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CULTURE

FROM THE EDITORS

The idea for this inaugural issue of the *Breakthrough Journal* was conceived this past winter, shortly after the death of Daniel Bell, the man with perhaps the best claim to having predicted today's fiscal crisis. In his 1976 *Cultural Contradictions of Capitalism*, the heterodox sociologist argued that rising individuation and declining social solidarity would undermine the social values necessary to sustain liberal democracy. Citizens of developed economies would increasingly reject taxation while demanding new public services, particularly entitlements.

Bell's prophecy, which has largely defined American political life for decades, finds its embodiment today in the rise of the Tea Party. Bell believed that for liberal democracies to continue to thrive, they would need to develop a new governing philosophy capable of sustaining public support for continued common investments in important public goods. We have, in no small part, launched the *Breakthrough Journal* in service of that aspiration.

To revitalize American liberalism, we must understand the roots of rising disenchantment with government and social inequality. Fred Block, one of Bell's former students, notes in these pages that a declining willingness to fund public goods is common to all wealthy nations and suggests that the growing fiscal crisis of the state both perpetuates political gridlock and pushes America's politics ever rightward. Dalton Conley argues that inequality itself risks becoming self-reinforcing due to the changing structure of the American economy, the relative nature of poverty in an affluent society, and the increasingly positional nature of housing and education — developments that the old New Deal social safety net has been unable to address.

Progressive politics has failed to keep pace with these new global forces. Keynesianism, the north star of virtually all progressive economic thought, came of age during the postwar economic boom and never had to deal with the question of how to sustain economic growth in an increasingly competitive global economy, Rob Atkinson argues. As a result, progressives continue to imagine that simply stimulating consumer demand and redistributing wealth to those at the bottom will assure continued economic growth — ignoring the critical and growing role that technological innovation and economic productivity play in advanced, developed economies.

At the same time, progressive cosmopolitans trumpet the imminent transcendence of the nation-state and insist that we need not concern ourselves with America's declining economic and political influence. According to the cosmopolitans, we should care no more about the economic prospects of unemployed autoworkers in Michigan than we do about struggling ragpickers in India. Besides, we will soon live in a single world market, in which it will matter little whether the goods we consume are produced in Guangdong, São Paulo, or Toledo.

This is religious whimsy, not the basis for a new progressive internationalism, writes co-founder of the New America Foundation, Michael Lind. The nation-state will persist for centuries to come, and is, in fact, the primary vehicle through which humanity has achieved socially progressive objectives for hundreds of years. If we wish to advance progressive social and economic objectives at either the national or the international level, contemporary liberalism should embrace the nation-state rather than prematurely consigning it to the dustbin of history.

And while the challenges that America faces today are indeed great, we should not descend into fatalism. Vaclav Smil lays out alarming numbers that demonstrate the close relationship between the massive decline of American manufacturing and the overall economic decline of the United States, but cautions against melodramatic narratives. Similarly, Hannah Nordhaus argues that environmental journalists turned the most recent honey bee collapse into a predictable eco-disaster narrative that reduced America's complex and resilient agricultural system to a predictable tale of greedy chemical and agribusiness corporations poisoning nature and threatening humanity with imminent ecological collapse. In different ways, both Nordhaus and Smil remind us that we should bring both greater sobriety and greater discernment to our evaluation of new risks.

Our hope is that this first issue reflects our embrace of criticism in service of creation. Punk rock, Dan Krewson notes, was as much a negation of overwrought, early-1970s "progressive rock" as it was an affirmation of the mostly underground garage rock of the early 1960s. The punks took rock back to basics — to short songs that ended abruptly, primal screams, abrasive guitars, and violent drums — but they also moved rock forward. In its embrace of do-it-yourself style and distinctly lo-fi sounds, punk music sometimes worked and sometimes didn't, but the movement opened up rock and pop to new possibilities.

Daniel Bell died before his dream of a new liberal politics could be fulfilled, proving some intellectual challenges to be too great for even the greatest intellectuals to accomplish alone. Our immodest hope is that *Breakthrough Journal* can pick up where Bell left off by gathering a new community of original and heterodox thinkers to engage in the messy experimentalism that has always been required to develop a new sound.

— Michael Shellenberger and Ted Nordhaus

MODERNIZING LIBERALISM

TED NORDHAUS AND MICHAEL SHELLENBERGER

It has been a great epic and a great dream. What, now, of the future?

— James Truslow Adams, *The Epic of America*

In 1931, the historian James Truslow Adams published *The Epic of America*, the first book in American letters to name the American Dream. In the epilogue, Adams defined it as the idea that "life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement." Like Ralph Waldo Emerson in "Self-Reliance" and Frederick Jackson Turner in "The Significance of the Frontier in American History," Adams put his finger on an essential aspect of the meritocratic, and manic, American character, one that runs through European dreams of the New World, Benjamin Franklin's *Autobiography*, and the boys' books of Horatio Alger. Though published in the depths of the Great Depression, Adams's American Dream was strikingly postmaterialist. The Dream was not "a dream of merely material plenty, though that has doubtless counted heavily," he wrote. The Dream was "being able to grow to fullest development as man and woman." Adams warned that hypermaterialism and status seeking could overshadow the true meaning of America.

And indeed, the dark side of the American Dream has provided rich material for narrators of popular culture, before and after Adams coined the term. In F. Scott Fitzgerald's 1925 masterpiece, the supposedly "great" Jay Gatsby passed himself off as an aristocrat but was actually a bootlegger. Gatsby's deceit, in service of assuming the wealth and status he needed to win over the materialistic Daisy, ended in a deadly tragedy. In his 1949 *Death of a Salesman,* Arthur Miller cast America as aging salesman Willy Loman, who taught his sons that charisma and popularity, not hard work and integrity, would pave the way to greatness. Hunter S. Thompson had to drown himself in ether and other intoxicants to tolerate loathsome Las Vegas, the speculative symbol of the American Dream. By the 1970s, much of the Left had come to view the American Dream as a veil for genocide, slavery, and exploitation, as in Howard Zinn's famous textbook, *A People's History of the United States*. Today, to our cosmopolitan ears, the American Dream seems unreal. "It's called the American dream," George Carlin quipped, "because you have to be asleep to believe it." When we use the words "Horatio Alger" in a sentence it is almost always as prelude to dismissing something as naïve or nostalgic.

And yet to be born an American is still an unalloyed stroke of good fortune in a world of seven billion people, most of whom are poorer than even the poorest Americans. Homeownership, the signature achievement of the American Dream, even after the Great Recession, is nearly 70 percent. Half of us are invested in the stock market. We suffer not from hunger, but from obesity. The vast majority of us enjoy air conditioning, cable television, Internet, cellular telephones, and cars. And despite the oft-made claim that America is stagnating, nearly every social class remains upwardly mobile.

Even so, most Americans today believe the writing is on the wall. Well before the Great Recession hit in 2008, more than half of Americans told pollsters that they thought the American Dream was unachievable. Since then, the credit and asset bubbles have burst, revealing the last 10 years of growth to have been as phony as Gatsby and occasionally as fraudulent. We consume vastly more than we produce — an arrangement that depends upon the American dollar's time-limited status as the world's reserve currency to underwrite our debts.

Our extensive social mobility, which has traditionally distinguished the United States from other nations, is declining for working-class men and threatens to decline for other Americans. And while the nation's political class dithers, waging endless battles over social entitlements, tax cuts, and deficits, we continue to neglect the common public goods — infrastructure, education, science, and technology — that make possible the prosperity and growth we take for granted.

All of this is happening at a moment of profound global transformation. America, once the lone, shining city upon a hill, has been joined in its exalted status by Europe and Japan and soon by China, India, and other fast-growing modern nations. If the last decade has made one thing clear, it is that the US is unlikely to maintain its status as "first among equals" in the international order of things over the coming century. In a world where the American Dream has gone global, our post-Cold War status as the world's only economic and military superpower is as much a burden as it is an asset. In an increasingly integrated and multipolar world, the old postwar liberal and conservative politics offer increasingly little guidance.

Born of America's mid-20th century economic hegemony, the remedies served up by both Left and Right hold little promise for renewing our future. Liberals offer warmed-over New Deal Keynesianism as the tonic to our present economic malaise, suggesting that the economic policies that saved us during the Great Depression and ushered in two decades of historically unprecedented economic growth in the decades that followed, can once again put America's economic house in order. But it was the war, not the New Deal, that ended the Great Depression and it was our enormous manufacturing capacity (together with a huge domestic market and two decades worth of pent-up demand), more than high marginal tax rates and generous social spending, that assured America's remarkable record of growth and prosperity in the decades after World War II. Conservatives, meanwhile, fantasize about undoing the New Deal and our modern regulatory state, imagining that we might return to an earlier era of laissez-faire capitalism that never actually existed. The story of American capitalism has always been Hamiltonian, not Jeffersonian.

Neither contemporary conservatism nor contemporary liberalism offers a credible path to the kind of economic dynamism and shared prosperity that characterized what has been called the "American Century." For Americans of all political persuasions, the fundamental question that American politics must address in the coming decades is how shall we continue to prosper when the basis for our economic renewal is unclear, our willingness to make shared investments in our collective future is waning, and our place in a post-American world is uncertain?

1.

America's mid-century economic hegemony was defined by a compact between business and labor wherein rising private-sector wages and benefits, labor peace, and sustained investment in manufacturing and production drove economic growth that was both robust and equitable. By contrast, the latter decades of the 20th century have been characterized by a compact between business and consumers, wherein outsourcing, global supply chains, and economies of scale have brought all manner of cheap consumer goods within reach of even the poorest Americans — even as these forces have also diminished American manufacturing, depressed wages, and undermined our long-term competitiveness.

Cheap credit and rising home values forestalled any serious reckoning with the consequences of these developments for several decades, but today, in the wake of the financial crisis, it is not entirely clear where sustained growth and prosperity might come from. The credit and asset bubbles fueled two decades of consumption-based growth — with finance, retail, home construction, and other service sectors reaping an outsized share of the benefits — while manufacturing, agriculture, and many other productive and export-oriented sectors of the economy suffered.

With the exception of finance, which has grown vigorously thanks to the Federal Reserve's continuing largesse, there is little reason to think that any of the sectors responsible for driving growth over the last two decades will return to their former inflated values or growth rates. Productive sectors, including manufacturing, have languished as America's long-standing comparative advantage in science, technology, innovation, and productivity has been eroded by competitors who have invested heavily in supporting and expanding their own high-value production capacity and skilled workforce. The postindustrial conceit that the United States could sustain growth through services alone, without producing goods, has proven empty.

Faced with the prospect of stagnant growth in an increasingly competitive global economy, America's polarized political class offers the nation few credible solutions. Indeed, both parties propose, albeit through diametrically opposed remedies, to stimulate domestic consumption at a time when the economic challenge that America faces is one of production.

Moribund liberalism and moribund conservatism leave us with the worst of both worlds. Conservatives offer knee-jerk opposition to new government spending of all kinds while maintaining a religious faith in the efficiency of the market, even in the face of a financial crisis that originated with the deregulation of the financial sector and accelerated the collapse of much of America's productive economy. Liberals attempt to redistribute a shrinking economic pie down the income distribution, stimulate consumer demand with government spending, and replace unionized manufacturing jobs, once the means to economic mobility for America's working class, with unionized public sector jobs.

Throughout the postwar era, the defining rationale for the American state was to build the physical, legal, political, and economic infrastructure for American modernity. Today, the primary rationale for the continued existence and function of American government has become, literally and figuratively, entitlement. Neither party dares ask middle-class taxpayers to bear any of the costs associated with providing the basic public goods upon which competitive, modern economies increasingly depend. As such, neither offers a serious strategy to deal with the shifting structure of the American economy or the global economic competitiveness challenge.

While liberals reflexively fight to preserve entitlements, raise taxes on the rich, and protect social programs for the poor, it is the prospect of stagnant growth and declining economic competitiveness, not tax cuts and the elimination of social programs, that presents the most profound challenge to broadly shared prosperity. Nothing represents a greater threat to the preservation of New Deal entitlements, such as Social Security and Medicare, than low levels of economic growth over the long term. And it is hard to imagine any development that might prove more regressive than the possibility of an increasingly low-wage, non-white, and poorly-educated cohort of working-age Americans paying for the retirement and health benefits of a boomer generation that is wealthier, healthier, and better educated.

Over the last half-century, sustained rates of economic growth and modestly redistributive public policies have been the main drivers of rising social mobility and declining poverty. But today, the sectors of the American economy that historically have driven equitable growth and social mobility have atrophied at the same time that rising social inequality has become increasingly resistant to simple redistributive remedies. The traditional means that liberals have relied on to address inequality directly — a progressive tax code, generous social entitlement programs, and greater investment in schools and health care — are no longer up to the job.

The hollowing out of the American economy, with declining employment in manufacturing and other productive sectors of the economy, has created an increasingly two-tiered economy, with most workers employed either in low-wage service jobs or high-wage knowledge jobs. Today, education, technical knowledge, and softer social skills increasingly hold the keys to entry into the high-wage economy. At the same time, workers in the bottom half of the income distribution have the hardest time acquiring those skills and credentials.

In such critical domains as education and health, the primary drivers of outcomes are, in no small measure, independent of the institutions responsible for their provision. Educational outcomes are mostly driven by factors outside the control of schools. The strongest predictors of poor health outcomes are poverty, low socioeconomic status, and social isolation, factors that health care providers are unsuited to overcome. As a result, the whole process becomes self-reinforcing. Poverty and low social status beget poor educational and health outcomes, which beget more poverty and low social status.

But despite the rank unfairness of America's present-day casino economy, those who advocate for redistribution face an uphill battle. Poor Americans are now materially wealthier than much of the middle class was 40 years ago. Poverty in the United States has evolved from an absolute, objective, social condition into a relative one. While poverty once meant going without access to clean water, sufficient food, and electricity, today it means living with the anxiety that stems from joblessness, poor health, and social isolation. As this has occurred, the power of the redistributive liberal agenda has waned. However apocryphal, Ronald Reagan's tales of welfare queens driving Cadillacs tapped into a deeper set of misgivings among the American public about economic redistribution in a materially affluent society.

Taken together, the decline of manufacturing and other productive sectors of the US economy, the rising-skill premium for knowledge work, the increasing barriers to entry into the knowledge economy for poor and working class Americans, and the growing public suspicion of redistributive policies all profoundly challenge the old, redistributive liberalism. A social contract born of

America's mid-century economic hegemony can't deal with the social, political, and economic contradictions of our 21st century world.

Perhaps counterintuitively, these same contradictions simultaneously destabilize contemporary conservatism. Conservatives have long worried that social welfare, entitlements, and nanny-state intrusions would kill America's self-reliant and entrepreneurial culture, but socioeconomic stasis and pervasive, entrenched inequality threaten to do the same. The conservative ideal of an ownership society of independent entrepreneurs, small businesses, and salt-of-the-earth, self-reliant employees is unlikely to offer much inspiration to the growing cohort of Americans whose prospects for social mobility appear increasingly dim. Conservatives who believe that initiative, hard work, and self-reliance should determine social and economic success in a meritocratic America need to consider the corrosive impact that an increasingly static, two-tiered economy is likely to have upon those values.

The welfare state has indeed undermined the American Dream, but not in the way conservatives have long imagined. We now take the benefits of the welfare state — rising living standards, social mobility, generous health and pension benefits in retirement — for granted. As a consequence, we have ceased to attend to the basic economic preconditions of its continued existence. For many Americans today, the state is only visible when it fails to provide the services to which we have all become accustomed. Voters demand lower taxes and expanded entitlements, and America's political class dutifully delivers. The central role that government has played in driving economic growth and shared prosperity has largely been ignored and forgotten. In place of grand visions of building a great and prosperous society, American politics today offers us a deadening mixture of entitlement, loss-aversion, status anxiety, and nostalgia.

The central conundrum facing a new liberalism is this: America's great challenges demand a robust role for government at the very moment that much of the public has lost faith in it. If there is to be a future for American liberalism, it will require that we imagine a clear and well-defined role for government that allows America to meet these new challenges and chart a prosperous and equitable course forward for the 21st century.

2.

No rejuvenation of American liberalism will be possible without forthrightly addressing the reasons that Americans have turned away from the state. As long as middle-class voters believe their taxes benefit special interests — whether rent-seeking corporations, banks, unions, or any other group deemed undeserving — public skepticism about government, and resistance to taxes and public investments, will grow.

A new progressive politics must take liberalism's commitment to broadly-shared prosperity forward while leaving the old, redistributive agenda behind. The poor become middle class, and the middle class becomes affluent largely through economic growth, not wealth redistribution. Effective strategies to grow the economic pie may require asking those who have reaped the most from the fruits of modernity to pay more of the costs associated with its extension. But these strategies must be in service of greater opportunity, modernization, and growth for all, not economic redistribution. In the end, we are more likely to address poverty and inequality through expanding social, economic, and technological possibilities than through large-scale redistributive strategies.

Growing the pie will require that America re-commit to its historic strengths in science, technology, and innovation, rather than doubling down on demand and consumption. In contrast to conservatives, who deny that government has any role whatsoever in promoting economic growth, and traditional liberals and progressives, who offer lip service to science, education, and new technologies while prioritizing entitlements, subsidies for mature technologies, and trade protections for old industries, new liberals must offer America a serious and proactive program to accelerate innovation and economic productivity.

Unfortunately, progressive neo-Keynesians still have not come to terms with the reality that the lion's share of US economic growth over the last century was driven by innovation-based productivity growth, not consumer demand, while progressive neoliberals, following Robert Solow, the father of Neoclassical Growth Theory, still imagine that technological innovation is "manna from heaven."

In reality, the entire history of American industrialization and technological innovation was driven by epic government investments in the development and commercialization of new technologies. Think of a transformative technology — computers, the Internet, pharmaceutical drugs, jet turbines, cellular telephones, nuclear power — and what you will find is a history of government investment in those technologies at a scale that private firms simply cannot replicate.

Adopting an innovation and productivity agenda for America's economic renewal will require that liberalism re-affirm the historic role played by the state in providing the public goods that drive economic growth. There is no market, no modern economy, and no private sector in any recognizable form without the essential infrastructure — the roads, electrification, potable water, the judiciary, security — that states continue to provide.

While we must embrace an essential and expansive role for the state, we must also seek to bound it. The neoliberal fetishization of market efficiency has convinced elites and policymakers that the best, most cost-efficient means of providing public goods, whether innovation or health care, is to bribe or regulate private firms into providing them. This has turned the Congressional appropriations process into an orgy of rent seeking and over-charging by private interests claiming to be providers of public goods.

Marshaling private means to public ends has been justified in the name of economic efficiency and yet, the result has served neither greater productivity nor the public interest. Neoliberal schemes to require or pay private actors to provide public goods through complicated market-making schemes have, time and again, made markets more dependent on government — and made public goods more expensive — than they would have been had they been provided directly by the state. Revitalizing liberalism thus requires curbing the redistributive impulses of the Left, the market-making impulses of neoliberals, and the expansionist impulses of both.

In order to construct a lasting political consensus for the critical actions the American state must take to ensure prosperity over the coming decades, we must imagine a new role for the American state that is both limited and direct. By limited, we do not necessarily mean limiting the *number* of things the state does — there are state functions that we may wish to eliminate and functions that we may wish to add or expand — rather we mean limiting the state to providing only public, not private, goods. As we have increasingly confused public goods with private goods, the size of the American state has grown enormously.

While there will no doubt continue to be situations where it makes sense to use indirect mechanisms, like tax credits or subsidies, to incentivize firms and markets to deliver public goods, we need to move past the *a priori* assumption that requiring, incentivizing, or cajoling the private sector to do so is always preferable to providing public goods directly.

A social compact for the limited and direct provision of public goods could appeal to both conservatives and liberals, albeit for different reasons. To conservatives, we would suggest that the more direct provision of public goods will lead to a government that is both more limited, more efficient, and less likely to distort markets through subsidies or regulations. To liberals, we would suggest that providing public goods more directly, but in a more limited manner, will better serve liberal social objectives.

This new compact might propose alternative ways to think about critical issues. We might agree, for instance, that basic health *care* – emergency services, vaccines, access to public health clinics, and catastrophic and long-term care — are public goods, but that health *insurance,* and the many consumer amenities that come along with it — choosing one's doctor, access to unproven tests and treatments, treatment of non-essential illnesses — are not. We might decide that preserving a basic public entitlement to a minimum income in retirement is a public good, but subsidizing 401(k)'s is not. And we might agree, as some liberals and conservatives already do, that subsidizing innovation to achieve cheap alternatives to fossil energy is a public good, but subsidizing existing energy production is not.

Contrary to the notion that public services should be reserved for those most in need, we argue here for limited universalism as a first principle. Limited universalism is fair in a postmaterialist society — one in which everyone has already largely met their basic material needs. It establishes a floor for individuals to build upon (if they choose to do so). Where the Right proposes to privatize entitlements like Medicare and Social Security, we propose limiting them to cover only those goods that are demonstrably public, rather than private. Such a social contract affirms the liberal principle of a universal safety net while affirming the conservative commitment to limited government and greater individual choice.

Revitalizing liberalism will require that we help the public discern between the real choices it must make and the false ones. Where today Americans are offered the choice between the privatization of entitlements or their maintenance, a new liberalism would limit entitlement programs to the provision of services that are demonstrably public goods. Where Americans are offered the choice between stimulating the present day casino economy or redistributing it, a new liberalism would offer a credible strategy to grow the productive sectors of the American economy. And where Americans are currently offered a choice between unfettered, laissez-faire capitalism or neoliberal market-making, a new liberalism would offer credible, public institutions that can provide public goods directly and efficiently.

None of this will come easily or quickly and will, to be sure, be challenged by powerful ideological biases, institutions, and financial arrangements. Many on the left will insist that there is nothing wrong with current entitlement arrangements that higher taxes on the rich cannot fix, and will dismiss the notion that our entitlement society threatens the American Dream. Many on the right will see any new role for the state as compromising their long-standing effort to bankrupt the welfare state, despite that strategy's manifest failure.

For a new liberalism to be relevant in this changing post-American world, we must build upon what has always been special about America: our productive spirit, our wealth, and our capacity to reinvent ourselves. We must talk back both to the Gatsbys, whose financial schemes for growth are phony, and to the Lomans, whose sense of entitlement has turned to resentment. We must reject nostalgia for the New Deal and the class-based politics of a nation that was far younger and poorer than the modern colossus in which we live today.

And against today's politics of entitlement, we should affirm our gratitude for the investments made by those who came before us, and renew our commitment to invest in the America still to come. /

I

THE MANUFACTURING OF DECLINE

VACLAV SMIL

Popular fears that America is an empire in decline rise and fall with the business cycle — or, more recently, the bubble cycle. One can only hope that, as the economy recovers, the surfeit of excited comparisons between the United States and ancient Rome will dissipate, allowing more sober assessments of America's future to take center stage. In a recent book, *Why America is Not a New Rome*, I observed that American decline after 1945 was inevitable, but that the US trade deficit and the significant relative retreat of manufacturing were not. This essay takes a closer look at the rapid decline of American manufacturing in comparison to other wealthy nations, challenges the reasons given for why Americans need not worry, and argues that for the United States to overcome its economic straits it must increase its export of manufactured goods.

1.

September 2, 1945, the day that Japan's Foreign Minister Shigemitsu Mamoru signed his country's surrender on board the USS *Missouri*, was the apex of American military and economic power. There was nowhere for America to go but down. And, relative to the rest of the world, down America went. When compared in constant monies, US GDP was nearly 6.5 times higher in 2010 than in 1945, but as a portion of the world economic product, it declined from 35 to about 23 percent (in nominal terms). This decline was inevitable once the war-destroyed economies of Europe and Japan began to regain strength and even more so once they began to concentrate their innovation and export efforts in some key modern manufacturing sectors: cars and machinery in Germany and cars, electronics, and robotics in Japan.

As befits a large, modern country, America's manufacturing sector remains very large and has been growing in absolute terms. In 2009, US manufacturing accounted for more than 18 percent of global manufacturing and its value was higher (when compared in nominal, exchange-rated terms) than the total GDP of all but seven of the world's economies (behind Brazil at $2 trillion and ahead of Canada at $1.6 trillion). The per capita value of manufacturing in 2009 was higher in the United States ($5,800) than in France ($3,900), Canada ($4,200), Italy ($5,100), and China ($1,500). When measured in *constant* monies, US manufacturing expanded by about 60 percent between 1990 and 2009, nearly matching the growth of overall GDP; it grew by 10 percent between 2000 and 2009, compared to a 15 percent increase in GDP.

But these numbers can be deceptive. America's manufacturing sector has retreated faster and further in *relative* terms than that of any other large, affluent nation. US manufacturing as a percentage of GDP declined from 27 percent in 1950 to 23 percent in 1970 to 14 percent in 2000 to 11 percent in 2009. While manufacturing as a share of GDP has also declined in Germany and Japan, both countries have retained relatively larger manufacturing sectors at 17 and 21 percent, respectively. The contribution of manufacturing to per capita GDP is also higher in Germany ($6,900) and Japan ($8,300) than in the United States. The most shocking, but underemphasized, fact about global manufacturing is that Germany's share of global merchandise exports is actually higher than America's (9 percent vs. 8.5 percent in 2009), despite having an economy just one-quarter of the size.

As a consequence, the United States is lagging as a global economic competitor. In 2009, Germany and Japan had large manufacturing trade surpluses ($290 and $220 billion, respectively) while the United States had a massive manufacturing trade deficit ($322 billion). The other key measure — little known in popular discussions of manufacturing — is export intensity, the ratio of a nation's exports to its total manufacturing sales. The global average export intensity is twice as high as that of the United States, which ranked 13th out of the 15 largest manufacturing countries in 2009, higher only than Russia and Brazil. Meanwhile, the leading EU countries had export intensities 2.5 times to 4 times higher than America's. Comparisons of the value of manufactured exports on a *per capita* basis are even more dramatic: they are higher in Spain ($3,700), Japan ($4,000), Canada ($4,600), and Germany ($11,200) than in the United States ($2,400).

The US manufacturing sector is also badly trailing China's, though in order to fully appreciate this, one must calculate the real value of China's artificially undervalued currency (the *yuan renminbi*, or RMB). The 2009 data from the United Nations lists US manufacturing output at $1.79 trillion versus RMB 14 trillion or $2.1 trillion for China when converted at the official exchange rate for 2009 (about RMB 6.8/US dollar). But according to the purchasing power parity (PPP) conversion preferred by the International Monetary Fund, one RMB should be worth 29 cents, or RMB 3.4/US dollar. Even if the real RMB value were only 50 percent higher than the official rate, the total added by China's manufacturing in 2009 would be in excess of $3 trillion, or about *67 percent above the US total.*

America has historically been an effective mass-maker of low- to medium-quality products for its huge domestic market, but an inferior exporter. As long as America imported few manufactured goods, energy, and food, this weakness did not matter. Today, however, America has enormous manufactured imports, a huge energy import bill, and a lower surplus on its food trade. For the last 35 years, the US has had a positive and rising balance in service trade and, until 2006, a generally worsening balance in trading of goods (including food, fuels, and raw materials). Recent exports of manufactured products increased (in nominal terms) by nearly half between 2000 and 2008 before dropping by 25 percent in 2009 as a result of the economic downturn and then almost recovering in 2010. But the *imports* of manufactures also kept on rising — by about 46 percent between 2000 and 2008.

The United States has imported more than it has exported for so long that few remember the switch from net exporter to net importer. From 1896 to the early 1970s, the United States had a trade surplus. In 1976, America's trade deficit was just $6 billion, but by 1990, the trade deficit was more than 13 times larger at $80 billion (all in nominal terms). By 2006 it was almost 10 times bigger still: $759 billion. While the economic downturn reduced the annual total to $375 billion in 2009, it rose again in 2010 to nearly $500 billion. Indeed, America's trade deficit is larger than the individual GDPs of all but 19 countries in the world.

The United States is failing even where it was once dominant. In 1950, American companies made about 95 percent of cars sold in the United States; 60 years later, the country that invented mass automobile production bought most of its light vehicles from foreigners. The crossover occurred in the summer of 2007 when the Detroit Three began to sell less than half of all passenger cars and light trucks bought in the United States. Three years later, the Detroit share had declined further. In 2010, roughly 45 percent of all light vehicles sold were from American makers while 55 percent came from foreign makers (with Japanese companies accounting for nearly 85 percent of the latter share). While Ford did eventually manage to improve its performance, General Motors, previously the world's largest auto manufacturer, lost its primacy and had to be salvaged by public funds. But the US automobile sector isn't the only one losing ground. While the conventional wisdom is that the United States has a strong comparative advantage in advanced technology, the reality is that in this sector, the US trade deficit grew nearly 50 percent from 2009 to 2010, when it was $81 billion, and by nearly 65 percent in the first three months of 2011 (compared to the first three months of 2010).

The consequences, in terms of jobs, are plain to see. Today, unemployment in the United States is at almost 9 percent compared to around 7 percent in

Germany and 5 percent in Japan. The loss of manufacturing jobs explains a hefty part of the difference. By the end of 2010 only 8.2 percent of American workers were employed in manufacturing, while about 19 percent of German workers and 18 percent of Japanese workers are employed in manufacturing.

2.

The doggedly optimistic camp looks at these trends and sees little reason to fret. Declines in manufacturing jobs are due to higher productivity, they say, which is good for economic growth and economy-wide job creation. America's rising imports of manufactured goods can be easily afforded, they say, thanks to higher incomes generated by the service economy and expanding exports of services. To this camp, the US trade deficit is not a problem — indeed, it is a sign of America's wealth and strength that it can afford to import so much more than it exports. Let us consider each of these arguments in turn.

Manufacturing productivity has indeed been rising — just not fast enough to explain the sector's rapid decline over the last decade. From 1990–2000 manufacturing productivity grew at nearly double the rate of other non-farm businesses. Annual increases in productivity have held stable since 1989 (at about 4 percent per year) but manufacturing employment declined only slightly, from 18 million jobs at the beginning of 1989 to 17.3 million jobs 11 years later, since output also increased during this period. But since 2001, manufacturing has seen much faster job losses, dropping to 14.3 million total manufacturing jobs in 2005 and to just 11.5 million in 2010. Thus, the problem is not productivity, which has been rising steadily for the past 20 years, but rather overall manufacturing output, whose growth rate has been falling at alarming rates. Between 1995 and 2000 the total value added by manufacturing to the US GDP rose by 25 percent. But between 2000 and 2005 the gain was less than 6 percent, and between 2005 and 2010 it was below 5 percent — or barely 1 percent a year.

While service exports have narrowed the country's overall trade deficit, alone they are insufficient to close the more than half-a-trillion dollar manufacturing-trade gap. Service exports doubled from \$268 billion in 1999 to \$543 billion in 2010 — good news, to be sure. Even so, the gap between US service exports and imported goods and crude oil grew from \$200 billion in 1980 to \$1.6 trillion in 2008. Between 2000 and 2010, the United States lost 5.7 million manufacturing jobs but created only 4.9 million jobs in all service-providing sectors — with 35 percent of that total filled by new government jobs. In fact, the government now employs twice as many people as the manufacturing sector. Even assuming an unchanged level of service imports (nearly \$400 billion in 2010), the current positive balance in service trade would have to nearly quadruple in order to eliminate the 2010 trade deficit in manufactured goods.

Another problematic argument is that job losses in manufacturing are the inevitable consequence of higher stages of economic development. According to this logic, since it is burdened by high labor costs and strong environmental regulations, the United States cannot compete with China and other low-income countries. But as both Germany and Japan demonstrate, high wages and high environmental standards are entirely compatible with continued manufacturing success, if not in low-tech apparel manufacturing, then certainly in high-tech and high-end electronics, automotive, and machine tool manufacturing. Moreover, thanks to rising productivity, labor costs constitute a diminishing portion of overall manufacturing costs, particularly in high-tech sectors. In these sectors, China increasingly attracts manufacturing because of its established networks of suppliers and infrastructure — both of which are comparative advantages created through government policies, not granted by nature.

America's extraordinary appetite for foreign oil accounted for just over half of its trade imbalance in 2010. In nominal terms, crude oil imports grew from $5 billion in 1973 to $342 billion in 2008. The don't-worry-be-happy camp assures American policy makers that this dependence on energy imports is nothing to worry about; even the self-proclaimed enemies of America will continue to sell it more oil. But in 2010, half of America's refined liquid fuels came from imports of crude oil or oil products. Such a high degree of dependence makes the country vulnerable not only to price spikes, which are rare but deeply felt, but also to actual physical shortages whose likelihood is, unfortunately, much easier to contemplate given the recent upheavals in the Middle East.

Why should Americans worry about the trade deficit if so many economists say it is a sign of wealth and is nothing to worry about? This rationalization of trade deficits is to be expected from a country that valorizes consumption above all else. But the only reason America has been able to sustain such a high trade deficit for so long is because the United States holds the world's reserve currency: foreigners buy US bonds, allowing Americans to buy foreign products. A smaller trade deficit would allow the United States to properly maintain and expand its substandard infrastructure, creating many new jobs and increasing US exports.

Others argue that the problem isn't the trade deficit, but rather the low domestic savings rate and China's undervalued currency. They are partially right, but that still does not justify such a blasé attitude toward the US trade deficit. Savings rates have been falling through much of the industrial world — including in Japan, a former big saver — and any rapid trend reversal is unrealistic.

And while China's undervalued currency is a major problem, its slow revaluation will not help the United States reach a desirable level for another 15 to 20 years — not soon enough.

3.

Given these realities, the most practical and proven way to reduce America's huge trade imbalance is to export more manufactured goods in well-established sectors. Consider that from 2000 to 2008, America's exports of medicinal and pharmaceutical products expanded nearly threefold, industrial chemicals grew 2.4-fold, primary plastics 2.2-fold, and sales of power-generating machinery equipment rose by 70 percent. These accomplishments point the way: we cannot boost manufacturing by trying to repatriate millions of lost apparel, furniture, or electronics jobs. These losses cannot be reversed rapidly and most of those jobs would not come back even if Chinese exports suddenly ceased, as other countries would fill that vacuum. Rather, the solution is to expand those manufacturing sectors that are already outstanding exporters.

There is no reason the United States could not reverse the fortunes of its manufacturing sector as it did in the 1980s with semiconductors and as Germany did more recently with its high-end consumer and industrial products. German unemployment was much higher than the annual US mean during most of the 1980s, throughout the 1990s, and then until 2006. Mean unemployment between 2000–2006 was 10 percent in Germany and just 4–6 percent in the United States.

Manufacturing produces a variety of economic benefits that finance and service sectors do not. The higher outputs from manufacturing create important backward–forward linkages that include many traditional jobs (from accounting to job training) as well as entirely new labor opportunities (in e-sales, global representation). As a result, sales of every dollar of manufactured products support $1.40 of additional activity, while the retail sector generates less than 60 cents for every dollar of final sales. In terms of job creation there is no comparison. Facebook is valued by Goldman Sachs at $50 billion, nearly as much as Boeing, but Boeing employs some 160,000 people, whereas Facebook only employs 2,000.

Manufacturing acts as a powerful motivator for supporting and expanding suitable training and education because of its own demand for better-educated labor and because of its multiple linkages to intellectual services, transportation, and wholesale and retail operations. Losing manufacturing means reducing opportunities for skill-oriented education. And since more than two-thirds of research and development (R&D) occurs within manufacturing, losing manufacturing means losing R&D and with it a variety of multiplier effects for higher growth. In 2010, the US Department of Commerce released a new study quantifying the American jobs supported by exports: in 2008 that total reached 10.3 million, with nearly 2.8 million in services and 7.5 million in the production of goods. The study also showed how a post-2005 rise in exports increased the share of all manufacturing jobs supported by foreign sales from about 20 percent to more than 25 percent — yet another confirmation of the substantial and realistic opportunities for expanding the sector.

President Barack Obama's 2010 National Export Initiative aims to double US exports by 2015. This goal may be too ambitious as far as timing is concerned, but the target is entirely realistic. Even after reaching it, the US economy would still be much less export-oriented than the economies of all the leading EU countries. Had US export intensity only matched the global average, it would have sold more than $700 billion worth of additional goods abroad in 2009 — twice the amount needed to eliminate that year's trade deficit. And if the United States were to match just the average export intensity of the European Union's four largest economies (Germany, France, UK, and Italy), its sales of manufactured goods would more than triple, allowing America to enjoy a large trade surplus without needing to address its excessive fuel imports.

Underlying all the false optimism regarding America's trade deficit and declining manufacturing sector is a misplaced fear that acknowledging the dire straits of manufacturing will result in a new industrial policy complete with government bureaucrats determining prices, setting quotes, or subsidizing production targets. And, to be sure, government must be involved. The continuing success of German, Japanese, and South Korean manufacturing for export has been made possible by conditions created by government policies. As detractors of such involvement point out, this has often meant preferential targeting of some sectors and promotion of their advancement. This strategy has not always paid off: it worked well for Japanese car manufacturers during the 1970s and 1980s, but it did not work for Japanese microchip makers. In 2010, semiconductor sales by Intel and Texas Instruments were more than twice as large as the total for Toshiba and Renesas.

But these governments have also rejuvenated their manufacturing sectors in ways that are less intrusive and ultimately far less costly than ignoring the reality of combined public-private competition from abroad. Compulsory high school attendance, combined with the entrenched belief that there is no comfortable future without a university degree, has also undermined America's ability to train the skilled labor force needed in modern manufacturing. The German model offers the greatest contrast, with most pupils (about 70 percent) never attending *Gymnasium* (up to grade 13) but, after *Hauptschule* or *Realschule* (ninth or tenth grade), entering a *Berufsschule* for a wide variety of vocational training in apprentice programs. Another helpful recent German development was the unions' acceptance of smaller wage increases (or even wage freezes) in return for guaranteed employment, as well as the decision made by many owners not to fire workers during the time of slumping demand, but to retain the skilled labor force in anticipation of economic recovery.

Health care reform, tort reform, and tax reform could help America attract and keep manufacturing domestically. US manufacturers are burdened by more expensive employee benefits (all of its EU competitors and Japan have considerably less expensive national health insurance; the United States spends 16 percent of GDP on health care compared to 9 percent in the United Kingdom and 11 percent in Germany), and by a high incidence of lawsuits. American manufacturers are particularly disadvantaged by a marginal tax rate higher than that of most of its competitors. Supporters of America's high corporate tax rate argue that the tax rate doesn't actually disadvantage manufacturing firms. They point to companies like General Electric, which has avoided paying US taxes for two years in a row. But GE — unlike Daimler or Liebherr or Fujitsu — is as much a finance company as it is a manufacturing company; it uses write-offs from its overseas lending divisions to offset the taxes on its American manufacturing. The example of GE proves that GE has been extraordinarily adept at tax avoidance, not that the high corporate tax rate is working.

Continuously acting as if manufacturing's retreat is inevitable while believing that services will always make up the difference in well-paying jobs will prove costly. No unprecedented steps are needed for the United States to do what more than a dozen affluent countries have done to become more competitive over the last two decades. The first is to recognize the obvious: America can manufacture its way out of decline. /

AGAINST COSMOPOLITANISM

MICHAEL LIND

All science fiction agrees. History is leading to the unification of earth. The united world may be governed by benign world federalism or by a dystopian global tyranny. But the modern literature of prophecy is clear: the age of competing nation-states is coming to an end. There are no visions of the future in popular culture in which advanced technology is combined with the continued sovereignty and competition of nation-states like China, India, and the United States or blocs like the European Union. The only near-equivalent is George Orwell's nightmare vision, in *1984*, of endless rivalry among the three totalitarian blocs of Oceania, Eurasia, and Eastasia.

Most educated people today are similarly in accord, associating historical progress with the increasing scale of our moral and political loyalties. Individuals are liberated from the communities into which they happened to be born. The tribe gives way to the nation and the nation gives way to humanity. History will soon culminate in a secular millennium in which emancipated individuals will be citizens of a postnational, global community.

Since the late 19th century, hopeful visions of the future have almost always been identified with the transcendence of nation-states. In the early 1900s, many in the West looked forward to the fulfillment of Alfred Tennyson's vision in "Locksley Hall" (1842) of "the Parliament of man, the Federation of the world." Wendell Willkie predicted in 1943 that World War II would be followed by a new age of unity given its title by his book: *One World*. The fall of the Berlin Wall triggered yet another wave of claims that a postnational epoch was dawning. These forecasts took crude forms, like Thomas L. Friedman's inaccurate depiction of a global market compelling the convergence of national policies, or sophisticated ones, like the British diplomat Robert Cooper's claim that premodern and modern societies would give way gradually to post-modern societies.

Although philosophical cosmopolitanism today is generally associated with secular elites, its roots are religious. The idea that all human beings belong to a single moral community was part of ancient Stoicism. But the Stoics did not believe in progress. Instead, they envisioned a cyclic universe, like that of Hinduism, in which the world was periodically incinerated and re-created. The combination of progress and cosmopolitanism comes from the apocalyptic tradition in Zoroastrianism, which influenced apocalyptic Second Temple Judaism, Christianity, and Islam. According to this school of thought, at some point probably in the near future, history would be brought to an end by God whose direct rule would replace the division of humanity among languages and nationalities that the Biblical tradition explained with the myth of Babel.

The combination of moral cosmopolitanism with unidirectional progress constitutes Christianity's greatest legacy to the secular intelligentsia. The idea that a moral person must not be a selfish localist or nationalist, but must take a personal interest in the well-being of poor, suffering, far-away people was a Christian notion long before it informed the view of secular intellectuals of themselves as world citizens who have transcended petty local loyalties and interests. In its secularized version, Providence takes the form of social forces like the economy and culture, but the result is the same: the formation of a single planetary community free from ethnocentrism, wars, and trade conflicts. This kind of secular providentialism informs the philosophies of numerous thinkers including Immanuel Kant, G.W.F. Hegel, Karl Marx, and more recently Martha Nussbaum, Ulrich Beck, Peter Singer, and Kwame Anthony Appiah.

The underlying providential structure of cosmopolitanism explains the combination of certitude and moral fervor found among liberal and socialist one-worlders. In Christianity, to deny God's providential plan for the world is a sin, as it is to obstruct the unfolding of that plan. The same is the case in secular providentialism. Globalist liberals and socialists predict that a single cosmopolitan society will inevitably be brought about by irresistible social forces and then condemn anyone — nationalist or capitalist — who resists those forces. Postnational liberals tell us that the nation-state is withering away and then condemn those who defend national sovereignty for delaying the allegedly inevitable postnational future. The sun will rise tomorrow precisely at 7:00 a.m., therefore we must help it rise and fight those who would prevent its rising.

1.

Contemporary cosmopolitanism, in defiance of Hume, combines an "ought" with an "is." The "ought" is the view that the nation-state is a parochial form of organization and should be replaced by broader, more inclusive loyalties. The "is" takes the form of the claim that the nation-state is destined to wither away because of irresistible technological or economic forces, whether we like it or not.

But the trends proffered as evidence of a historic shift toward postnational cosmopolitanism are in fact consistent with the persistence of the nation-state as the main actor in world politics. Changes in the global economy, most significantly, are not signs of cosmopolitanism. The popular conception of globalization is overly simple and misleading. As Alan M. Rugman has pointed out, instead of a single global market there is today a somewhat Balkanized world economy organized around the "triad" of Europe, North America, and East Asia.

The emerging world economy is highly regionalized and remains connected to the nation-state. While some industries, like computer electronics manufacturing, are truly global, others, like the automobile industry, are dominated by corporations with most of their production and sales based in one of the three major blocs. New blocs might join the existing triad — India-centered South Asia, for example — but it is naïve to think that all barriers to the free flow of capital, goods, and labor among countries and regions will disappear.

Even multinational corporations turn out to be not quite so multinational. The 100 largest multinationals in 2008 held 57 percent of their total assets and 58 percent of their total employment abroad, with foreign sales making up 61 percent of their total. But this merely means that most multinationals are half-global, at best. The typical multinational still has a distinct national identity, with around half of its assets, employment, and sales within its home market. In fact, very few multinational corporations conduct an overwhelming majority of their business outside of their home countries.

The domination of global commerce by corporations based in the United States, Japan, and Germany — the three most populous industrial democracies — shows the importance of a large domestic market as a base for multinational sales and operations. Despite the celebration of global corporations by libertarians and their denunciation by leftists and populists, global companies possess national identities after all. Even financial globalization proved more superficial than advertised: major global banks turned to their national governments for bailouts following the 2008 financial crisis.

The temporary influence of the Washington Consensus notwithstanding, the epoch of economic nationalism never ended. Outside of the Anglophone countries, this is the age of mercantilism. Instead of tariffs, post-1945 mercantilist nations have used subsidies (Europe and the United States); non-tariff barriers (Japan); and currency "tariffs," subsidies, and state-directed credit (China) to protect domestic markets and support export-oriented sectors of their economies. Mercantilism cannot work without a "patsy," and the United States agreed during the Cold War and post-Cold War period to play the role of consumer of first resort for mercantilist nations. This decision was based, partly on libertarian ideology, but mainly on national strategy, to encourage first Japan and West Germany and then China to become onedimensional civilian manufacturing powers instead of rival military powers. In the long run, it is more likely that the United States — the world's most protectionist nation before 1945 — will move back toward mercantilism than it is that China, Japan, and Germany will adopt the economics of the late Milton Friedman.

Current trends in immigration do not support the cosmopolitan claim that national borders are breaking down. Neither the fact that a country like the United States chooses to admit large numbers of *legal* immigrants nor the fact that it chooses to tolerate large numbers of *illegal* immigrants demonstrates that it is powerless to do otherwise. With respect to transnational flows of labor, all advanced industrial countries, including the United States, have undertaken actions — ranging from issuing national identity cards to building border fences — to secure their borders and airports against illegal immigrants. The assertion of effective state control over immigration is driven, in part, by fear of international terrorism, but also by a backlash against poor immigrants among native-born citizens of developed countries — a backlash that is likely to deepen if the Great Recession is prolonged over many years.

At the same time that advanced countries are seeking to reduce unwanted immigration, many are competing for skilled immigrants. Britain, Australia, and Canada, for example, have adopted a "points system" in which educated immigrants are favored over the uneducated. When these trends are put together, the result is the opposite of the borderless world with free flows of labor predicted by prophets of globalization a decade ago. Most countries in the 21st century are likely to combine a tough attitude toward illegal immigration with selective legal immigration favoring skilled workers.

What about the political trends of the 21st century? The historical pattern is clear. The breakup of the Habsburg and Ottoman empires after World War I produced many new nation-states and some new multinational states, like Yugoslavia. Following World War II, the decolonization of the European empires in Asia and Africa produced dozens of new states, some of them multinational (like Nigeria and Pakistan, which may themselves break apart like Yugoslavia). With the dissolution of the Soviet Union and Yugoslavia, new states were again added to the United Nations General Assembly. It is a safe bet that the maps of the world in 2050 and 2100 will show still more independent countries than exist today.

The conventional wisdom of today's cosmopolitans holds that ethnocultural nationalism is a barbaric relic of an earlier stage of civilization and that as enlightenment and prosperity spread, people become more cosmopolitan. But far from being moribund, nationalism — defined not as aggression or xenophobia, but as a preference for the nation-state as the unit of legitimate government — remains the most powerful force in global politics for the third century in a row.

Thus nationalism is not atavistic; indeed, it is modern — just as modern as industrialism and urbanism. The trend of reorganizing a world of premodern dynastic empires and city-states into a world of nation-states, in which most (though not all) states are identified with a majority ethnocultural group, has paralleled the conversion, in the economic realm, of an agrarian world into an industrial world.

As societies become urban and industrial, village societies give way to anonymous urban societies in which individuals identify with larger "imagined communities." These need not be national — Islamists, for example, identify with the imagined community of the Muslim *ummah*. But the community that has proven most effective in attracting the loyalty of individuals in modern, large-scale societies is the nation, which can be defined minimally in terms of shared language and customs, as in most liberal democracies, or maximally, in terms of shared "race" and/or religion, as in illiberal nationalism.

It follows that as people become more educated and more prosperous they are more likely to prefer to be members of the majority in a nation-state rather than minorities in someone else's nation-state or one of several squabbling nationalities in a multinational state. As the world grows richer, movements by stateless nations, from the Scots to the Kurds, to obtain nation-states of their own, whether by peaceful or violent means, are likely to increase, not decrease.

Arguably, we are still in the early stages of the technological era in economics and the era of the nation-state in politics. In the most likely scenario, the 21st century will witness the completion of two trends that have been underway since the 18th — the conversion of all humanity from an agrarian lifestyle to an urban-industrial one, and the replacement of premodern forms of political organization almost everywhere by nation-states.

2.

In recognizing the continuing, and likely expanding, hegemony of the nation-state as the primary unit of global political, economic, and social organization, we need not deny the simultaneous expansion of cosmopolitan sympathies. Liberalization of government controls on trade and finance, greater cross-border immigration and global travel, and the constitution of something approaching a global public through mass media communication of serial cosmopolitan "moments" all contribute to the spread of cosmopolitan sentiments. But those sympathies are likely to continue to exist alongside national identities and allegiances.

To be sure, global initiatives such as the Millennium Development Goals and other antipoverty programs, as well as post-Cold War military interventions in the former Yugoslavia, Iraq, Afghanistan, and Libya have been justified, to some extent, on cosmopolitan grounds. The US intervention in Libya, to take one recent example, appears to have involved a protracted debate within the Obama Administration between advocates of the cosmopolitan notion of "Responsibility to Protect" (R2P) and pragmatists opposed to the application of US military power in conflicts where there is no clear national interest. In this debate, the cosmopolitans appear to have prevailed.

But we should be careful not to read too much into these examples. In virtually every case, the nation-state remains the institution through which economic and military resources are deployed in service of cosmopolitan objectives. In many cases, it is often difficult to disentangle where national interest ends and cosmopolitan interest begins. The wars in the Balkans and the Middle East can just as easily be explained in terms of the national interests of the United States and its allies in defeating sponsors of terrorist attacks (Afghanistan), securing US regional military hegemony (Iraq and Libya), and averting destabilizing flows of refugees to Europe (a motivation behind European participation in the Balkan and Libyan wars), as through cosmopolitan ones. As such, even where cosmopolitan sentiments succeed in galvanizing national or international action in response to global and regional challenges, those responses are likely to only further establish the nation-state as the focal point for making those decisions and the primary institution through which such interventions are likely to be carried out.

The resulting organization of global affairs is better explained by liberal internationalism than by cosmopolitanism. In this view, nation-states, rather than individuals, corporations, or non-governmental organizations (NGOs), will continue to be the main actors in world politics (though certainly not the only ones) for generations to come. Liberal internationalists maintain that all human beings have inalienable rights, which should be secured by governments resting on their consent. While those rights-securing governments may take various forms, the nation-state is the largest unit that has been able to combine effective government with a sense of solidarity among its citizens. The nation to which the state corresponds can be defined broadly, in terms of a shared culture and language, and it can be generous to minority nationalities that may share its territories. But there is a point at which linguistic and cultural diversity undermine the minimum of community needed to maintain a sense of shared citizenship. A global government would be a Tower of Babel which few would be willing to obey, to provide with taxes, or to support with military service.

Liberal internationalism answers the question of how the world can be organized, if each people, however defined, has a right to its own sovereign, accountable nation-state. The alternative to both Hobbesian anarchy and global cosmopolitanism is cooperation by nation-states. This cooperation can take the form of international law, international arbitration, and international agencies, as well as military alliances and concerts of power. But *international* is not *supranational*. Countries may delegate powers to international agencies for some purposes, but as long as the delegations are revocable, they are not *surrendering* sovereignty.

3.

The most important distinctions in 21st century world politics will be based on scale. By the middle of this century, the greatest powers may eventually be those, such as China, India, and the United States, which combine (or will combine) at least moderately developed industrial economies with populations of half a billion people or more.

The US investment bank Goldman Sachs predicts that by 2050 China will have the largest economy in the world, followed by the United States and India. The next tier might be occupied by Russia, Brazil, and Japan, and a third tier would include Germany, Britain, and other once-mighty European economic powers. Just as the Italian city-states of the Renaissance were dwarfed and marginalized by the national monarchies north of the Alps in the 16th and 17th centuries, so the large nation-states of the past — Britain, France, Germany, Russia, and Japan — will be overshadowed by the titans of the 21st and 22nd centuries.

The United States will owe its position in the club of titans to its immigration-fed population growth, which could produce an American population of 400-600 million by 2050. The 2010 medium fertility estimations of the United Nations suggested that in 2050 the most populous nations would be India (1.7 billion) and China (1.3 billion), followed by the United States (400 million), Nigeria (400 million), and Indonesia (300 million). It is Europe, not the United States, which faces a significant decline in relative population, wealth, and power. Europe, which accounted for 22 percent of the world's population in 1945 and 12 percent in 2000, may have only 6 percent in 2050. Because GDP is based on working-age population and productivity, even though Europeans will grow richer, the European share of the global economy may decline from 22 percent today — roughly comparable to that of the United States — to only 12 percent in 2050.

In modern industrial societies, technology and politics combine in what Edward Luttwak has called "geoeconomics." Technological economies of scale reward big enterprises in large, unified markets. As champions of the global market ceaselessly point out, technological and commercial economies of scale are best realized at the global level. But psychological and political economies of scale are best realized by nation-states.

In theory, both economic and political economies of scale could be realized by multinational blocs, but in practice this outcome is unlikely. As early as the 1840s, British and French observers speculated that the future would be dominated by two giant states, the United States and Russia. The imperialism of the industrial era, from the 1870s to World War II, was (among other things) an attempt by medium-sized nation-states like Britain, France, Germany, Italy, and Japan to create economic areas comparable in scale to those that existed inside the borders of the United States and Tsarist Russia (later the Soviet Union).

After World War II, largely at the insistence of the United States, the international system outlawed old-fashioned empire building. But even if 20th century history had taken a different course, it is doubtful that multinational empires, held together by repression and, in the case of maritime empires like the British and Japanese, separated by oceans, could have competed in the long run with giant nation-states.

The former Western European imperial powers have sought to achieve the same result by partially pooling their sovereignty in the European Union. But European countries retain their sovereignty in foreign policy, rendering a unified voice impossible in conflicts including the Balkan wars, the Iraq War, and the Libyan War. Meanwhile, the Greek financial crisis has proven that the European Union lacks the overarching central economic institutions, like a central bank with emergency lending capabilities, necessary to function as an efficient monetary and commercial union. Because of popular resistance to further political integration, the European Union is no more likely to be the successful equivalent of a giant nation-state than the former European empires proved to be.

Psychological economies of scale favor nation-states with a strong sense of solidarity among their citizens that makes them willing to fight in wars, pay taxes, and tolerate redistribution for the common good. China, with its overwhelming Han majority, has a far greater sense of national identity and solidarity than much smaller multinational states like Canada and Belgium, which are in danger of breaking up along ethno-national lines as Yugoslavia and Czechoslovakia have done.

It follows, then, that in the future, as in the past, the economic gains from scale will be reaped chiefly by entities with immense, free, internal markets congruent with political boundaries. Concerns about national security and domestic distribution will always constrain market integration among nation-states. In a post-imperial, post-dynastic world, the most successful great powers will be very big nation-states.

4.

Contrary to the claims of the prophets of cosmopolitanism, the world is likely to remain divided among great sovereign powers for ages to come. Sometimes they will compete, at other times they will collaborate, but they are unlikely to sacrifice their sovereignty by merging into a single global government; if one were established, by force or intimidation, it would probably break apart quickly.

The ideas of postmodernity and second modernity appeal primarily to thinkers in European nations where it is necessary to transcend and pool sovereignty in order to compete with huge nation-states like the United States and China. Large nation-states, in contrast, are powerful on the basis of their internal populations, resources, and economies, so it is unsurprising that they see no benefit in surrendering their sovereign powers to supranational organizations dominated by smaller countries. In a world of sovereign nation-states, the biggest nation-states are more sovereign than the others. Unilateralism is natural for the great powers. Whales do not consult the barnacles on their sides or the schools of small fish who swim in their wake.

The rise of the giants is likely to lead to less, not more, emphasis on international organizations like the United Nations and the World Trade Organization. If the United States, China, and India account for much of the world economy in fifty to a hundred years, then they may prefer setting the rules of world trade and investment by bilateral or trilateral negotiations. Why should giants consult with dozens or hundreds of pygmies before acting? International law has traditionally been championed by small- or moderate-sized, neutral countries (including the United States in the 19th century). Its influence may decline in an age in which a few titanic continental states have hundreds of millions or billions of inhabitants.

Unfortunately, cosmopolitanism is not simply a quaint, harmless religious faith held by global elites. Confusing the cosmopolitan "ought" with the cosmopolitan "is" results in all sorts of disastrously wrongheaded policies. If, for example, the world really is on the verge of full economic and political integration, then outsourcing all US manufacturing capacity to China might make sense in the same way that it might be reasonable for a state like California to outsource all of its manufacturing capacity to other US states. They share the same tax, regulatory, and social welfare systems; they make shared national investments in infrastructure and education; and they share the same military and national security interests. But in a world in which nation-states are likely to continue to retain their sovereignty and in which economic nationalism continues to reign, trade and investment policies that presuppose a borderless world make no sense at all.

The cosmopolitan error has similarly distorted international efforts to address global challenges. International climate policy has persistently foundered upon the basic realities of an international political economy that continues to be defined by the interests of national economies. International development and antipoverty efforts in recent decades have similarly failed to align themselves with the basic economic interests of donor economies. As such, the cosmopolitan error has had real consequences for both national efforts to build healthy, equitable economies and international efforts to address serious global problems and risks.

The frequently-made argument that extensive supranational cooperation is necessary to solve global problems is incorrect. Without question, destructive, zero-sum national rivalries are a threat to a peaceful and prosperous world — on this point, liberal internationalists and liberal cosmopolitans can agree.

Fortunately, most of the world-order goals of cosmopolitanism can be achieved by enlightened liberal internationalism without the need to sacrifice or weaken the democratic nation-state, the organization in which most of the progress toward equality and economic security over the last three centuries has taken place. Contrary to the commonly held views of pundits and science-fiction writers, a world government or a true global market is unlikely to emerge in the foreseeable future. But a successful and enlightened liberal internationalism would permit us to enjoy the benefits of both without the costs of either. /

LIBERALISM AND THE NEW INEQUALITY

DALTON CONLEY

The 2008 financial crisis and Great Recession that followed offered a bracing rebuke to those of us who had reassured ourselves that the increasingly unequal American economy would self-correct once it reached some natural trigger point of unfairness. After the 1929 crash, which was preceded by similarly high levels of inequality, top earners saw their share of national income shrink by one-third, and then continue to shrink until 1969. Many progressives hoped something similar would occur after the collapse of 2008, but no such correction was forthcoming. American inequality is nearly as high today as it was before the crash.

One obvious difference is that, in 1929, government intervention was minimal: there were no bank bailouts, auto rescues, or stimulus efforts. The free market was left to destroy fortunes, ill-gained or not, thereby reducing gross inequalities in wealth. But greater equality after the crash came at a very high price: the Great Depression. So while the response to the 2008 crisis sustained the top-heavy structure of the American economy, it also averted the free fall that threw tens of millions of Americans into unemployment and breadlines throughout the 1930s. Nationalizing the banks, as many critics of the Troubled Asset Relief Program suggest, might have distributed the costs and benefits of the bailouts more fairly. And going forward, higher income taxes on the rich, along with more strongly redistributive social programs might succeed in mitigating some degree of inequality. But there are also powerful socioeconomic forces driving inequality. That is, the high levels of economic inequality we have witnessed over the last decade might be inescapable to some degree.

In our affluent but unequal society, poverty is a relative, not an absolute, condition. High levels of inequality coexist with rising living standards, even for those at the bottom. Meanwhile, due to rising wealth and asset ownership among all Americans, including the poor, the fortunes of the majority are increasingly tied to those of the elite. The sooner we confront these structural forces, the sooner we can move on to constructing a new social contract befitting this new economic age.

1.

Globalization and the rising value of knowledge-based work mean that those at the top of the knowledge economy are increasingly able to charge a premium for their labor in a global marketplace — even as that same marketplace de-skills the labor of many occupations. The rich used to derive almost all of their income from capital, rent, and business profits, and little from wages. But today, as economists Thomas Piketty and Emmanuel Saez show, the top one percent of Americans derive a significant (and growing) share of economic resources from wages. Meanwhile, global supply chains and new telecommunications technologies are enabling both outsourcing and global economies of scale that exert downward pressure on most workers' wages.

These trends are ominously self-reinforcing. Education — and the skills, connections, and credentials that come with it — is the critical determinant of success in the new knowledge economy. Due to greater social and economic inequality and segregation, poor and working-class people must cross an educational gap that is widening at precisely the moment when education has become most critical to their economic prospects.

Yet even as that gap grows, the interests of workers are increasingly yoked to those of their bosses. Half of Americans today have direct or indirect investments in the stock market, largely thanks to the shift to defined contribution pension plans and the ease of Internet investing. But while most of us are in it for a penny, it's still the super wealthy who are in for a pound. A study by the St. Louis Federal Reserve Bank found that the richest 10 percent own upwards of 85 percent of stocks and other financial assets. So if the rest of us want to save our 401ks, we have to save the status quo for the robber barons of Wall Street in the process.

The same is true for housing. Home equity makes up an ever-greater share of household wealth the lower your rank on the income ladder. Back in 1930, less than half of Americans lived in a home they owned; by the housing market peak in the 2000s, the rate hit close to 70 percent. Now we all have a stake in real estate values. A sluggish housing market used to be good news for many at the bottom of the pyramid thanks to falling rents. But today, when most of us have our life savings in a home or use our house as an ATM through home equity lines of credit, price drops are devastating.

Many policy scholars, myself included, have argued that wider-spread asset ownership increases opportunity, teaches good financial habits, orients poor children to the future, and ultimately increases the public's stake in capitalism and the rule of law. But we must be honest about the fact that an "ownership society" (to use former President George W. Bush's term) also means a country in which the economic interests of the wealthy and the non-wealthy are increasingly tied to each other. The problem is that while in absolute terms, everyone wants the same things — rising house and stock prices — in relative terms, those in the middle (and bottom) fall further and further behind. In an economy in which those at the top already control the lion's share of wealth, economic growth need not be disproportionate itself in order to disproportionately benefit the wealthy.

As such, today's historically high levels of inequality appear likely to remain a long-term structural feature of the American economy. The expansion of assets and ownership down the income distribution has meant that the economic interests of those at the top of the income ladder and those at the bottom are increasingly difficult to disentangle. This development, combined with America's culture of competitive individualism, makes both class conflict and redistributive social policies increasingly unlikely.

2.

These sobering trends aside, we should not overlook the reality that Americans remain wealthy by any global or historical perspective and are getting wealthier still. Even among the poorest Americans, life expectancy has risen, infant mortality has decreased, homicides are down, and educational attainment is up. While poverty persists and the poor are still disproportionately victims of crime, incarceration, ill health, and higher mortality, their overall wealth and standard of living have risen.

Statistics showing that real wages have stagnated since 1973 are misleading. Wage statistics calculate "real dollars" over time only by adjusting for inflation, which is measured by totaling the cost of a set of common consumer goods in a basket. This makes inflation an accurate short-term measure, but it's a terrible long-term one because the average consumer's actual basket of goods changes a lot more rapidly than the theoretical basket of goods the Bureau of Labor Statistics (BLS) uses to calculate the Consumer Price Index.

Mobile phones are just one example. Though they first hit the consumer market in 1983, the BLS did not factor mobile phones into the inflation rate until 15 years later. Consequently, the BLS missed the massive price declines. Moreover, today's lower cell phone prices do not reflect the value of quality improvements. Just think of the difference between a 1995 cell phone and your iPhone today.

As a result, the focus on wages misses the point. Basic living standards have risen for virtually every American even as real wages have stagnated. Whether we pay less at Wal-Mart while earning less, or pay more while taking in higher wages, the end result is the same.

The idea that greater inequality, as opposed to greater poverty, results in worse social outcomes at a societal level is also highly questionable. Consider poor health outcomes, which have been widely linked to high levels of social inequality. Careful statistical analyses have shown that the observed correlation between income inequality on the one hand and health outcomes on the other is really an artifact of the non-linear relationship between individual income and health.

In other words, since an additional dollar is worth more to you health-wise if you are poor than if you are rich, merely comparing countries, states, or counties with more unequal income distributions will make it appear as though those places have worse health outcomes than their more equal counterparts. But what's driving the difference is absolute income, not relative income shares. For instance, health outcomes are worse in the United States than many European countries, not because of our higher levels of inequality, but rather because of our higher levels of poverty.

3.

If living standards for those at the bottom of the income distribution have demonstrably improved over the last 40 years and research has not been able to establish a causal link between inequality and life outcomes, should we still concern ourselves with societal inequality?

We should, but not for the reasons typically given. Consider that as society becomes more affluent and basic material needs are increasingly satisfied for even the poorest Americans, more and more of our consumption takes on a relative dimension. The economic shift from absolute to relative goods can be seen in household budgets. As recently as the 1950s, the typical American family spent one-third of its income on food while low-income families spent about half of their incomes on the same. Today, food makes up only 17 percent of the average poor family's budget, and almost one-third of that (30 percent) is spent eating out. Meanwhile housing now represents about 40 percent of household budgets for low-income Americans.

While we all need food and a roof over our heads, what drives the rising cost of housing for the poor are the *relative* dimensions of the housing market, not the absolute ones. Today even poor Americans live in substantially larger homes than they did three or four decades ago. Competition for housing in better school districts, with increasing square footage, is largely responsible for increasing the share of household budgets allocated to housing among all Americans.

In his 1976 classic, *The Social Limits to Growth*, Fred Hirsch called these relative goods "positional goods" due to their relative and inherently limited nature. While everyone can, at least theoretically, own a home and pursue an education, it is impossible for everyone to own a beachfront home or go to Harvard. And it turns out that these types of positional goods represent the greatest obstacles to economic mobility for those at the bottom of the income distribution.

In my own research into the intergenerational effects of social class on educational and occupational outcomes, I have demonstrated that the most important determinants of those outcomes are parental wealth and education. By contrast, I found that race, parental income, and parental occupation did not matter at all. It is perhaps no coincidence that the key determinants of success and social mobility in America — education and wealth (which continues to be dominated by home equity for most American families) — are both positional goods. Moreover, the two are linked: housing values are closely related to school performance.

In addition to the fact that more of the economy may contain this relative status nature, the provision of certain key goods and services is predicated on a need for high-skill workers. Consider three of the biggest costs to families — education, health care, and housing — and how they are linked to skill and status. Higher education is expensive because it presents the double whammy of being a relative status good (to the extent that degrees, prestige, and comparative advantage in the labor market matter) that is provided by high-skilled employees. Health care, however, is typically not a status good (we just want to be cured and don't begrudge others for being healthy) but still requires very highly skilled workers. Conversely, housing generally requires less-skilled workers, but has become highly relative for many American families seeking ever-larger McMansions and top-notch school districts.

This two-by-two table illustrates the dimensions that any social contract must address.

	Low-Skilled	High-Skilled
Absolute	Food / Clothes / Stuff	Health Care
Relative	Housing	Education

This simple table illustrates the interactions between the relative nature of goods and the labor skill level required to produce them. Whereas the New Deal and its offspring policies were meant to insure American households from going without basic material necessities that were absolute in nature (the upper-left quadrant), the major sources of economic anxiety today relate to high-skill services that are often relative (i.e., status) goods (the lower-right quadrant). Relative deprivation is a much trickier problem to solve and will require a fundamentally different approach to social policy.

The challenge is exacerbated by the fact that the most relative and/or high-skill quadrants appear to be linked to each other: housing becomes an intense status good by virtue of the fact that it is linked to the education system (thanks to the financing of education through local property taxes plus the desire of high-income parents to surround their kids with other wealthy peers). Wealth, meanwhile, is largely held in the form of primary residence equity for most American families. And health care expenses are the single biggest cause of bankruptcy in the United States.

4.

In some respects, the age of affluent inequality should facilitate the creation of a new social contract capable of improving social and economic mobility. In theory, high levels of inequality should make it easier to concentrate the tax burden on the shoulders of a small minority. While our national tax debate seems to belie this claim, evidence from local school districts, compiled by economists Sean Corcoran and William Evans, shows that higher inequality leads to greater investment in public schooling through higher taxes. Moreover, the enormous private fortunes of our new gilded age have often been invested in a variety of socially beneficial ways. We can thank the benevolent tycoons of generations past, such as Andrew Carnegie and the Rockefeller family, for the New York Public Library and the Green Revolution, respectively. Today, Bill Gates's and Warren Buffett's private funding decisions have greatly advanced the global fight against malaria.

Nonetheless, we are unlikely to return to the 90 percent marginal tax rates of the postwar era. Nor can we reasonably depend upon the benevolence of the super wealthy to make up for the failings of our present social safety net. In the end, progressives would be well served to focus less on soaking the rich and more on raising sufficient revenues to minimize the consequences of the positional arms race.

A good place to start would be to eliminate incentives for taxpayers to game the system by treating all income equally. We could raise dividend taxes and capital gains taxes to the same level as the top marginal tax bracket on wages, tax health and other benefits as income, and convert the estate tax to an inheritance tax that hits heirs at the same rate. This proposal might even appeal to conservatives if it were tied to provisions that established a flat tax that eliminated deductions and a national sales, or value-added, tax that held federal revenues to one-quarter of the GDP.

Taken together, these measures, combined with a raise on the payroll tax cap above the current $120,000 level, would probably end up being no less progressive than the current tax system. In addition, we might be able to shore up the Social Security trust fund and rein in health care spending, for additional budgetary savings above and beyond those that will be triggered by the Affordable Care Act.

A simpler and fairer tax system will still be hard pressed to address the ways in which social and economic inequality is self-reinforcing. Addressing these dynamics will require us to limit the importance of socioeconomic disparities by reducing the opportunity for distinctions in the areas of housing, education, and other status goods.

We should start by challenging skill-based credentialing monopolies in areas such as health care and education. For example, health care could be provided more affordably if everyone was willing to see nurse practitioners or medical assistants in drive-through clinics and forsake the latest high-tech tests and procedures. College could be more affordable if we adopted an open-courseware model and de-emphasized the need for face-to-face contact with faculty members.

We also need to reduce the relative nature of health care, housing, and education by delinking them from each other. For instance, decoupling school district funding from local property taxes, or allowing public school choice across district or municipality lines, could increase access to higher-quality education for those at the bottom of the income ladder. Health care reform may help sever the tie between health care and the housing sector, resulting in less risk of mortgage default or bankruptcy when twin calamities, job loss and negative health events, occur simultaneously.

Still, the incentives for economic segregation are likely to remain high and the challenges to overcoming them loom large, suggesting the consideration of more radical ideas. One approach would randomly assign every child to a pool of 10,000 people across the United States at birth that she would stay in until her death. Each "pod" of 10,000 people would levy taxes to be distributed among the members to cover things that welfare and education policies typically cover (e.g., K-12 schooling, health care, disability payments, food stamps). Because the pods are relatively small in number, members could direct spending to try to maximize benefit through online budget negotiations and voting. And while siblings would end up in the same pods, parents would already have been assigned to pods long before they gave birth and would likely not end up in the same pods as their partners or children.

Such a system could re-create the social fabric of the 18th century small town in 21st century cyber-network fashion, thereby reducing segregation and halting widespread withdrawal from the public sphere. Since individuals would not be located in the same geographic area as the rest of the members of their pod, health care, education, and other social programs would need to be provided through mechanisms such as vouchers that relied on free market allocation of the actual service wherever pod members lived. This system would create better incentives for preventative care, educational investments, etc., since individuals would have an interest in keeping the lifetime costs of their risk pool down.

Less radically, if we funded private school vouchers we could sever the link between place of residence and quality of school. This approach would only succeed if we combined this free market approach to education, which should appeal to conservatives, with a commitment to economic diversity, which should appeal to progressives. Yes, fund private school attendance with vouchers, but require participating schools to enroll students from across the income spectrum, thereby increasing opportunity for education and facilitating entrance into the knowledge class.

Liberals may object to this as privatization, but there is nothing inherently egalitarian about public institutions. Unlike its public counterpart (and rival) UC Berkeley, Stanford, a highly endowed, private university, charges no tuition for families with incomes under $100,000. Of course, this is only possible because Stanford has the financial resources to dial down its sticker price to lure less wealthy families. As it stands currently, the University of California system writ large — largely thanks to its population of community college transfer students — is one of the success stories when it comes to income diversity. Private institutions may need to be nudged (or even required) to spend their considerable resources on admitting low-income students (such as community college transfers).

Pods? Facebook-style democracy? Harvard online? It sounds bizarre, to be sure. But what should be clear is that the basic structure of the American economy has profoundly changed, as has the nature of poverty and inequality. The old New Deal safety net was created to prevent *absolute* deprivation, which, thanks to rising, if unequally distributed prosperity, is largely a thing of the past. In this new age of affluent inequality, we need to find ways to turn that safety net on its side and make it into a rope lattice everyone can climb. **/**

THE TROUBLE WITH PROGRESSIVE ECONOMICS

ROB ATKINSON

The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds.

— John Maynard Keynes

When American progressives consider economic policy these days, the term that perhaps best describes their mood is "flummoxed." Most can't fathom why the neoclassical economic consensus shows no sign of being overthrown despite its role in causing the greatest economic crisis since the Great Depression. Compounding their befuddlement is the fact that the era of bipartisan Keynesianism (mid-1940s to mid-1970s) out-performed the era of bipartisan neoliberalism (mid-1970s to today) along virtually every metric, including unemployment rates, GDP growth, income equality, and the trade deficit. In the face of such overwhelming repudiation by reality, how can neoclassical economics remain the north star of most economic policy makers, including many in the Obama administration, they ask?

While many progressives blame corporate political donations and right-wing media outlets, in truth the persistence of neoclassical ideology owes as much to the failings of the Left as it does to the successes of the Right. What passes for progressive economic doctrine today is a haphazardly updated version of mid-century Keynesianism that has largely failed to come to terms with the realities of the globalized, innovation-powered, 21st century economy in which we live. Just as classical liberal economics was unable to respond to the challenges of the Great Depression, and Keynesianism was unable to respond to stagflation in the 1970s, neither anti-government neoliberalism, nor anti-corporate Keynesianism are fit to deal with America's present economic predicament.

As the hope that the financial crisis would vanquish neoclassical economics recedes further into the distance, liberals face a fundamental choice. They can hold on to the hope that some combination of tinkering around the edges of neo-Keynesian economic thought, future economic crises, and better messaging will eventually allow them to win the day. Or they can acknowledge that contemporary progressive economics no longer offers a credible way forward for US economic policy without substantial revision. In order to stand a chance at overthrowing the sclerotic neoclassical doctrine and its accompanying policies, progressives must develop a new economic doctrine with a coherent theory of how to drive sustained growth, productivity, and innovation in an increasingly competitive global economy.

1.

To understand why progressive economics is failing liberals today, one needs to understand why it served us so well in the beginning. John Maynard Keynes's 1936 magnum opus, *The General Theory of Employment, Interest and Money*, written at the depths of the Great Depression, revolutionized economics and economic policy. Keynes demonstrated that the economy had changed in fundamental ways that made the classical economic model, which had prevailed throughout the 19th and early 20th century, anachronistic. The exhaustion of the old, mechanics-based, factory economy in the late 1920s sparked the Great Depression and coupled with the rise of the new mass-production, managerial, corporate economy after World War II, exposed the fundamental limitations of classical economics.

Classical economics held that individual pursuit of self-interest leads to the public interest and therefore, individuals should be free to make the legal decisions they want without distortion by government. But Keynes argued that individuals, particularly during economic downturns, do not behave in economically rational ways and that markets, particularly during the panics that frequently ensue, do not expeditiously self-correct. What results is the destruction of enormous amounts of societal wealth, an outcome that clearly does not serve the public interest. Keynes went on to argue that during downturns the government has to "prime the pump," ideally by temporarily boosting public spending in order to compensate for the steep decline in private consumer demand.

Keynesianism gave a resurgent Democratic Left an economic rationale for increasing the size and scope of government and, once the Depression ended, for boosting taxes. According to this new doctrine, government wasn't the necessary evil that classicists conceived it to be, but a key player in ensuring that the economy stayed on an even keel and kept growing. As a result, the implications of Keynes's work went far beyond helping to end the Depression: they fundamentally changed the way we think about the role of government in the economy and society. For the first time, thanks to Keynesianism, workers' wages and government spending, not private savings and investor profits, were the central focus of American economic policy.

In the decades following World War II, the Keynesian economic consensus held sway among liberals and many conservatives, too. High levels of postwar spending funded by high marginal tax rates were accompanied by high levels of wage and economic growth and low levels of unemployment. President Richard Nixon famously pronounced his own conversion, telling ABC News anchor Howard K. Smith in 1971, "I am now a Keynesian in economics."

Yet, just a few years later, the Keynesian "fine tuning" of the economy no longer seemed to work. As the postwar, mass-production, corporate economy began to exhaust itself, productivity growth stalled. Stagnant productivity, combined with excessive government spending on the Vietnam War and two oil shocks resulted in stagflation (high unemployment alongside high inflation) — something that was not supposed to be possible in the Keynesian world. Moreover, US economic competitiveness began to weaken as Europe and Japan challenged America in a host of industries, in part by offering strong policies to support manufacturing. These factors created an opening for a fundamental critique of progressive demand-side economic doctrine. As conservative economist Henry Hazlitt stated in 1979, "Keynesians and New Dealers seem to be in slow retreat. Conservatives, libertarians, and other defenders of free enterprise are becoming more outspoken and more articulate. And there are many more of them."

What became the neoclassical economics movement filled the void created by the retreating Keynesians. As Martin Feldstein, President Ronald Reagan's chairman of the Council of Economic Advisors wrote, "Much of our 'supply-side economics' was a return to basic ideas about creating capacity and removing government impediments to individual initiative that were central in Adam Smith's *Wealth of Nations* and in the writings of the classical economists of the nineteenth century."

Since then, neoclassical economic doctrine has come to dominate the economic policymaking of both national parties. While Republicans look to an updated, laissez-faire version of classical economics for guidance, Democrats, starting with former President Jimmy Carter, have mostly been guided by a liberal version of neoclassicism that embraces the fundamental tenets of the primacy of markets, but is tempered by a concern for fairness. This "neoclassical economics with a heart" — sometimes called "Rubinomics" — is the chosen economic doctrine of Obama-ites like Tim Geithner, Austan Goolsbee, Peter Orszag, and Larry Summers.

2.

While much of official Washington, including Democratic Washington, has remained in the grip of neoclassical theory, most progressives maintain a distinctly different doctrine: "progressive economics." With institutional homes at think tanks like the Center for American Progress, the Center on Budget and Policy

Priorities, the Center for Economic and Policy Research, Demos, the Economic Policy Institute, the Levy Economics Institute, and at various economics departments, contemporary progressive economics absorbed many of the lessons of the 1970s, including the need to keep a leash (however loose) on inflation. But beyond these concessions to Keynesianism's 1970s-era failures, the basic corpus of progressive economic doctrine has remained strongly defined by mid-century Keynesian theory.

As such, virtually all contemporary progressive economic thought begins with the premise that demand for goods and services — whether from business investment, government spending, or consumer spending — drives economic growth. In this view, a dollar spent by government is as good as a dollar spent by consumers or businesses, maybe even better. Keynesians further presume that since demand drives growth, and since consumer, business, and government spending are equally capable of stimulating demand, the most reliable way that policy makers can perpetuate growth is to maintain robust levels of government spending while enacting policies that support those with the highest propensity to spend (e.g., low- and moderate-income households). As John Kenneth Galbraith once argued, "If the state is effectively to manage demand, the public sector of the economy must be relatively large."And as former Economic Policy Institute President Jeff Faux writes, according to progressive economic doctrine, a key role of the federal government is "to jump-start consumer demand and through its spending keep it up."

At the macroeconomic level, the primary purpose of Keynesian demand-side policies is to maintain short-term growth through the business cycle. In this regard, progressive economic doctrine and neoclassical doctrine largely agree. According to both, markets drive long-term economic growth and productivity; the role of the state is to manage the business cycle and to intervene when slack demand threatens an economic downturn. Where they differ is on the question of *how* the government should intervene. While neoclassicists prefer monetary policy and tax cuts, particularly on business and the wealthy, progressives prefer government spending and tax cuts on low-income households.

Beyond fetishizing spending and demand, progressive economics challenges the neoclassical assumption that markets, left to their own devices, will produce a good society or equitable economic outcomes. Progressives believe the government must ensure that capitalism's excesses are managed and its limitations addressed. The government's responsibility is to regulate corporations by enacting labor, environmental, and product safety laws and to ensure a social safety net by providing, among other things, unemployment insurance, retirement security, and health care. For progressives, the pantheon of progressive economics' accomplishments — Medicare, Medicaid, the war on poverty, environmental laws, federal support for education in low-income schools, and consumer protection laws — are all steps to address the abuses of markets.

In this regard, progressive economics has typically focused less on promoting growth and more on fairly distributing its fruits. As a result, what passes for a progressive growth agenda mostly remains a redistribution agenda. For example, the Economic Policy Institute recently began to develop an "agenda for shared prosperity," a laudable goal. Yet the announcement of this new agenda notes, "We are inheritors of a tradition that believes government has an important role to play in stimulating economic growth, lessening inequalities and economic insecurities, providing affordable and accessible health care, ensuring retirement income security, respecting the rights of working people to organize to improve their condition, and helping families balance work and family life." Economic growth is mentioned in passing, but the other measures are all designed to create a fairer and better society, not a richer one. In a similar vein, MIT economist Frank Levy argues: "We cannot legislate the rate of productivity growth ... That is why equalizing institutions are so important."

But redistributive policies do not constitute a growth agenda even if a growth label is slapped on them. Today, progressive economics is mainly concerned with social policy, not economic policy, which is why it has persistently failed to be adopted as a guide to economic policy making. In the past 10 years, some progressives acknowledged this failing and tried to update Keynesian growth theory. But this updated version of Keynesianism hardly constitutes a serious rethinking. Instead, progressives have merely fussed a bit around the edges, claiming a tenuous link between higher consumer demand and greater business investment, which they argue drives growth. As such, the progressive canon still lacks a coherent or credible theory for how to spur productivity, innovation, and competitiveness. Little wonder that many voters find the neoclassical story, flawed as it is, more appealing: it at least claims to produce a larger pie.

3.

The economist Joel Slemrod observed that the conceit that economics is a hard science is belied by the reality that "our values about equity end up being so correlated with our beliefs about what kind of fiscal, or tax, policy works best for the economy." While contemporary economics wraps itself in supply curves and "mathiness," the truth is that economic doctrines are not and should not be adopted based on complex math formulas. Instead, the criteria for choosing an economic doctrine should be based upon how well the doctrine is suited to the economic realities of the time.

One can make the case that Keynesian economics was in fact suited to the realities of the postwar American economy. During the postwar era, economic growth generally took care of itself. As such, mid-century Keynesianism was never forced to address the question of how to ensure long-term growth. Because US business establishments faced little international competition during this period, mid-century Keynesianism could also afford to be indifferent to the fate of business establishments, and indeed, to go so far as to pressure them through high taxes and regulation. Today, we don't have the luxury of indifference toward these issues. Any economic doctrine that seeks dominance must be able to provide a compelling narrative and policy framework for how to drive growth; spur, not retard, innovation; support the global competitiveness of US establishments; and create a new kind of globalization. And yet, to date, progressive economics has provided no such framework. It is this core weakness that makes progressive economics, at least in its current state, a doctrine unfit to guide 21st century US economic policy making.

Developing a credible growth agenda will require progressives to fully embrace efforts to accelerate technological innovation and productivity growth. The best scholarship today identifies knowledge, technology, entrepreneurship, and innovation as the primary drivers of long-term economic growth. Over the long-term, innovation (the development of new products, services, processes, and business models) creates jobs and enables higher wages and lower prices. Moreover, sustained increases in rates of innovation and productivity growth likely represent the only long-term path to equitable growth and a sustained social welfare state in an increasingly competitive and globalized economy.

But innovation does not simply materialize out of thin market air. In fact, sustained government investment was required to produce many of the big innovations we take for granted, from the steam engine to the Internet to the iPhone. Unfortunately, progressive Keynesians, like neoclassical economists and a large swath of the American political elite, tend to ignore the government's role in proactively spurring innovation. Neoclassical economists have an excuse: they believe the market drives innovation and that governments need not get involved since government interference in markets only makes matters worse.

Progressives have no such excuse, but they have long been ambivalent about innovation for other reasons. Indeed, many progressive economists have opposed economic policies that explicitly favor new technology — particularly process (as opposed to product) technology — for fear that such efforts will displace workers and threaten full employment.

Rather than fighting economic innovation, progressives need to embrace innovation policies while supporting policies that help workers navigate the tricky waters of the new knowledge economy. We should continue to fight for a more equitable distribution of wealth and a stronger social safety net in order to help workers manage the creative destruction that a vibrant, postindustrial, 21st century economy must strive for. But progressive opposition (and indifference) to innovation is profoundly misguided. Attempting to constrain innovation and productivity growth in order to avoid short-term economic disruptions and transitions is self-defeating, as declining rates of sustained economic growth are a vastly greater threat to the social safety net and economy-wide employment security than innovation or productivity.

Supporting innovation and productivity will, by necessity, require progressives to support corporations. The vast majority of jobs and economic activity are in the private sector. In fact, most small business jobs, especially the "Main Street" jobs progressives claim to love, are fundamentally dependent upon the health of corporate manufacturing and the technology sector. As such, improving the productivity and growth rate of the US economy requires helping private firms, including corporations, become more productive and innovative. Unfortunately, progressives today overwhelmingly view businesses, especially large multinational corporations, as part of the problem, not the solution. According to this view, multinational corporations are entities the government must temper with a strong hand and a short leash and economic policy unequivocally involves tradeoffs between big rapacious corporations on the one hand and weak, well-meaning consumers and workers on the other.

But helping companies does not mean helping the wealthy. We can and should raise taxes on the wealthy. But we should provide incentives for companies to train their workers and the government should invest in research and development (R&D) and new facilities in the United States. Doing so will drive higher productivity (and in turn higher wages), rapid innovation (so that consumers benefit from new products and services), and greater competitiveness (so that firms can grow and employ Americans here at home).

Finally, if it is ever to regain relevance on economic matters, contemporary progressivism must come to terms with globalization. By and large, progressives have viewed globalization as a threat, or something to be resisted. As Jeff Faux argues, we are "engaged in a desperate gamble that ill-prepared American workers cannot only survive but prevail in a brutal head to head competition in a world where the supply of productive labor is growing faster than the demand for that labor's production." According to this view, in a zero-sum global economy in which global production capacities far exceed global demand, American workers and businesses are simply not capable of competing with foreign competitors who are willing to cut corners on labor and environmental standards.

Convinced that American firms and workers are either unable to compete or that the global market place is inherently tilted against American interests, progressives propose imposing either trade barriers to limit foreign competition in domestic US markets, more stringent labor and environmental standards through trade agreements to raise the cost of production for competitors, or both. But knee-jerk mercantilism is not the answer. To be sure, there may be particular circumstances where it may be in our interest to use "buy American" and similar provisions selectively, particularly if there are significant national security implications, such as in Department of Defense procurement, or when we need to challenge nations that refuse to scale back their rampant mercantilist policies. But on a larger scale, we will be better served by getting tough on foreign mercantilism rather than copying it. This involves pushing back against currency manipulation, non-tariff trade barriers, and other mercantile policies that have undermined access to foreign markets for US firms, while simultaneously creating new free-trade blocs for countries and regions like the United States and Europe that largely play by the rules.

Similarly, there may be specific circumstances in which we should push for higher labor and environmental standards as we have rightly done in some recent bilateral trade agreements. But expecting developing economies like China, India, or, for that matter, Mexico, to require United Auto Workers wages for workers attempting to make the transition from brutal agrarian poverty to the modern wage economy is both absurd and practically unrealistic. We should be neither surprised nor outraged that developing economies have chosen to exploit their labor and other advantages to help drive economic development. As those nations develop and become more affluent, wages and environmental standards will slowly rise. But for the foreseeable future, they will likely have substantial cost advantages that are only slightly affected by the imposition of labor and environmental standards. Rather than fighting impossible battles over labor and environmental standards, we should fight currency manipulation, which prevents currency adjustments from automatically adjusting for these factors.

For progressives to confront the realities of globalization, they must abandon the belief that globalization is based on decisions individuals and organizations could make differently if they so chose. There are powerful social and economic forces driving globalization that cannot be resisted, only managed for better or worse. But while progressives must accept the reality of globalization, we need not accept all the effects as *fait accompli*. Instead, progressives must develop strategies to manage globalization. The notion that America cannot do anything to stay globally competitive due to high labor costs is a fallacy, and frankly, an excuse to avoid reconsidering long-held progressive dogma about the economy and growth. The United States is losing out, not only to low-wage economies such as China and Taiwan, but also to high-wage economies such as Germany and Japan, both of which enforce strong labor and environmental standards that in many cases exceed our own.

In the end, progressives can wait in vain in the hope that somehow their outmoded ideas about the economy will regain the relevance and acceptance that they enjoyed in the old, postwar, national, mass-production economy. Or they can do the hard intellectual work of revising their doctrine to fit with fundamentally new realities. This work includes embracing a much more robust innovation and competitiveness agenda, creating the incentives and support for American businesses necessary to promote sustained growth, and aggressively fighting to end foreign mercantilism, rather than reflexively supporting our own. The choice and opportunity is ours. /

DANIEL BELL'S PROPHECY

FRED BLOCK

"A new public philosophy will have to be created in order that something we recognize as a liberal society may survive."

— Daniel Bell, *The Cultural Contradictions of Capitalism, 1976*

Last January, just as the new Republican-led Congress arrived in Washington intending to shrink the federal government, the great sociologist Daniel Bell — with whom I studied at Columbia in the 1960s — passed away. The coincidence was poignant: almost 40 years earlier, Bell had anticipated the tax crisis that resulted in the ascendance of the Tea Party. Before the Reagan Revolution and the end of welfare as we know it, Bell predicted that our society would grapple with the question of taxation for decades to come.

Progressives often dismiss Bell as a neoconservative, but Bell himself never adopted the label, choosing instead to describe himself, until his last days, as "a socialist in economics, a liberal in politics, and a conservative in culture." This trinity annoyed almost everyone, but Bell's heterodoxy may have helped him to see what others could not: the deepening ambivalence of the American public toward paying taxes and the government. Bell recognized that Americans would become increasingly reliant on entitlements and increasingly disinclined to pay taxes or make the productive investments that society needs.

Today, American politics is dominated by budget fights, calls for ever-deeper austerity measures, and continuing reluctance to pay taxes. City and state budgets have been slashed while the federal deficit continues on an unsustainable course. In December of 2010, President Barack Obama and the Democratic Congress agreed to extend the Bush-era tax cuts, including those for the wealthiest two percent. Earlier this year, the government nearly shut down as Democrats and Republicans fought over cuts to a relatively small portion of the budget. These bitter fights over budgets and taxation are certain to continue at least through the presidential election in 2012.

While the rise of the Tea Party was much heralded in the news this past January, Bell's passing was scarcely acknowledged. His books, considered indispensable in the 1970s, today collect dust in university libraries. And yet Bell's analysis of the main tensions in US society and politics was prescient. In order to deal with the crisis facing liberal society, we must attend to Bell, confront the problems he identified many years ago, and begin the work of creating a new public philosophy.

1.

Born into an immigrant, Jewish, working-class household in New York City, Bell came of age in the midst of the fervid socialist politics of the 1930s. As an adolescent, he joined the Young People's Socialist League and stumped for the Socialist presidential candidate, Norman Thomas. After graduating from Stuyvesant High School, he became a denizen of Alcove 1 — home to the anti-Stalinist Left — in the City College Cafeteria along with Irving Howe, Irving Kristol, and Seymour Martin Lipset.

In the years after the war, Bell was among an influential cadre of formerly Socialist intellectuals who embraced social democracy and the social welfare state while vociferously rejecting communism. Bell famously declared "the end of ideology" in 1960, meaning that the totalizing ideologies of the 19th and early 20th centuries no longer guided policy making. A few years later he and Irving Kristol started the journal, *The Public Interest,* to explore the problems and limitations of New Deal liberalism. Kristol went on to become the founding father of the neoconservative movement, but Bell never joined. Bell's refusal to fit himself into the standard political categories probably contributed to the marginalization of his work over the last few decades of heightened partisan polarization.

Among Bell's enduring contributions are two remarkable books that he carved out of a single lengthy draft he produced while in residence at the Russell Sage Foundation during the 1969–70 academic year. The first, *The Coming of Post-Industrial Society* (1973), charted the key transformations in the economy that marked an end to the industrial era. The second, *The Cultural Contradictions of Capitalism* (1976), explained how these economic transformations were likely to create deeper and more intractable cultural and political conflicts.

Historians identify the 1970s as the critical turning point in contemporary US history. That decade was the hinge between the liberal hegemony that prevailed between 1933 and 1968 and the ascendance of political conservatism, which lasted from 1981 until at least 2008. Religious and social conservatives — mobilized by a backlash against the 1960s — joined with business conservatives to create a powerful electoral coalition. But before that decade had begun, Bell foresaw this transformation and predicted correctly that taxation would be one of the critical issues that upended political liberalism.

Driving this shift, Bell argued in *The Coming of Post-Industrial Society,*was the decline of manufacturing's centrality to the economy and the rise of services, especially knowledge production. Science and technology were being systematically integrated into production — an insight vindicated by the last three decades of computer-led economic growth. This change, in turn, places increasing demands on government to fund education, provide for the development and diffusion of technological expertise, coordinate processes of technological change, and build some of the key infrastructure required by new technologies. While the government had long been fulfilling these functions, sometimes under the cover of military necessity, Bell argued that the scale, complexity, cost, and duration of such public sector efforts would rise dramatically.

In *The Cultural Contradictions of Capitalism*, Bell added another critical step to his argument: the rise of a consumer culture from the 1920s to the 1960s had effectively undermined the historic Protestant sanctification of work and replaced it with a hedonistic pursuit of pleasure. Because pleasure is defined in individualistic terms, the pursuit of it results in an erosion of the moral bonds that have historically held society together.

Bell elaborates the last step of the argument in the final chapter of *The Cultural Contradictions of Capitalism*, entitled "The Public Household." On the one side, postindustrial trends position the state to play a significantly more central role in society, necessitating an increase in public expenditures and taxation. The problem is intensified by "a democratic polity which, increasingly and understandably, demands more and more social services as entitlements..." But just as communal needs are expanding, citizens are increasingly likely to see taxes as a direct interference with their own pursuit of happiness. Where these two trends converge, Bell foresaw an ongoing fiscal crisis in which the state would have difficulty raising necessary tax revenues and politicians who sought to strip the public of entitlements were likely to be punished at the polls. "How much the government shall spend, and for whom," Bell wrote, "obviously is the major political question of the next decades."

Two years after *Cultural Contradictions* was published, California voters overwhelmingly supported Proposition 13 — a ballot initiative that placed severe limits on local property taxes. As Isaac Martin has argued, this victory made opposition to taxation the central tenet of the new national conservative majority and began a "permanent tax revolt" that has not yet lost its potency. Bell called for the creation of a new, liberal public philosophy to justify taxation to finance the public sector. Thirty-five years later, we still lack this public philosophy.

2.

What is distinctive about Bell's argument is that he identifies the critical problem as occurring at the level of culture or public philosophy. Many Americans today do not see why they need to turn over a substantial share of their earnings to the public sector. People often willingly give to a charity of their choosing, but they recoil at the idea of paying taxes to the government. Ardent Christians may acknowledge they are their "brothers' keepers" and give to their churches every Sunday, but they insist on a fundamental moral distinction between tithing to a church and taxation. The former is legitimate because it is the result of a compact between the individual and a deity; the action has been freely chosen by a sovereign individual. Taxation, on the other hand, depends on coercion and is therefore an affront to the sovereignty of the individual.

This cultural emphasis makes Bell's argument different from many analyses of the fiscal crisis on both the left and the right that emphasize political-economic contradictions. A number of scholars, including James O'Connor, a leftist economist, have argued that the fiscal crisis was a contradiction of capitalism. Bell admired O'Connor's work, but he insisted that the fundamental problem of how to justify government outlays would persist even under socialist arrangements.

Bell's argument is also different from the "excess of democracy" argument that conservatives have made for decades. They argue that politicians in search of votes offer social programs and entitlements (e.g., Social Security, Medicare, etc.) whose costs far exceed what the nation can afford. Thus, the fiscal crisis is perpetuated by politicians who pander to the public rather than admit the hard truth that our society needs to live with less. One version of this argument holds that the additional tax burden of entitlement programs puts firms at a disadvantage in international trade, pushing the United States into economic decline as a price for living beyond its means. What's needed, House Republicans and their allies today argue, are drastic cuts to entitlements to avoid certain and devastating economic decline.

Bell had little truck with such arguments because he recognized that many types of government programs were, in fact, productive — including the entitlement programs so detested by market fundamentalists. In fact, Nordic social democracies (Sweden, Norway, Finland, and Denmark) continue to have generous entitlements: antipoverty programs have reduced the child poverty rate to about 5 percent (compared to over 20 percent in the United States), and the citizenry continues to be protected from income shocks caused by unemployment, ill-health, or old age. Meanwhile, all four of the Nordic social democracies were recently ranked amongst the most competitive economies in the world by the World Economic Forum. Rather than eroding their economic position, well-financed public programs have made Nordic nations more competitive. Substantial investments in higher education have resulted in a highly skilled labor force, and income supports have nurtured, not undermined, a risk-taking culture of entrepreneurialism and innovation.

And yet, there is also a paradox in the Nordic cases that would not have surprised Bell: though social democratic policies have been remarkably successful, social democratic parties have fared poorly at the ballot box. The pattern is particularly evident in Sweden, where the Social Democratic Party was once dominant, governing almost uninterrupted from 1932 to 1976. The party has lost two consecutive elections since 2006, and in 2010, its percentage of the total vote fell to 30 percent, as compared to 45.3 percent as late as 1994.

There are multiple reasons for this electoral decline. One factor affecting multiple European nations is that the politics of immigration has led some traditional social democratic voters to defect to anti-immigrant parties. Another factor specific to Sweden is that the largest conservative party, the Moderate Party, has abandoned some of its historic criticisms of the Swedish model as a way to attract votes from those who want to preserve their entitlements.

But consumerist individualism remains a key element in the declining fortune of social democratic parties. No less than the United States, the Nordic countries have become consumer societies in which people are continuously encouraged to pursue their own uniquely individual paths in life. In fact, certain social democratic policies such as the emphasis on gender equality have reinforced this individualism. With a solid safety net, the family is less and less an economic unit: for example, many couples cohabit rather than marry because they see no reason to subordinate their individual development to someone else or to a long-revered social institution.

Social democracy in the Nordic nations, like New Deal liberalism in the United States, is no longer a hegemonic political philosophy that can legitimate the government's right to tax or adjudicate disputes over its spending priorities. Instead, consumer culture has nurtured a focus on the sovereignty of the individual and effectively corroded the solidaristic foundations that provide the basis for liberal democracy.

3.

To date, the most politically successful response to the fiscal dilemma Bell identified has been proffered by anti-tax conservatives. In response to the 1978 success of Proposition 13 in California, this anti-tax movement launched a decades-long "permanent tax revolt," that seeks to cut taxes at all levels of government. As Grover Norquist, one of the movement's key strategists, once told Mara Liasson on NPR, "I don't want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub." The consequences of the tax revolt are now being felt across the nation as state governments make deeper cuts in spending for education, health care, and basic social services on which significant sectors of the population depend.

While riding the tax-revolt tiger has been a great political strategy for the Right, it leaves their political leaders with no effective means of governing postindustrial societies. Former President George W. Bush tried the approach of cutting taxes *and* increasing public sector spending, but the economy blew up on his watch and his own political popularity cratered. Yet the recent experience of the Conservative Government in England shows that the opposite tactic — cutting both taxes and spending— tends to produce a weak economy and high voter dissatisfaction. Moreover, as we have seen in the United States since 2008, both large deficits and slow growth work to push conservative voters further to the right as they embrace ever more radical schemes for slashing state spending. The intensification of the Right's anti-government ideology constitutes the deep threat to a liberal society about which Bell warned because of its potential to engender years of destructive political stalemate.

The Center-left largely ignored Bell's warnings until a long series of electoral defeats in the 1980s forced them to search for solutions. We can identify three distinct strands of response, each with a mixed and uneven history. The first are reframing efforts designed to persuade the electorate that the public sector is worthy of support. For example, former President Bill Clinton campaigned in 1992 by emphasizing the need for "public investment" to get the economy going again, and President Obama used similar rhetoric in the 2008 election. While the framing was helpful in both elections, neither president persuaded the public that an expansion of government efforts was necessary. Both times, Republicans were able to use familiar anti-tax and anti-spending rhetoric to make dramatic gains in the very next election cycle.

Outside of the framework of presidential campaigns, efforts to change the discourse have been similarly ineffective. A number of progressive think tanks and consultants have tried to find fresh ways to make the public sector sound better to the public, but such efforts have not deterred conservative politicians from demonizing schoolteachers, firefighters, and police.

The inadequacy of reframing is especially evident in California. Over the last 20 years, the state's electorate has become reliably Democratic. With higher rates of union density than most other states and growing voting blocs of Latinos and Asian Americans, the state has produced a series of strongly liberal political figures. But despite a real shift in the state's political debate, the same electorate that routinely returns Democrats to all statewide offices still votes down most ballot measures that threaten to increase taxation. While the permanent tax revolt no longer leads to the election of Republicans, it still has enough power to block tax increases and thereby force the state to enact draconian budget cuts.

Other liberal responses rest on the idea that the legitimacy of the public sector is directly connected to a sense of civic engagement and the vitality of "civil society" — the institutions that lie between the individual and government. This theory has been elaborated most fully by Robert Putnam in *Bowling Alone* and in other writings. Putnam argues that belief in and support for the public sector depends on building thick networks of civic groups, including veterans' organizations, bowling leagues, fraternal organizations, and other voluntary associations. The implicit claim is that as people come to involve themselves more in such activities, they learn to be a little less selfish, a little less focused on their own needs, and more respectful of the public sector's need for resources. While many initiatives to rebuild civic engagement, particularly in poor and minority communities, are admirable, there is little reason to imagine that such efforts provide a real solution to the problem Bell identified. As Tea Party groups demonstrate, those who "bowl together" can simply reinforce one another's deep conviction that taxation is an illegitimate appropriation of resources that belong to the individual.

A third strand of response is intellectually more serious but has had even less resonance or impact than the other two. This approach builds on arguments that Bell developed in the introductory chapter of *The Cultural Contradictions of Capitalism* called, "The Disjunction of Realms." Bell suggests that our political difficulties are rooted in our ways of understanding society. According to Bell, we are still seeing the world through the lens of 19th century thought that understood society in holistic terms — a unified entity in which culture and politics are fundamentally shaped by the prevailing economic institutions. Bell attacked the view, common to both market liberals and Marxists, that our society is inevitably structured by production arrangements — the imperative to maximize economic output. Market liberals insist that we need limited government in order to allow the private market economy to deliver goods and services efficiently, while Marxists argue that only a transition to socialism will allow humanity to make the best use of the productive forces built up over decades of industrial growth. Both sides envision a harmonious society in which politics and culture are properly aligned with the demands of a productive economy.

Bell rejects this view and posits that if we are to understand contemporary society we need to discard these unitary and deterministic frameworks. He insists that economics, politics, and culture are separate realms; each operates according to quite different axial principles. Creating a good society is not a question of subordinating two of these realms to the imperatives of the third; it is rather a question of finding ways to allow the realms to coexist while each retains a significant degree of autonomy.

In his book, *Spheres of Justice,* the political philosopher Michael Walzer builds on this argument. While Walzer elaborated his argument in response to John Rawls and other theorists of justice, he, like Bell, incorporates the idea of multiple social realms or spheres into his philosophy. He argues that the economic reward system is only one of a number of separate social spheres, and each distributes resources according to different principles. Walzer insists that even in a highly market-oriented society, we do not simply allocate political offices or Nobel prizes or social esteem to the people with the most money. In politics, offices are distributed to those who get the most votes. In science and fine art, those who are seen to be most creative are showered with status and awards. In health care, we have at least a theoretical conviction that those with the greatest need should get the most health care services. Walzer's argument is that a new political philosophy could be grounded in the need to preserve the precarious integrity of each of these separate spheres of distribution.

In place of the old socialist ideal of equality wherein everyone receives the same resources, Walzer argues for "complex equality" which means that those who have the most money or political power will not be able to dictate the distribution of resources in the other spheres. To use the most obvious example, public financing of political campaigns could significantly reduce the capacity of the rich to translate their money into political influence and power. Or the idea of complex equality could provide the grounding for what social democratic societies already do — prevent people with money from getting their children into better schools or jumping the queue in the health care system.

One strength of Walzer's argument is that our society already has these different distributional principles. Most people understand that there are certain things that should not or must not go to the highest bidder. Imagine, for example, what would happen to our judicial system if lawyers could change sides in the middle of a case when the other side offered them a larger fee. The separation of various spheres is also conceptually similar to the separation of powers enumerated in the American Constitution, in which the executive, legislative, and judicial branches are interdependent while operating on quite different principles.

While Walzer does not directly take on the citizenry's willingness to pay taxes, his argument suggests that the idea of complex equality could help legitimize government. Both public policies and public provision of certain goods are necessary to protect the integrity of spheres that might otherwise be corrupted by distribution to those with the most dollars. At the same time, the idea of complex equality should appeal to those preoccupied with fears of governmental tyranny since both political and economic elites would be blocked from using resources in one sphere to claim a disproportionate share of resources in other spheres.

Walzer's ideas are important, but his contribution still does not constitute the new political philosophy that Bell had in mind. That would require more work to explain how complex equality is, in fact, the best way to fully empower the individual citizen. As discussed earlier, even in those social democratic societies that have successfully limited the ability of those with the most money to tilt distribution in other spheres, support for social democratic parties has been declining. In short, even there, the idea of "complex equality" cannot easily be turned into a persuasive bumper sticker.

4.

Thirty-five years ago, Bell correctly identified the issue that has become the pivot of our politics ever since and, as Bell suggested, solving the problem requires nothing short of a fundamental paradigm shift in how we think about society. This paradigm shift requires two steps. First, we need to move beyond the 19th century idea that society is a unitary entity that necessarily revolves around the organization of the economy. As Bell realized, it is vital that we transcend market liberalism with its insistence that we live in a market economy and have no choice but to obey its commands. Unfortunately, in the years following the publication of *Cultural Contradictions*, those market liberal views have become ever more dominant, surviving even the 2007–2009 financial meltdown that they were instrumental in creating.

Bell's view is that we live simultaneously in a polity, in a culture, and in an economy, and each of them makes different and conflicting demands on us. But preserving a liberal society requires that no single one of these realms be dominant. Dominance by politics gives us the totalitarian regimes of the mid-20th century. Dominance by the economy looks like Dickensian England with its dark satanic mills. And dominance by culture produces theocratic regimes with virtually no personal freedom.

But this is only the first step. The second and even more difficult step is to articulate a political philosophy that tells us how we can give each of these realms their due without allowing one of them to dominate over the others. Bell urged us to take up this task over three decades ago. We have already paid an enormous price for ignoring his counsel. As he predicted, the survival of a recognizably liberal society could depend on our ability to rise to the challenge. /

AN ENVIRONMENTAL JOURNALIST'S LAMENT

HANNAH NORDHAUS

In the fall of 2006, honey bees began dying in strange and unsettling ways. Entire colonies flew off en masse and simply vanished. More than a third of America's commercially managed hives collapsed in 36 states. In Europe, India, and Brazil, many beekeepers saw up to 90 percent of their colonies fail. Scientists named the phenomenon "Colony Collapse Disorder," or CCD, and the news of the honey bee's alarming decline was reported in media outlets everywhere. With one-third of the nation's crops pollinated by bees, concerns grew about what the honey bee's decline might portend for us. How would we feed ourselves if all the bees disappeared?

Speculation about the causes of the disorder ran from genetically-modified corn, to a sinister Chinese fungus, to cell phone transmissions that led foragers astray ("They get distracted talking and never get any work done," someone quipped in a beekeeper chat room). But very quickly, many journalists settled on neonicotinoids — pesticides that are applied to more than 140 different crops — as the likely culprit. It seemed a familiar story of human greed and shortsightedness. With their callous disregard for nature, big chemical companies and big agriculture were killing the bees — and threatening our own survival.

With the benefit of time, it has become clear that the story was a lot more complicated than that. But the rush to judgment and the end-of-days narratives it spawned should serve as a cautionary tale for environmental journalists eager to write the next blockbuster story of environmental decline. I should know. I almost wrote that story myself.

1.

As fate would have it, I was preparing to publish a feature about a colorful commercial beekeeper named John Miller in *High Country News*, a Colorado-based environmental magazine, when the colony collapse story broke. Miller keeps around 10,000 hives, trucking them around the country to pollinate crops and struggling mightily to keep his charges alive. With bees in the headlines, I did a quick rewrite and the story garnered more views on the magazine's website than any article in its history.

It was just the kind of break every journalist hopes for, and soon I was fielding inquiries from publishers interested in producing a book on the subject. They envisioned a hard-hitting investigation into big beekeeping, big agriculture, and the looming pollination crisis — with heroes, villains, and impending ecological apocalypse. It would, like Rachel Carson's *Silent Spring* — the 1962 bestseller that linked DDT to plummeting bird populations and human cancer and launched the modern environmental movement — chronicle the crimes of industry against nature. Substitute bees for birds and neonicotinoids for DDT, add a dollop of outrage, and voilà: *Silent Spring* II.

This sounded appealing. I had more to say about John Miller, his bees, and his daft and unrequited passion for these difficult creatures, and I had always wanted to write a book. But there was a problem: I had just had my first child, who brought me great joy but also considerable delays in putting together a book proposal. As I swaddled and dandled, other environmental journalists got to work. In 2008, a number of bee books hit the bookshelves.

These books had a lot in common with the original idea I had bandied about with publishers: they expounded on CCD and America's pollination crisis; they chronicled the crimes of the pesticide industry against bees; they evoked *Silent Spring*. Some also prominently employed a quotation attributed to Albert Einstein, one that had appeared in numerous articles since the crisis began: "If the bee disappeared off the surface of the earth, man would have no more than four years to live." This was an eye-opening quote, impressing upon readers the gravity of the situation: if the smartest guy ever was alarmed about the disappearing honey bee, we too should be afraid, right? Right — except there's no evidence that Einstein ever said it. Einstein died in 1955; the first known mention of the quote appeared in 1994, in a pamphlet distributed during a political protest staged by French beekeepers objecting to the high cost of sugar for feeding bees and a proposed reduction of tariffs on imported honey.

And there's also this: it simply isn't true. Honey bees are a crucial link in our agricultural system. They pollinate over 90 fruits and vegetables, including blueberries, canola, cherries, watermelon, lettuce, and almond trees. Bees are industrious, they are prolific, and they are mobile; there is no pollinator better suited to plying the landscape of modern agriculture. Without them, many crops would sputter or fail and our diet would be a far more lackluster affair.

But the honey bee's disappearance wouldn't necessarily mean the end of humanity. It wouldn't even mean the end of industrial agriculture. Much of our agricultural production does not require the pollination services of bees, and people have lived in lots of places where honey bees haven't. Humans dwelled for millennia in North America, for instance, before the European honey bee (the species found in most of the world's apiaries) arrived from England around 1620, on the same boats that brought the nation's first colonists and their crops. Honey bees have traveled the paths of human migration from Africa to Europe and Asia, then to North America, and they have flourished in most places. If they weren't so useful, you might even be tempted to call them an invasive species.

Honey bees have also disappeared before. In 1853, Lorenzo Langstroth, the 19th century beekeeper who invented the modern hive, described colonies that were "found, on being examined one morning, to be utterly deserted. The comb was empty, and the only symptom of life was the poor queen herself." In 1891 and 1896, large clusters of bees vanished in a case known as "May Disease." In the 1960s, bees vanished mysteriously in Texas, Louisiana, and California. In 1975, a similar epidemic cropped up in Australia, Mexico, and 27 US states. There were heavy losses in France from 1998 to 2000 and also in California in 2005, just two years before CCD was first diagnosed.

In fact, honey bees have been on human-assisted life support for a long time now. Much recent coverage of CCD has implied that America's recent honey bee apocalypse began in 2006, but it really began 20 years ago, when a vicious little mite arrived from Asia and wreaked havoc on American apiaries. Thanks to a relentless onslaught of global pests and pathogens since then, "wild" bees (which were never in fact wild, but feral — the offspring of swarms that had escaped from managed hives) have been wiped out across much of the United States. The bees that have survived are, with very, very few exceptions, commercially managed ones, kept aloft only by the efforts of determined beekeepers like John Miller.

Indeed, there's nothing at all "natural" about the presence of honey bees in most places in the world. They're not native. Most of the plants they pollinate aren't native either. The modern honey bee is largely a human creation. You wouldn't know it from the media coverage, but for all the carnage in recent years, the actual number of honey bee colonies in the US has held steady, thanks to a robust queen-rearing industry that churns out hundreds of thousands of new queens each year. While honey bees are now experiencing worldwide die-offs, their populations are still much higher than in the past, thanks almost entirely to the commercial beekeeping industry.

So maybe the fictitious French Einstein had it backwards: if man disappeared off the face of the earth today, most European honey bee colonies would certainly have no more than four years to live.

2.

Covering the fate of the bees, and all the symbiotic relationships in which they are enmeshed — with flowering plants, with their keepers, with the farmers who need commercial beekeepers to pollinate crops — has called my attention to another troubled symbiotic connection: the one between journalists and environmental disaster.

Take last summer's BP oil spill in Louisiana. Covering the spill was the Super Bowl of environmental journalism. You couldn't have asked for a better disaster: the never-ending gusher, the oiled birds and tar balls, the callous foreign corporation and corrupt government agency. Everyone wanted in on the story, and many of my journalist friends sent delighted updates on Facebook about being sent to the Gulf Coast to cover the environmental story of the decade. I viewed their messages with envy — because after having another baby, I was in no position to go off chasing oil slicks — but also with a certain discomfort I couldn't put my finger on until recently, when *New Yorker* staff writer Raffi Khatchadourian published an exhaustive investigation into the spill.

Khatchadourian disputed the notion that the BP-funded response to the spill was mismanaged and willfully negligent, as much of the contemporary coverage implied. He described an enormous effort that, while necessarily improvised and Byzantine, was mostly effective in cleaning up and dispersing the oil.

More of a disaster, he argued, was the media coverage of and political response to the spill. In the early days after the *Deepwater Horizon* sank, says Khatchadourian, there were lots of tight-focus shots of oily marshes, with "suffocating swirls of shimmery crude and sickly pelicans. The scenes were riveting and heartbreaking," he wrote, "but they fundamentally misrepresented the situation." There was, in fact, very little oil to be found in Louisiana's marshland. With just 25 miles of "heavy oiling" on the entire 1,600-mile Gulf coastline, "One had to travel, sometimes an hour or more, to see the oil — one had to hunt for it."

But of course, hunt we did, and those images — sensationalized depictions that exaggerated the spill's damage — often spurred responders and politicians to insist on measures that were costly, ineffectual, and perhaps even harmful. It will be years before we fully understand the long-term effects of the oil and dispersants on the Gulf ecosystem and human health, but the Gulf of Mexico is thought to absorb more than 50 million gallons of oil a year from natural seeps in the ocean floor, and its biology is remarkably well-adapted to absorbing oil. It's less well-adapted to the dredging and building of artificial berms, and the placing of booms that Gulf Coast lawmakers insisted BP install in many ecologically sensitive areas as public outcry mounted. In his story, Khatchadourian asked the question that lingered in the back of my head all summer: is it possible that the breathless coverage of and knee-jerk responses to the disaster actually made the ecological damage worse?

The honey bee's recent problems have occasioned a similar rush to judgment. Before any studies had been conducted on the causes of CCD, three books and countless articles came out touting pesticides as the malady's cause. Had I been able to turn a book around quickly, I might have leapt to the same conclusions. But I was late to the party, and as more studies came out and I came to better understand the science, I became less and less convinced that pesticides provided a convincing explanation for beekeepers' losses.

In June 2009, a comprehensive USDA report reached the same conclusion: "It now seems clear that no single factor alone is responsible for the malady." Instead, a combination of factors is probably to blame — some sort of interaction between pathogens and variables such as nutrition, weather, parasites, pesticides, and the insults of long-distance beekeeping. "I go back to the death by a thousand paper cuts theory," John Miller told me. "That it's some combination of stress, accumulated pathogens, chemical materials, overstimulation, near-starvation — an accumulation of what we do."

3.

With the luxury of time, I was freed from the obligation to write the next *Silent Spring*. *The Beekeeper's Lament*, in bookstores in June, does, of course, explore the reasons bees are dying. But it also tells a complicated story about a man named John Miller, who really, inexplicably, loves bees. He loves them so much that he doesn't mind all the insults and indignities of modern beekeeping: pests and plagues and poor honey prices; droughts and deluges and the daunting logistics required to transport 10,000 hives from the northern Plains to the Central Valley and back each year. He loves them despite all the practices he has to engage in that hurt them — stacking them on semi-trucks, feeding them miticides and fungicides and antibiotics, waking them up early from their winter slumber to make him money pollinating almonds.

There are no neatly presented demons in the story. Miller is a big beekeeper who pollinates crops for big agriculture, but he's not in it to make big money; if he were, he would have gone into software sales, or real estate, or something that actually *makes* a lot of money. Still, he does manage to earn a living and keep people employed in rural economies that offer few other opportunities. That isn't as sexy or easy a story to tell as the one about the evil chemical companies and the innocent wild creatures. But I hope it's one that can illuminate the complex relationships between the food on our tables, the people who grow it, the bees that pollinate all those millions of acres of crops, and the bee guys, like John Miller, who care for those bees.

By contrast, reflexively blaming pesticides for all of the honey bee's problems may in fact slow the search for solutions. Honey bees have enough to do without having to serve as our exoskeletal canaries in a coalmine. Dying bees have become symbols of environmental sin, of faceless corporations out to ransack nature. Such is the story environmental journalism tells all too often. But it's not always the story that best helps us understand how we live in this world of nearly seven billion hungry people, or how we might square our ecological concerns and commitments with that reality. By engaging in simplistic and sometimes misleading environmental narratives — by exaggerating the stakes and brushing over the inconvenient facts that stand in the way of foregone conclusions — we do our field, and our subjects, a disservice. /

PUNK AND POSSIBILITY

DAN KREWSON

Once upon a time, Emerson, Lake & Palmer was the future of music. The 'progressive' early-1970s rock of Keith Emerson, Greg Lake, and Carl Palmer was a bombastic blend of jazz improvisation and classical structure combined with virtuosic chops and 40 tons of equipment. ELP sold millions of records, played sold-out, laser-lit arenas the world over, and was one of the most celebrated bands of its day.

Yet today, no band wants to sound like ELP, whose triple LP, *Welcome Back, My Friends, To The Show That Never Ends — Ladies and Gentlemen: Emerson, Lake & Palmer*, epitomizes the extreme bloat of the era.

Around the time ELP was conquering the globe, a group of semi-feral cross-dressers was playing for small, raucous crowds at the Mercer Arts Center, a shabby theater in Greenwich Village. The original New York Dolls made two albums and both sold poorly. But they ran in the same circles as the bands who would go on to "invent" punk, allowing the heroin-chic cool of both guitarist Johnny Thunders (perhaps the closest thing the world has produced to a Keith Richards clone) and drummer Jerry Nolan, not to mention the provocative antics of lead singer David Johansen, to seep into both the punk rock and the hair metal of the 1980s.

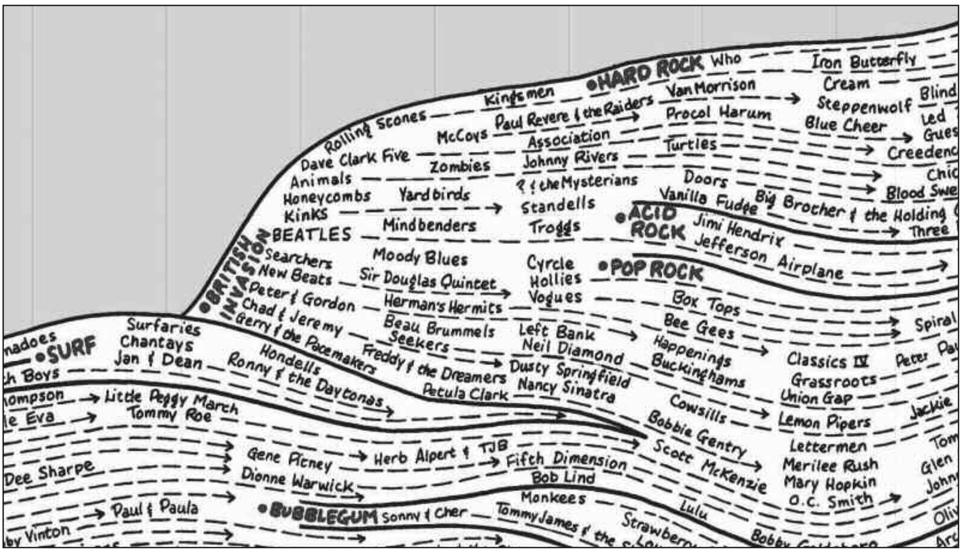
A decade earlier, The Beatles had spawned a thousand clone bands that got started playing out of their garages. Naturally, few had anything close to the Fab Four's musical genius, but what they lacked in talent they more than made up for in energy, creating new brands of psychedelic, loopy rock, and enjoying regional and (some) national success on the backs of a few hit songs. These garage bands were destined for the shadows of rock history until, in 1972, Lenny Kaye pieced their semi-forgotten 1960s psychedelic rock songs together. He called the compilation *Nuggets* (an early reference to "punk rock" appeared in its liner notes), and it provided a critical touchstone for young rockers of the 1970s.

Although lots of bands wanted to sound and act like the New York Dolls and *Nuggets* garage rockers, and none wanted to sound like ELP, all were equally critical influences for the new hard rockers of the early 1970s. Even if ELP had spawned a thousand clone bands, its influence on pop and rock could not have been greater than the *anti*-influence it provided for punk.

1.

Beginning in the early 1970s, the nature of musical influence started to change. When The Beatles and the Stones and Dylan ruled the earth, it was easy to hear the influence of artists like Chuck Berry, Muddy Waters, Bo Diddley, Pete Seeger, and Woody Guthrie — the next generation of stars sounded a bit like, and paid homage to, those who came before. But by the mid-1970s, the old, linear pattern of influence in rock (Band A influences B which influences Bands C and D) — elegantly visualized as a gently cresting wave in Reebee Garofalo's famous "Genealogy Of Pop/Rock Music" poster — was breaking down. Punk was just as influenced by what it *didn't* want to be (e.g., ELP) as it was by what it *did* want to be (e.g., post-psychedelic garage rock).

A section of the "Genealogy Of Pop/Rock Music" poster by Reebee Garofalo. Graphics services: Damon Rarey and Jean Nicolazzo



Punk peeled rock down to its core, dialed up raw distortion, and amplified its rough edges. Out with the soft, long, and baroque, in with the hard, short, and fast.

Most importantly, punk espoused an individualistic, do-it-yourself philosophy that, at least initially, encouraged bands to find their own unique sounds. The idea of emulating the bands that influenced you became passé, and you ran the risk of being ridiculed for sounding too much like your idols. ("No Elvis, Beatles or the Rolling Stones," as Joe Strummer of The Clash famously snarled on the song, "1977.")

Punk's rejection of virtuosity resulted in a great variety of sounds. The Talking Heads, Blondie, Ramones, Dead Boys, and Television had little in common except that each made music that specifically avoided easy antecedents. But despite their anti-influence pose, punks arguably had more points of influence than other musical genres because they borrowed inspiration freely from fashion, politics, and culture. Because all these influences were wrapped in a primal scream and held together with safety pins, few besides critics like Lester Bangs and Dave Marsh could parse the ways in which punk was a logical extension of earlier music.

The rough garage sound of the *Nuggets* bands would influence punk music, but just as importantly it set in motion the crate-digging, re-issue culture that would fragment and proliferate musical influences. Punk, already divided by the idea of new wave, split off into hardcore (Minor Threat), metal (D.O.A. and Black Flag), sludgy proto-grunge (Flipper), speed metal/reggae (Bad Brains), psychedelic noise (Butthole Surfers), pop feedback (Hüsker Dü), novelty (Mojo Nixon and Skid Roper), hip hop (Beastie Boys), pop punk (Avengers), and goth (Bauhaus and The Cure).

By the time MTV hit the airwaves in the 1980s, a punk band like the Germs was a little-remembered footnote in the Los Angeles punk scene. These late-1970s art rockers could barely play their instruments and made a super-abrasive brand of punk that mainly consisted of lead singer Darby Crash screaming about how miserable he felt. Crash had a Grand Canyon-sized death wish combined with an appetite for attention that led him to kill himself. (Overshadowed in death as in life, he did so the day before John Lennon was murdered outside The Dakota.) That might have been the end of that, except that a kid named Kurt Cobain loved the Germs. His band, Nirvana, would go on to conquer the world with grunge — yet another branch of post-punk rock.

2.

If untangling the lineage of scenes and sounds in the 1960s was a matter of addition and subtraction (Crosby + Stills + Nash +/– Young), by the mid-1970s it was story problems ("And after Clapton folded Derek and The Dominos..."), by the 1980s, algebra (Prince = Jimi Hendrix + George Clinton x E.T.), and by the 1990s, calculus (Primal Scream = Mahalia Jackson + Peter Fonda + Keith Richards [over] Club DJs x Ecstasy). Today, tracing musical lineage requires creating quasi-quantum equations so complex as to be nearly unintelligible (Fleet Foxes = Brian Wilson + Gregorian Chant + [David Crosby x Vashti Bunyan] / [Neil Young + Maurice Ravel + Marvin Gaye]).

Punk had a big hand in introducing this complexity. While bringing rock back to its basics, punk opened up popular music, creating a much wider field of influences. Now, almost any musician (including country folks like Steve Earle and Michelle Shocked) can legitimately, and with a straight face, claim punk's influence.

In many ways, punk's legacy is such that it is now a mark of sophistication among artists to draw from a constellation of influences, just as it was once stylish for prog rockers to draw upon classical music.

Consider Top 40 rapper KiD CuDi. Born in 1984, CuDi unapologetically channels Pink Floyd over Grandmaster Flash. He rhymes about outer space instead of the ghetto and samples Lady Gaga rather than James Brown. He combines orchestral strings with turntable scratching. He references Facebook, Carl Jung, and insomnia, embracing big pop hooks that helped his record debut at number four on the *Billboard 200*. Asked about his wide-ranging sound and influences, CuDi said, "I did want to make something that would baffle the critics, as far as putting it in a certain genre; I wanted them to have a hard time doin' it."

How many ways can you split the musical atom? And if you splice it enough times, do all artists become unique genres unto themselves? Lady Gaga sure thinks so. She was influenced by Freddie Mercury and Madonna, but carries herself like a disco diva, D-I-Y punk. She might think she's the next New York Dolls, heralding a stylish new future in music, but we should all hope she's the next Emerson, Lake & Palmer — a vapid monument to excess that inspires another messy, beautiful, musical insurrection. **/**

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