India and Bangladesh. "In the official complex, Sher-e-Bangla Nagar . . . in Dhaka, the capital of Bangladesh, the national legislature and mosque are wrapped in glare walls punctured by gigantic triangles and circles." Kahn sought "very archaic-looking buildings," and his huge concrete structures in Dhaka were influenced by the great 18th-century astronomical gardens at Jaipur. In Ahmedabad, India is Kahn's campus for the Indian Institute of Man-

agement, a business school. It has been called a 20th-century successor to Thomas Jefferson's campus ideal at the University of Virginia. Kahn became, Adams says, "a world architect who endowed new capitals and emerging cultures with his most convincing brand of cosmic symbolism."

The architect's spectacular late successes, Lewis points out, overshadowed his failures. Architectural philosophers applauded his "insistence on the collective and the universal, his ideal of an architecture so spacious that it could encompass everyone," but Kahn's clients often did not. In reaching for the universal, many of them thought, he lost the particular. Jewish institutions, for example, entrusted him with a half-dozen major projects in his final decades, but "all that came of them was a small synagogue in Chappaqua, New York, and the Jewish Community Center Bathhouse in Trenton, New Jersey, itself a small sliver of a much larger project from which he was dismissed."

Kahn's experience during the 1930s, when he was extensively involved in public housing schemes, left a permanent imprint on his career, Lewis says. He "learned to make the rounds of government corridors, instead of wooing clients in corporate boardrooms or on golf courses." The architect, according to the catalogue for a retrospective exhibition ("Louis I. Kahn: In the Realm of Architecture") that began a three-year world tour last fall, "rescued modernism from the banality induced by its commercial success."

Kahn's career indeed was based not on com-

## *The Capitulation of James Baldwin*

Henry Louis Gates, Jr., chairman of Harvard's Afro-American Studies Department, recalls in the *New Republic* (June 1, 1992) how writer James Baldwin (1924–87), having been pushed aside as a spokesman for black America in the 1960s, courted "a new vanguard, one that esteemed rage, not compassion, as our noblest emotion."

*In an impossible gambit, the author of No Name in the Street [1972] sought to reclaim his lost authority by signaling his willingness to be instructed by those who had inherited it. Contradicting his own greatest achievements, he feebly borrowed the populist slogans of the day, and returned them with the beautiful Baldwinian polish. "The powerless, by definition, can never be 'racists,'" he writes, "for they can never make the world pay for what they feel or fear except by the suicidal endeavor that makes them fanatics or revolutionaries, or both; whereas those in power can be urbane and charming and invite you to those houses which they know you will never own." This view—that blacks cannot be racist—is today a familiar one, a platitude of much of the contemporary debate. The key phrase, of course, is "by definition." For this is not only, or even largely, an empirical claim. It is a rhetorical and psychological*

*move, an unfortunate but unsurprising attempt by the victim to forever exempt himself from guilt.*

*The term 'racist' is here redefined by Baldwin, as it has been redefined by certain prominent Afro-American artists and intellectuals today, to refer to a reified system of power relations, to a social order in which one race is essentially and forever subordinated to another . . . . To be sure, it does express, in an abstract and extreme manner, a widely accepted truth: that the asymmetries of power mean that not all racial insult is equal . . . . Still, it represents a grave political error.*

*For black America needs allies more than it needs absolution. And the slogan—a definition masquerading as an idea—would all too quickly serve as a blanket amnesty for our own dankest suspicions and bigotries. It is a slogan that Baldwin once would have debunked with his devastating mock-detachment. He would have repudiated it not for the sake of white America—for white America, he would have argued, the display of black prejudice could only provide a reassuring confirmation of its own—but for the sake of black America. The Baldwin who knew that the fates of black and white America were one also knew that if racism was to be deplored, it was to be deplored tout court, without exemption clauses for the oppressed.*

mercial skyscrapers (for which his plans were invariably rejected) or on stores or office buildings, but rather on public buildings—libraries, schools, churches, and synagogues. The "inspirational if rather generic monumentality" of

Kahn's architecture, Lewis concludes, reflects more than his own pursuit of broad abstractions such as "Silence and Light;" it reflects also "our own uncertainty about our institutions and their ultimate validity."

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### OTHER NATIONS

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#### *The End of the Italian Republic?*

"Italy after Communism" by Giuseppe Sacco, in *The Washington Quarterly* (Summer 1992), Ctr. for Strategic and International Studies, 1800 K St. N.W., Washington, D.C. 20006; "A Second Italian Republic?" by Angelo Codevilla, in *Foreign Affairs* (Summer 1992), 58 East 68th St., New York, N.Y. 10021.

In Italy, which has had 51 governments since the end of World War II, talk of a governmental "crisis" is usually taken with a large grain of salt. But today, University of Rome political sci-

entist Giuseppe Sacco and Hoover Institution Senior Research Fellow Angelo Codevilla agree, the collapse of communism has ushered in a genuine crisis.

More than four decades ago, in the historic elections of April 18, 1948, the Italian people decisively chose alignment with the West and rejected the Communists' bid for power. Prime Minister Alcide de Gasperi's Christian Democrats and their allies won more than three-fifths of the seats in the Chamber of Deputies, while the Communists and their allies were held to 31 percent of the vote. That, in essence, remained the pattern during the ensuing decades (with the Socialists holding the balance of power after 1963). But keeping the Communists out of power all that time had a price. Because the anti-Communist parties had to govern together, Sacco notes, they could not confront each other in elections with opposing programs. Nor could they take turns exercising power. The voters could never really "throw the rascals out," but instead had to put up with rule by party bosses. For nearly a half-century, Codevilla observes, "cabinets have risen and fallen, policy has lurched left or right, careers and fortunes have been made and lost, strictly by deals made among factional potentates. The voters have been spectators." Now, however, that seems to be changing.

On May 9, 1991, then-President Francesco Cossiga, a Christian Democrat who urged people not to fear the term *second republic*, declared that the government had become a "cosa nostra" of the parties. As Codevilla observes, Cossiga "thereby legitimized the

harshest criticism of the regime—that the government serves as a conduit of organized crime and that its activities are often indistinguishable from the crime syndicates." A referendum a month later on a minor change in the electoral law was transformed into a symbolic contest between "defenders of the 'democratic' constitution against chaos or worse," who favored a "no" vote, and "advocates of people power and morality," who urged a "yes" vote. More than 62 percent of the electorate went to the polls and an astounding 95.6 percent voted yes. "Nothing in Italian politics has ever been plainer," says Codevilla. The status quo "has very few defenders."

Some blame the ills of the party-dominated system on proportional representation: The voter casts his ballot for a party, and parties divide the seats in parliament in proportion to the votes they get. Reformers such as Mario Segni, a young Christian Democrat, have urged increasing the use of direct election. Various other reforms have been proposed, and reformist rhetoric dominated the campaign leading up to the April 5, 1992 elections, in which the governing coalition retained only a slender majority of parliamentary seats. So far, however, Sacco writes, "no real choice of valid and truly different programs has been offered" to the disaffected electorate. Little is clear now, concludes Codevilla, except "that the first Italian republic is all but dead."

## Zambia's Example

"Zambia Starts Over" by Michael Bratton, in *Journal of Democracy* (Apr. 1992), 1101 15th St. N.W., Ste. 200, Washington, D.C. 20005; "Zambia: A Model for Democratic Change" by Richard Joseph, in *Current History* (May 1992), 4225 Main St., Philadelphia, Pa. 19127.

A landmark event for Africa took place in Zambia on October 31, 1991. Voters there, in free and fair elections, overwhelmingly chose trade-unionist Frederick Chiluba as the nation's president, gave his Movement for Multiparty Democracy (MMD) 125 out of 150 seats in the National Assembly, and so brought to an end the 27-year reign of President Kenneth Kaunda, the country's founding father, and his United National Independence Party (UNIP). Zambia thus became the first English-



A stunning 76 percent of Zambia's voters agreed last year to put opposition leader Frederick Chiluba in the country's driver's seat.

## Selective Outrage

Peruvian novelist Mario Vargas Llosa, in *Bostonia* (Summer 1992), ponders "the hidden feelings of guilt and bad conscience" that have burdened celebrations of the Quincentenary of that turning point in world history, Christopher Columbus's 1492 voyage.

*Our age may be one of tremendous events but it is also one of intellectual confusion . . . . Ideology has become the lay religion of our time and its dogmas, stereotypes, commonplaces, and excommunications continue to contaminate the intelligentsia of the Western worlds.*

*The condemnations, the discomfort, and the silence of so many intellectuals on both sides of the Atlantic concerning the Quincentenary can be explained by the fear of praising the moral or material achievements of our democracies and thereby losing the politically correct credentials so necessary for success in the cultural establishment of the First and Third Worlds . . . .*

*Those who express dismay about the crimes and cruelties of the conquistadors against Incas and Aztecs have good reason to feel solidarity for those people who suffered in the past. They should, however, be equally outraged about the crimes and cruelties of Incas and Aztecs against the thousands of peoples they subjugated. But they are not. Academics have been itemizing every single crime committed by Europeans with remarkable meticulousness, but they have not shed a single tear for the thousands, the hundreds of thousands, perhaps millions of Indian men and women who were sacrificed in wars of conquest and in barbarous Inca, Maya, Aztec, Chipcha, or Tolteca ceremonies . . . .*

*I am not arguing against those who wish to remember the arrival of the Spaniards as a bloody period of history in which countless and inexcusable brutalities were committed. I do object, however, to the jump many have made from moral outrage about historical events to the utopian assumption that we must somehow reestablish pre-Columbian civilizations as the Europeans found them. It is a proposal which leads invariably to actions that make us recoil with horror, [such as] the atrocities of the Shining Path movement in Peru. I also find it unrealistic to forget that all Americans, north and south, regardless of their color or origin, are products of this saga and its aftermath, for better or worse. I believe [that] it was mostly for the better, because those hard, greedy, and sometimes fanatical men brought along to America not only a hunger for wealth and the cross but also a culture that has been ours ever since. A culture that makes us heirs of a Cervantes and of a Shakespeare no more and no less than an inhabitant of Madrid or London. A culture that introduced to human civilization those codes of politics and morality that allow us to condemn powerful nations that abuse the weak, to reject imperialism and colonialism, [and] to stand up for human rights wherever they are violated.*

speaking nation on the continent to make a peaceful transition from one-party rule to political pluralism. Ironically, Michigan State University political scientist Michael Bratton points out, this achievement was due in large part to Kaunda's own "genuine, albeit reluctant, acceptance of the demands made by a united opposition front." He sought to ride the wave of democratic reform and, against the advice of hard-liners in his party, made a series of major concessions to the opposition. When it became clear that he had lost the elections, he promptly stepped aside.

Neither Kaunda nor Zambia was unfamiliar with political pluralism. In 1964, when Zambia won full independence from Britain and Kaunda became president, the new nation had a republican constitution. In 1973, however, faced with the possible loss of his parliamentary majority, Kaunda turned Zambia into a one-party state.

Zambia was one of the wealthiest African nations at independence, writes Emory University political scientist Richard Joseph, but "stagnant agricultural growth and government mismanagement of the country's vast copper deposits led to a sustained deterioration in the standard of living." The economy's relentless decline during the 1980s and the collapse of world prices for copper, he says, bred opposition to Kaunda. Food riots erupted in June 1990 in Lusaka, the capital, after the lifting of price controls on maize meal, the country's staple. On June 30, an attempted coup brought thousands of Zambians into the streets to celebrate; although the coup failed, the dissatisfaction of the public was clear.

Kaunda eventually yielded to pressure for a national referendum on democratic pluralism, but after the MMD's coalition of trade unions, businesses, and civic groups was formed in July 1990, it decided that a referendum had become unnecessary. The outcome was foreordained. Huge crowds gathered in Zambia's major cities, chanting, "The hour has come!" In September 1990, Kaunda agreed to multiparty elections. He appointed a commission to draft a new constitution; in December, independent political parties were made legal again. At a July 1991 "summit meeting" with Chiluba, Kaunda agreed to incorporate certain opposition demands into the new constitution.

The opposition also wanted international observers to monitor the elections. Kaunda disparaged the idea, Joseph notes, but he "was once again made to reverse himself—and not only because of popular pressure." The government's strength was sapped by the increased reluctance of the International Monetary Fund and other foreign creditors to keep bailing out the economically troubled government.

"The message of the Zambian transition that has come through most loudly and clearly," Joseph writes, "is that Africa is ready for multiparty democracy." If Zambia's experiment in democracy is successful, many other African nations may be induced to follow its example.

## *Japan's Elusive National Interest*

"The Economic Sources of Japan's Foreign Policy" by Bill Emmott, in *Survival* (Summer 1992), International Inst. for Strategic Studies, 23 Tavistock St., London WC2E 7NQ.

Japan has been walking a little taller in international affairs in recent years. It has become, along with the United States, a top donor of overseas aid (\$9.3 billion in 1990). It has also stepped up its contributions to the International Monetary Fund and other international agencies and opened up its checkbook to help pay for the multinational military operation in the Gulf War. It is easy to see these moves as part of a foreign-policy juggernaut intended to advance Japan's economic strategy, observes Emmott, the *Economist's* business affairs editor, but that would be a mistake. The Japanese find it extremely difficult to reach a consensus about what the Japanese national interest is. Japan's foreign policy can hardly be to implement the national economic strategy, he adds, because Japan does not really have one.

Even the Japanese finance ministry is divided over economic strategy. Its budget bureau, the architect of the nation's fiscal policy, has since the early 1980s pushed to keep the government's budget in surplus, or at least balanced. But the ministry's vice minister, who acts as Japan's chief financial diplomat, favors budget deficits, which would stimulate the economy and increase imports, thus allowing him to appease foreign critics of the nation's huge trade imbalances, especially in the United States.

Outside the ministries, there are also divergent outlooks and interests. Big business generally seeks to expand its share of world markets. But business groups bitterly resist Tokyo's efforts to curry favor overseas by opening up particular domestic markets to foreign competition. Because of opposition to liberalized

trade from the powerful Japanese farm lobby and politicians in the long-ruling Liberal Democratic Party, Japan has been unable to play a leading role in the current negotiations on the General Agreement on Tariffs and Trade (GATT). The GATT is now one of Tokyo's most useful tools in preserving relatively open world markets for Japanese industry.

Garnering domestic support for actions that may well be in the national interest is no easy matter in Japan, Emmott observes. Although a stronger role in the United Nations could ease the pressure on Japan to increase military spending or take decisive political actions, the notion that Japan should have a permanent seat on the U.N. Security Council has been discussed far more outside Japan than inside.

"Japan's foreign policy needs... have very little weight domestically," Emmott says. "The 'national interest' is not a notion that arises clearly or straightforwardly from domestic political processes," which "are concerned exclusively with sectional interests." This failure to create a sense of the national interest is partly due to the absence of a truly pluralistic political system, he says. But more important has been the paucity of genuine threats to Japan's national interest since 1945. That is unlikely to change significantly as long as Japan can count on the United States to deal with any urgent security problems.

"Japan already exerts a powerful influence, economically and politically, around the world," Emmott concludes. "It will not, however, take on a strong leadership role for one simple reason: It does not have to do so."

## COMMENTARY

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*We welcome timely letters from readers, especially those who wish to amplify or correct information published in the Quarterly and/or react to the views expressed in our essays. The writer's telephone number and address should be included. For reasons of space, letters are usually edited for publication. Some letters are received in response to the editors' requests for comment.*

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### *The Cultural Wars Rejoined*

Daniel Bell's article ["America's Cultural Wars," *WQ*, Summer '92] is a prime example of why there is, and should be, a decline in intellectualism. Whatever erudite remarks Bell makes are buried in what I feel is little more than intellectual snobbery. Doubtless many readers never finished this essay. I did, largely because I was intrigued by the introduction, which easily contained the most lucid comments. As I read on, and even at the end, I kept thinking, "Yes, but what is the point you are trying to make here?" I still have no answer.

Whenever one reads the writings of those considered to be truly great intellectuals, one finds essays which are supremely "readable," not punctuated by name-dropping (either authors or titles) which only shed light on the literary mastery of the essay's author. I also note that the intellectually correct way to make a derogatory remark is to reduce the individual and his ideas to adjectives (e.g., "Hege-  
lian-Gramscian frippery," to distinguish it from other forms of frippery, I suppose).

*Gregory L. Pittman, M.D.  
Louisville, Ky.*

It is ironic, to say the least, that while the formerly Marxist universities in Central and Eastern Europe have been eager to embrace knowledge that is objectively true, our own universities (outside of the natural sciences) have been defending a neo-Marxism which sees all knowledge as political. And Daniel Bell is certainly right in criticizing this tendency. But he is mistaken, I believe, in seeing deconstruction as the cause.

The domination of many departments and some professional organizations (like the Modern Languages Association) by leftists is caused by the desire for power by the few, and the fear of such power by the many, rather than by conversion to Derrida's philosophy. The number of my colleagues who have read, understood, and been convinced by *Of Grammatology* or *Dissemination* is far fewer than those who recognize that a refusal to be politically correct can result in a failure to get tenure, promotion, and (for senior professors) grants and graduate students, as well as exposing oneself to attack as a sexist, racist, or homophobic.

Second, the emphasis on the indeterminacy of

meaning in a novel or essay makes it more difficult to enlist a work in some political cause. The leftists are not attacking Western classics because of their inability to convey indeterminate meanings, but because they believe that these books give us meanings that are clearly Eurocentric, patriarchal, homophobic, and capitalist.

There probably are logical weaknesses in the arguments of Derrida, de Man, et al., as well as obscurities that can seem purposeful. But criticism of deconstructionists should be offered in the same way as we offer criticism of all philosophers, as part of the ongoing discussion that goes on in any discipline.

I am confident that Bell, on the basis of the entire essay (as well as his previous books) has no desire to imitate the radical feminists and neo-Marxists in transforming an intellectual dispute about meaning—one that has been with us since Plato—into a political struggle. I hope and expect, therefore, that Bell will clarify his remarks about the connection between the assault on free inquiry in the humanities departments of our colleges and the radical tendencies in philosophy centered upon Wittgenstein, Derrida, Quine, Rorty, and others.

*Lawrence Hyman  
Professor Emeritus  
Brooklyn College, CUNY*

Daniel Bell's essay contains several errors that illustrate why he might take more seriously the intellectual movements he sarcastically caricatures, particularly those of the critical bent.

I will remark on only one, his hopelessly uninformed remark that Islamism—which he calls "Islamic fundamentalism" (a term discredited along the political spectrum)—"challenges all the values of the West." Although hardly central to his essay, this reductive assertion proves that Bell has not personally or carefully engaged in critical analysis, much less in the study of Islam.

How ironic, after all, that Bell would make such a claim after almost eloquently summarizing the movement in postmodern theory away from simplistic dichotomies, essentialist characterizations, and foundationalist political philosophy. The study of modern Islamic politics testifies to the important erosion of the artificial, binary categories of knowledge that have mystified the "Islamic mind" and

"Islamic politics" for centuries. The seminal work of Edward Said, as well as later writing on Islam by James Piscatori, Serif Mardin, Yahya Sadowski, Ervand Abrahamian, Olivier Roy and dozens of others have drawn on the intellectual insights and skepticism of radical critical theory to destroy interpretations of Islamic movements such as Bell's.

It's poetically just that Bell should get caught appropriating a debunked but institutionalized "discourse" on a political movement like Islamism so soon after scoffing dismissively at efforts to "deconstruct" exactly that sort of reductionism in the pursuit of knowledge. How postmodern (in the cultural sense, not the theoretical) of Bell to generalize meaninglessly about a subject on which he clearly knows nothing! More seriously, if he would like to elaborate on what is fundamentally "Western" (slavery, rape, racism, the holocaust . . . ?) about "our" values that Islamists just don't share, many of us would love to listen.

Sayres S. Rudy

Director, Political and Economic Programs,  
The Middle East Institute

### *Koestler on Central Asia*

Readers of Roya Marefat's "The Heavenly City of Samarkand" ["Land of the Great Silk Road," *WQ*, Summer '92] will be interested in some observations by Arthur Koestler on Timur and Samarkand. These are recorded in one of his autobiographical volumes, *The Invisible Writing* (1969), and they were prompted by his recollections of a journey through Turkestan in 1932-33 when the effects of a heavy Soviet hand were being felt in that region.

Here he is on the Registan of Samarkand:

Here the genius of the lame warrior and his successors had achieved a synthesis of the Arab, Persian, and Far Eastern architecture so unique and moving that one wanted just to sit down in the shade of the decaying turquoise columns and cry.

And here, on Timur's tomb:

That he was a true intellectual becomes evident at once on entering the Turbeti Timur, his burial chapel. In the center of it there are two marble tombstones side by side, one dark-green, the other black. Under the green stone lies Timur the Lame. Under the black stone, which is slightly larger, lies his teacher and spiritual guide, Mir Said Berki. To choose one's teacher as one's sole companion for eternity is a gesture unparalleled by any great conqueror of mankind.

Koestler concludes that every monument in Sam-

arkand built by Timur himself "bears an imprint of self-restraint and beauty-in-austerity."

J. Frederick Stevenson  
Blairstown, N.J.

### *The 'Hispanic' Identity*

Peter Skerry has written a thoughtful and balanced account of the emergence of Hispanics as part of the new American ethnic trilogy ["E Pluribus Hispanic, *WQ*, Summer '92]. He is also right that what began as a label of convenience can become a "real" ethnic or even racial designation. There are plenty of precedents. And as W. I. Thomas noted long ago "if men define situations as real, they are real in their consequences."

Where Skerry misses the point is in his failure to emphasize that the proliferation of "Hispanic" publications, politicians, and organizations does not arise out of the spontaneous will of the people so designated, but is a reactive product. The "Hispanic" label was conceived at the U.S. Bureau of the Census and other federal agencies as a convenient shorthand for a growing number of Spanish-speaking groups who happened to be in the country for the most varied reasons. With the exception of the old *Hispanos* of New Mexico, none of these groups thought of themselves in these terms. The Hispanic label did not exist in official publications or in the public mind as late as 1970.

There is at present a clear tug of war between members of the groups subsumed under the label who often balk at being so called and large corporate, media, and governmental organizations that insist on doing so. Washington and Wall Street are convinced that "Hispanics" exist; the Hispanics themselves are not so certain. Hence the emergence of Hispanic politicians currying favor in Washington, Hispanic ad agencies selling their services to corporations, and Hispanic academics submitting proposals to foundations, is more a reaction to how the powers-that-be chose to define the situation than a reflection of the needs and priorities of the respective national groups. It is unlikely that Mexican, Cuban, or Chilean-origin politicians and professionals would identify themselves with that label if it was not the only way of gaining advantages otherwise unavailable.

The fact that Hispanicity (or "Asianness," another emerging ethnicity) are artificial designations adopted only by reaction does not mean that they are trivial in their consequences. Some of these consequences are worrisome. Among "Hispanics," white and better educated individuals—more commonly found among Cubans and South Americans—will be able to saunter in and out of the la-

bel, using it for advantage, but remaining conscious of their national and class upbringings. If "Hispanic" becomes a racial term, these relatively privileged individuals and their offspring can simply opt out by Anglicizing their names. By contrast, the less-educated black and mestizo groups under the same label will fare less well. There is nothing in a "Hispanic" identity that substitutes for the sense cultural distinctness and pride associated with a nationality. Hence, the most vulnerable groups may lose the underpinnings for self-esteem and collective solidarity at the time when they are most badly needed.

The consolidation of this new reactive ethnicity and its rise in the public mind to a status akin to that of blacks may lead to the emergence of a class of professional Hispanics who insert themselves as interlocutors to government agencies and private philanthropies. The material well-being of this group will not do much, however, to improve the condition of those left behind, who may well suffer as a consequence of the loss of their fundamental cultural bearings.

Alejandro Portes  
Dept. of Sociology  
The Johns Hopkins University

### Another Slice of $\pi$

The "mysterious" appearance of the value of  $\pi$  among the linear dimensions of the pyramids—discussed in Daniel J. Boorstin's "Afterlives of the Great Pyramids" [*WQ*, Summer '92]—really should not surprise anyone; in fact, if another important number, such as  $e=2.71828+$ , the base of natural logarithms, did *not* appear, then I might wonder. The appearance of  $\pi$  might reflect the builders' desire to have a design that workers could execute easily. To measure the height, they simply might have stacked blocks of appropriate dimension to indicate when the desired altitude had been reached in the course of construction. On the other hand, marking the site for the four base edges would have required initial preparation and, hence, something more sophisticated.

The builders could have used a long cord of proper length, but that might have been too difficult to justify such an approach. Very likely they chose a more elegant method—using a wheel of unit diameter  $\chi$  with a sounding peg to denote each full revolution and also with a guiding handle attached to a central axle. One person could walk along the path and push the wheel. Perhaps another would be counting the number of clicks and marking them down to ensure an accurate count. With regard to design, for whatever reasons—per-

haps aesthetic, legal, practical, or religious—the builders apparently decided to have a pyramidal height of  $2m\chi$  and a base edge comprising  $m$  clicks of the wheel, where  $m$  is some number of standard units and  $\chi$  is the standard unit of length.

Given these simple, hypothetical construction and design considerations, the ratio of the altitude,  $2m\chi$ , to the circumference of the base— $4 \times (m \text{ clicks}) \times (\pi\chi/\text{click})$ —naturally equals  $1:2\pi$ .

David L. Waggoner  
Arlington, Va.

### The World According to Cosmo

"The World in Our Image?" (Periodical Observer, *WQ*, Summer '92) appropriately includes magazines as evidence of American influence on world culture. To the example of *Reader's Digest*, I would like to add the even more pertinent example of *Cosmopolitan*, which has 26 foreign editions in 11 languages.

The most recent foreign edition is in Turkey, *Cosmo's* first Islamic country. But *Cosmo* also has editions in the Far East, Australia, Africa, and Latin America—every continent but Antarctica!

What fascinates me is the successful translation of the "Cosmo Girl" ethos into fertile ground in every culture. What Helen Gurley Brown hath wrought is nothing less than a worldwide revolution in young women's lifestyles. And now global marketers are making use of the commonality of lifestyles to reach young women in many countries by advertising in *Cosmopolitan*.

Seth E. Hoyt  
Publisher, *Cosmopolitan*

### Chase's Legacy

The failure of the impeachment trial against Justice Samuel Chase in 1805 may not have been as beneficial to the nation as Justice Rehnquist asserts ["Why a Bill of Rights Is Not Enough," *WQ*, Spring '92]. I believe it was a tragic error that we have been paying for for 200 years. The Constitution says that a federal judge shall hold office on "good behavior," but because of this case, good behavior has evolved into an examination of the judge's non-judicial life. If he doesn't pay his taxes, as a federal judge in Nevada learned, he will be impeached, but if he is a judicial misfit, an incompetent because of senility, or a cruel judge lacking fair play, the people have to tolerate it and suffer until he leaves this world. We can thank the Samuel Chase case for establishing this absurd policy.

Justice Samuel Chase was not a mentally weak

man; he had a very sharp mind. But behind his intellectual front, as was so evident in the John Fries case, there was a vicious psychopath. If the courts in revolutionary France during this period were carrying out "judicial murder," as the Chief Justice notes, then it would not be out of line to label Justice Chase's conduct in the Fries case as "attempted judicial murder."

In his charge to the jury, Justice Chase made almost any riot an act of treason. John Adams saw through this miscarriage of justice and sent a letter to all his cabinet members, asking 13 probing questions: "Was it (Fries's conduct) any more than a riot? Can it strictly amount to treason?"

Even more numerous than the misfit judges are the judges suffering from the ravages of age, as most any experienced federal trial lawyer will confirm.

The impeachment trial of Justice Samuel Chase was unquestionably an important *cause célèbre* for the federal judiciary, but was it for good or ill? I am inclined to believe it was both. It established extreme judicial independence, but is that extremity in society's best interest?

Charles Adams

Author, *For Good and Evil, The Impact of Taxes on the Course of Civilization*

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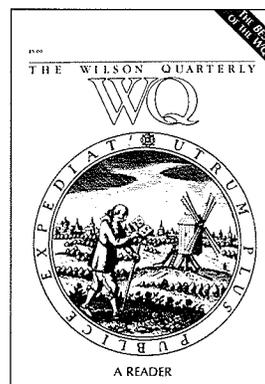
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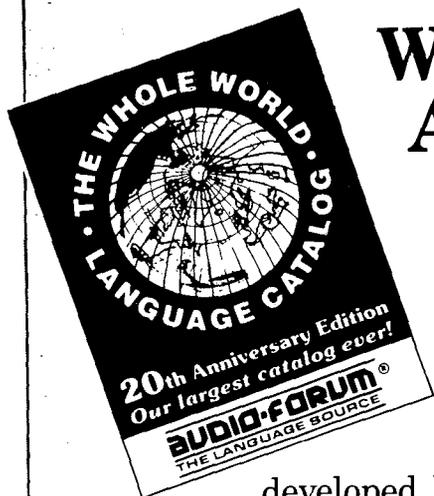
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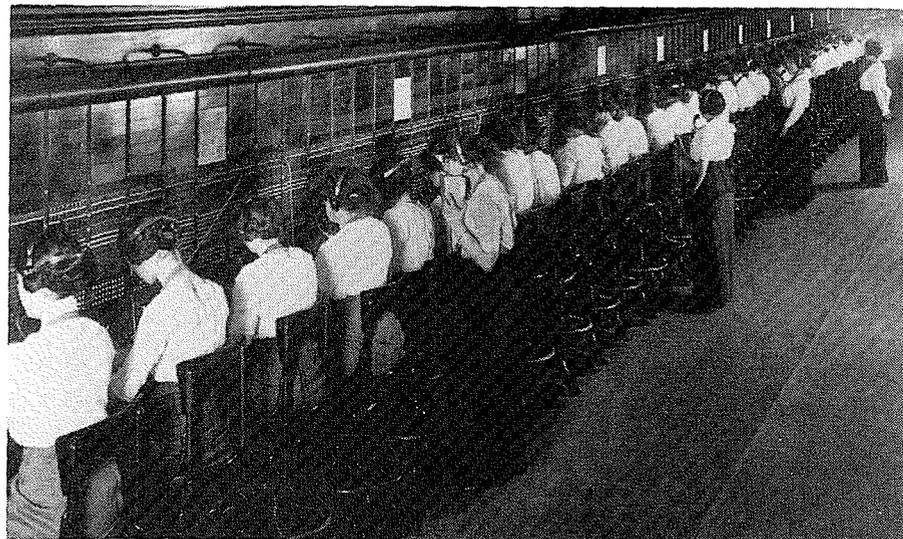
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