HOOVER DIGEST

RESEARCH + OPINION ON PUBLIC POLICY
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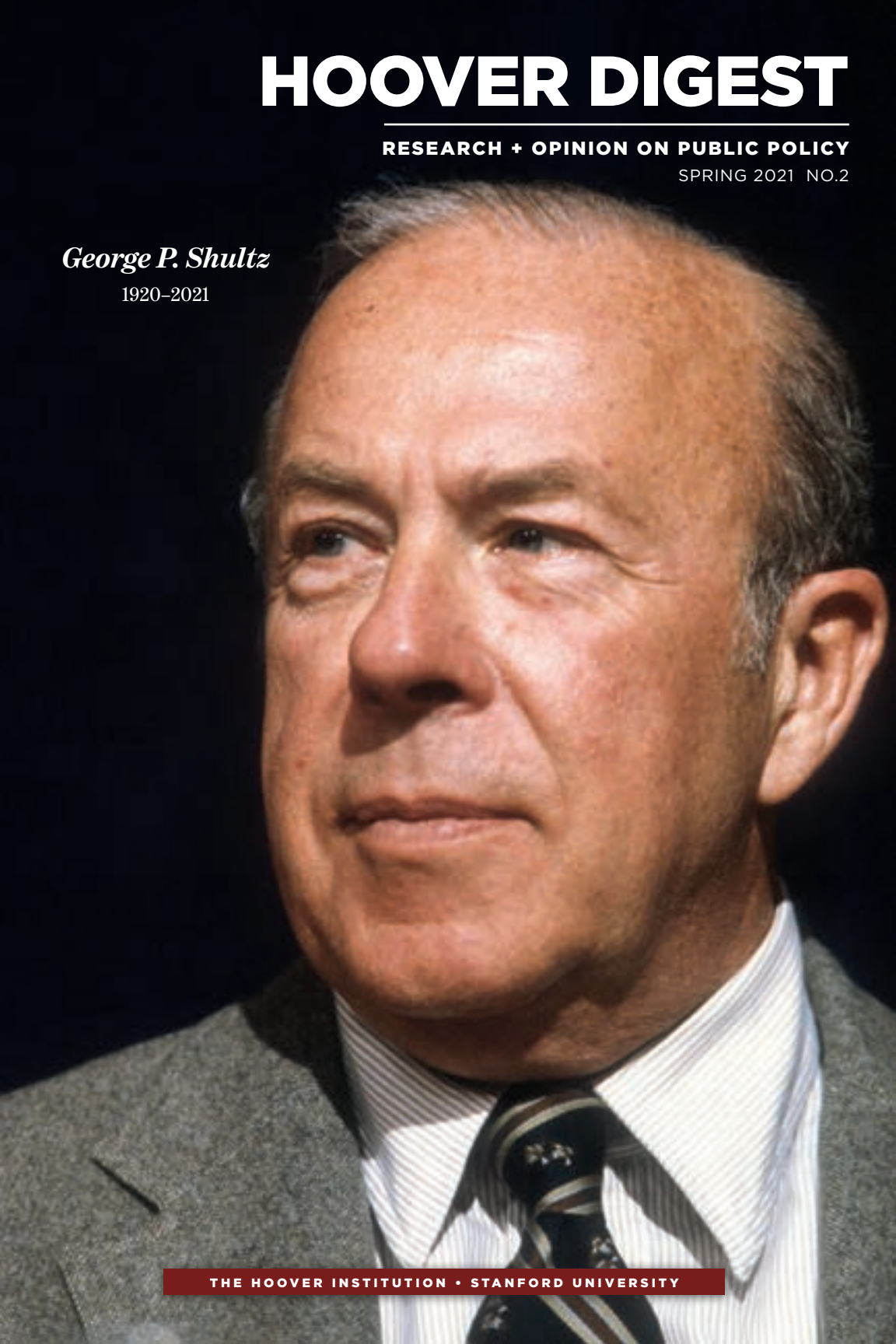
George P. Shultz
1920–2021



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ON THE COVER

George P. Shultz, the Thomas W. and Susan B. Ford Distinguished Fellow, had a long, productive career of public service. Hoover director Condoleezza Rice writes in tribute: "George was a statesman—a leader, a teacher, and a man who valued all that is just. He tirelessly served this nation with pride. . . . George's passing represents a tremendous loss not only for the Hoover community, but for our nation and this world." **See special section starting on page 9.** *[Cover photograph by David Hume Kennerly. © Center for Creative Photography, Arizona Board of Regents]*

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Spring 2021

HOOVER DIGEST

GEORGE P. SHULTZ (1920–2021)

THE ECONOMY

The Shultz Way

The irreplaceable "Great Convener" never lost sight of his goal—and his greatest talent was leading others toward it.

By John F. Cogan and John B. Taylor

To the world, George P. Shultz was one of the twentieth century's most consequential people—a giant of economics and diplomacy. The man we knew had a unique ability to translate ideas into policies. Call it "the Shultz way."

It always began with a goal. He wanted to expand liberty and prosperity and knew free markets were the best way to do it. At Princeton he'd been a varsity football player, and he often used sports analogies. The "accountability factor is unavoidable in all sports," he'd say. "The free market system is one of accountability, which will work relentlessly against bad performance and reward the good."

In developing policies, the Shultz way took account of the politics surrounding an issue but never lost sight of the goal. In 1971, as director of the Office of Management and Budget, he explained his approach to policy making in a speech to the Economic Club of Chicago. "Those of you familiar with sailing know what a telltale is—a strip of cloth tied to a mast to show which

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way the wind is blowing," he explained. "A captain has the choice of steering his ship by the telltale, following the prevailing winds, or to steer by the compass. In a democracy, you must keep your eye on the telltale, but you must set your course by the compass."

His policy approach focused on the long term. He sought to identify challenges as they emerged and develop policies to ensure that they didn't become problems. He loved bringing people together to hash out policy solutions. Shultz was the "great convener." He regularly gave dinners and lunches at his house on the Stanford campus or in San Francisco. He held seminars in his conference rooms at the Hoover Institution, bringing together diverse groups of academics. He hosted Nobel laureates like Milton Friedman and Gary Becker at an annual economists' weekend in Monterey. Policy makers of both parties—including former presidents—eagerly accepted his invitations and will miss them now that he is gone.

He loved bringing people together to hash out policy solutions.

These get-togethers were, in part, social. But they also had a more important purpose: to develop big policies and figure out how to turn ideas to action.

Shultz's meetings produced many policy papers and op-eds. He would suggest a topic and drafts would circulate. In the Shultz way, it didn't matter whether the policy ideas came from liberals or conservatives. Ideas were judged on their merits. He was a Republican, but his approach to policy development was nonpartisan. The Shultz way focused on steering the discussion to managerial or administrative actions that didn't violate principles.

"Trust is the coin of the realm" was his famous phrase. In Shultz's view, mutual trust was necessary to achieving progress in all walks of life. Between a government and its diverse citizens, it was essential: "Above all, governing diversity requires trust among all. Without trust, regulations to impose standards of conduct proliferate . . . bringing more and more litigation, which only keeps diverse people apart and obstructs the goal of *E pluribus unum*."

The Shultz way recognized the importance of public and private institutions. As dean of the University of Chicago's business school, leader of four government cabinet agencies, and a Hoover and Stanford figure, he devoted himself to institutional improvements. He also built new institutions. He once threw a party for the famous economist Robert Solow, who was visiting from MIT. Shultz noticed that his Stanford friends didn't seem to know each other very well, so he started a new campus think tank—the Stanford Institute for

THE GO-BETWEEN: Secretary of State George Shultz, center, confers with President Reagan and Treasury Secretary James Baker after a G-7 summit in June 1988 in Toronto. Whether in or out of government, Shultz held a view that emphasized the importance of mutual trust to achieving progress. [White House Photographic Collection]

Economic Policy Research—to give them a place to meet and share ideas. It thrives today.

Shultz recognized that true wisdom comes from a lifetime of learning. When he was in the Marines during World War II, a drill sergeant handed him a weapon, saying, "Never point this rifle at anybody unless you are willing to pull the trigger." He carried that lesson with him through life, and it informed his approach to diplomacy. "No empty threats," he would often say.

In the Shultz way, ideas are judged on their merits.

We live in partisan times. A little bit of the Shultz way could help us meet our bigger challenges. Sometimes the other side has a good idea. If you never sit down and talk, you might never hear about it. Trust is the coin of the realm.

Sage of the Market

George Shultz shone especially bright in his economic insights, which improved the lives of millions of Americans.

By Michael J. Boskin

George Shultz is best known as President Reagan's secretary of state. Their close working relationship enabled them to limit nuclear weapons, help end the Cold War, and champion human rights. Words like *great* and *extraordinary* have been so debased nowadays that they sound out of place even when they are truly deserved. In fact, words may fail to convey the depth, breadth, and enduring impact Shultz had on the world, and on economic policy in particular. While melding, as he put it, ideas into action, he never lost his grace, humility, and integrity.

I had the privilege of working closely with him for five decades on a wide array of public policy issues, when we were each in and out of government and at the Hoover Institution. He became a cherished colleague, mentor, and role model to me and many others. And he was a close friend: I was a pallbearer at his first wife's funeral, and he saw my wife through my life-threatening emergency surgery.

Michael J. Boskin *is the Wohlford Family Senior Fellow at the Hoover Institution and the Tully M. Friedman Professor of Economics at Stanford University. He is a member of Hoover's task forces on energy policy, economic policy, and national security, and contributes to Hoover's Human Prosperity Project.*

George thought strategically, with a view to the long term, which he attributed to his training as an economist. Be a compass, not a weathervane, was his modus operandi.

In four cabinet positions and a lifetime of advising American political leaders at the federal and state level, he profoundly affected policies on labor strikes and racial inequities; budgets, debt management, and tax reform; trade and exchange rates; regulation; money and interest rates; entitlements and education; and drugs and the environment.

LASTING IMPROVEMENTS

Our many personal interactions began in 1973 when, as US treasury secretary, he asked Martin Feldstein and me to advise the Filer Commission, which he and Wilbur Mills, then the chair of the powerful House Ways and Means Committee, had promoted to recommend policies toward private philanthropy. George and I often ruminated that the large role of private philanthropy relative to government was an important factor underlying America's success. Our research found that the tax deduction for charitable giving had a sizable impact on the level of philanthropy, and the commission's report was essential to fending off abolition of the deduction.

Soon thereafter, George and I met with California Governor Jerry Brown, who wanted advice on his budget. He tried to persuade us to support building an ever-larger surplus. We advised him that doing so would invite trouble, given that high inflation was driving people into higher tax brackets and sending property tax assessments soaring. Structural tax reform and reduction made more sense. California's famous Proposition 13, which capped property taxes, ended Brown's plan.

In 1979, George invited a few economists to his home for dinner with Ronald Reagan, who was seeking the Republican Party's presidential nomination. He wanted me to push Reagan on the nuances of supply-side economics, while Milton Friedman pressed him to back a potentially painful disinflation. Reagan responded that lower tax rates would recover all revenue only if rates were high enough or were on activities extremely responsive to taxation, but that they would unleash the economy's dynamism well before that. And he pledged firm support for disinflation. His answers were perfect, and he realized them as president.

George and the economist Martin Anderson then asked me to join Reagan's campaign. I helped prepare Reagan for the candidate debates and develop the tax policies that led to lowering marginal rates, indexing tax brackets

FISCAL FITNESS: Former Republican governor of California Arnold Schwarzenegger (center) was among the beneficiaries of the economic advice of George Shultz, left. Investor Warren Buffett stands at right. Shultz had previously advised California Governor Pete Wilson on economic matters. Friends and colleagues admired Shultz's broad ability to tackle problems ranging from world peace to road repair. [Jose Carlos Fajardo—ABACA]

to inflation, accelerating depreciation, and introducing tax-deferred saving (partly based on my research on the effects of taxes on saving).

These were historic improvements in the tax code. But an overdue defense buildup and difficulty in reducing other spending led to budget deficits that seemed large at the time. Today they are dwarfed, adjusted for the business cycle, by the Obama, Trump, and now Biden deficits.

FROM WORLD PEACE TO ROAD REPAIR

After I returned from the White House, George led a small group to advise California Governor Pete Wilson on fiscal and other issues. When Los Angeles was crippled by the devastating Northridge earthquake in 1994, George solicited ideas. I suggested that Wilson use emergency powers to waive the approvals that took years to process after the 1989 earthquake in the Bay Area. Our team honed the plan, which included financial incentives for speed and fines for delay, and Wilson ran with it. The freeways were rebuilt in

weeks, not years, preventing LA's notorious traffic gridlock from becoming economically ruinous. We later gave the same advice to Governor Arnold Schwarzenegger in a less severe situation.

That was quintessentially George: work on problems from world peace to road repair, find solutions, and do what you can to make things better.

In President Richard Nixon's White House, he pushed (with strong urging from Friedman) to end dollar convertibility to gold, paving the way for an international trade regime with flexible, not fixed, exchange rates, which became a key part of Nixon's 1971 New Economic Policy. Unfortunately, another key part was disastrous wage and price controls, which George unsuccessfully opposed.

George never lost sight of, indeed always emphasized, that economic policy is about people's lives.

George's astonishing ability to get to the essence of complex situations and devise a way forward wasn't just about analysis, charts, and data. He never lost sight of, indeed always emphasized, that economic policy is about people's lives. Affirmative action to achieve racial or gender balance is often criticized as imposing harmful quotas. Even deep blue California voters decisively rejected such policies in state hiring and education. But, as Nixon's labor secretary in 1969, George initiated affirmative action to end a quota of zero black people in the Philadelphia building trades.

George worked until the end—including on our federalism project—and left the world a better place with his ideas, service, mentorship, and the example he set of using intelligence, experience, and fortitude to tackle hard problems with a big heart. Rest in peace, wise, humble giant.

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A Diplomat's Diplomat

How an "impossible dream" of freedom became, in one secretary of state's practical hands, a reality.

By Paul Wolfowitz

George Shultz was perhaps the twentieth century's most consequential secretary of state, a group that includes George Marshall, Dean Acheson, and Henry Kissinger. Between 1982 and 1989 Shultz and President Ronald Reagan forged a relationship with Soviet leader Mikhail Gorbachev that brought a peaceful end to the Cold War and relative freedom to some four hundred million Soviet subjects—an impossible dream when Reagan took office in 1981.

Reagan had a sign on his desk: "There is no limit to what a man can do, or how far he can go, if he doesn't mind who gets the credit." Shultz was happy to credit Reagan for their joint achievements, which the secretary attributed to the president's willingness to challenge conventional wisdom and change "the national and international agenda on issue after issue." Shultz viewed his role as providing the diplomacy to realize that vision and to improve it. Sometimes that meant telling the president he was wrong, as with the Iran-Contra scandal or the president's erroneous statement that there had been "fraud on both sides" in the 1986 Philippine election.

***Paul Wolfowitz** served as assistant secretary of state for East Asian and Pacific Affairs, ambassador to Indonesia, and deputy defense secretary. He is a visiting scholar at the American Enterprise Institute.*

Shultz would be the first to say he was lucky to work with a great leader. Both men recognized they were lucky to have Mikhail Gorbachev as a counterpart. Shultz seized that luck to forge a trusting relationship between the two leaders and between himself and Foreign Minister Eduard Shevardnadze.

"Trust is the coin of the realm," Shultz believed, an adage he used as the title for an essay reflecting on his hundredth birthday last December. Characteristically, when Shultz called out China in the *Wall Street Journal* last August for "wrecking Hong Kong," he emphasized that China had "lost international trust," making it "difficult to form future deals with China's leadership."

Even before Gorbachev's ascent, Shultz began building trust with the Soviets on human rights, an issue on which there was no agreement on fundamentals. To resolve an impasse over a group of persecuted Pentecostal Christians sheltering in the US Embassy in Moscow and seeking asylum, Shultz made a deal to get them out of the Soviet Union in exchange for Reagan's promise not to "crow" about it. "It was significant," he said years later, "that Ronald Reagan's first diplomatic achievement with the Soviets—largely unknown to the public—was on an issue of human rights."

Shultz was anything but flashy. The press might have preferred exciting speeches, but he was more interested in results.

That small success provided the basis for a larger one under Gorbachev—a breakthrough was reached on the emotionally and politically charged issue of the "refuseniks," Soviet Jews who had long been denied permission to emigrate to Israel.

The confidence established between Reagan and Gorbachev and their foreign ministers was so strong that Shevardnadze told Shultz privately in the fall of 1987, almost five months before the public announcement, that the Soviets would leave Afghanistan. That made it possible to begin discussing how the two countries would deal with their respective Afghan allies after the Soviet withdrawal.

Shultz's successors would do well to remember three aspects of his diplomacy.

First, he knew that diplomacy requires strategy, setting goals and working toward them over time. "Confronting tremendous problems" on coming into office, Shultz wrote, "the economist in me asked, 'Where are we trying to go,

FRUITS OF TRUST: The rapport between Secretary of State George Shultz and Soviet leader Mikhail Gorbachev, shown in 1987, led to a Reagan-Gorbachev partnership and a historic rapprochement between two Cold War adversaries. Shultz, who first cultivated a working relationship with the Soviets on the issue of human rights, followed a steady diplomatic course built on reflection and action. [Sputnik]

and what kind of strategy should we employ to get there?' recognizing that results would often be a long time in coming."

Second, he understood that strategy requires reflection. That means confronting what Shultz's friend and colleague Paul Nitze called the "tension between opposites"—between reflection and action. The flood of decisions demanding the secretary's attention left little time to think about the big picture. Accordingly, Shultz created his "Saturday seminars," to which he would invite a diverse group of experts to explore with him for several hours key aspects of important issues.

Third, even with the best effort to set the right direction, many factors are outside a diplomat's control. For him, it was a pursuit more like gardening than architecture or engineering, where you can build according to a

plan. “If you keep the weeds out and apply fertilizer regularly,” he would say, amazing things may grow. He was anything but flashy: the press corps might have preferred exciting speeches, but Shultz was more interested in results than headlines. And he remembered that sign on Reagan’s desk.

When Ronald Reagan took office in 1981, a peaceful end to the Cold War was incomprehensible.

Shultz displayed so much energy and good humor at the teleconference celebration of his birthday last December and he was writing so thoughtfully, even in his hundredth year, that it seemed reasonable to hope we could have the benefit of his wisdom for a few more years. Fortunately, we can still learn from his writings and from his example. ▪

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A Discerning Heart

Remembering my friend, a man of **wisdom and humility.**

By Henry A. Kissinger

George Shultz came into my life some fifty years ago and never left it. He was secretary of labor, but President Nixon asked him to study the trend in oil prices because before coming into government George had been an economist at the University of Chicago and the Massachusetts Institute of Technology. I was Nixon's national security adviser and George called on me to discuss a conclusion he thought might affect my policy portfolio.

The price of oil was then around $3.35 a barrel, but George warned me that US production was projected to fall considerably; a greater reliance on imports was therefore inevitable. The price of oil would rise—perhaps precipitously. The bargaining power of foreign oil producers would skyrocket. Events proved George right.

His career in government continued as director of the Office of Management and Budget and treasury secretary. His calm demeanor made him influential in interagency discussions. Colleagues knew that when he raised issues, it was out of deep concern. Never seeking personal

***Henry A. Kissinger** is a distinguished visiting fellow at the Hoover Institution. He served as secretary of state and national security adviser in the Nixon and Ford administrations.*

FOR THE FUTURE: Former secretary of state Henry Kissinger, right, chats with George Shultz before a panel discussion on a favorite shared topic, "A World Free of Nuclear Weapons," in 2010 in Berlin. Kissinger recalls an interfaith prayer Shultz led five years ago: "Dear God, please bring common sense and divine guidance to our work on the problems that nuclear weapons pose to our world. . . . We must eliminate these weapons in order to preserve a sane and peaceful world." [Gero Breloer—DPA]

advancement, always expressing sincere convictions, George invariably became a driving force on every committee. Our relationship evolved from association to partnership, and then to a friendship that lasted for the rest of our lives.

After the Nixon years, he served as president of the Bechtel Corporation before returning to government as secretary of state in the Reagan administration. In that capacity he built a cooperative relationship with China and greatly expanded cultural and economic relations. Contrary to today's revisionist narrative, the US-China relationship at that time was based on specific, shared strategic benefits. With his Soviet counterpart, George negotiated the Intermediate-range Nuclear Forces Treaty, the only Cold War agreement that eliminated a category of nuclear weapons. The crowning achievement of George's diplomacy was to see the Cold War to a peaceful conclusion.

For all his proximity to presidents and important roles, George was never seduced by the trappings of power. "It's a great mistake to want the job too much, because then you do things to keep the job that you probably wouldn't do otherwise," he once said. His equanimity was not contrived; outer composure reflected an inner serenity.

In the last two decades of George's life, the control of nuclear weapons became his chief preoccupation. He approached nuclear arms control the same way he tackled every other issue of public importance—by engaging in deep study, assembling the best group of advisers, and then making deliberate contributions to the public debate.

George left us at a moment when our national arguments are too often vindicated by passion rather than reason.

Nothing captures the range of his reflections better than a prayer he delivered in July 2016 for an interfaith group concerned with nuclear weapons: "Dear God, please bring common sense and divine guidance to our work on the problems that nuclear weapons pose to our world. Man has invented a means to destroy us all. We must eliminate these weapons in order to preserve a sane and peaceful world. We pray for your help as we work toward this goal."

George was proud of his service in the Marine Corps during World War II. His recognition of nuclear dangers in no way impaired his dedication to national defense. But he felt it his duty to remind his country that weapons of increasing destructiveness, accuracy, and automaticity—which had been accumulating all over the world for more than half a century—must not be left to accident, evil intention, or miscalculation. Weapons of mass destruction must be controlled, within nations and among them, for the safety of all of us.

George was never seduced by the trappings of power.

George left us at a moment when our national arguments are too often vindicated by passion rather than reason, by the debasement of the adversary rather than the uplifting of purposes. He also believed that if you were blessed with great gifts, you had a responsibility to apply yourself, and if you cared about your country, you had a duty to defend and improve it. He was skilled in presenting his convictions, but above

all practiced the art of making controversy superfluous by encouraging mutual respect.

George's outstanding attribute was his combination of wisdom and humility. Solomon's prayer was for "a discerning heart," and that blessing was extended to George. As a statesman, he would gain the whole world yet never forfeit his soul.

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How the Cold War Was Won

George Shultz's type of "soft power" put reason over rhetoric, especially when the stakes were highest.

By Philip Taubman

George Shultz was a man of many achievements, but there's one for which he never received full credit: winding down the Cold War.

Without Mr. Shultz's steady guidance, Ronald Reagan could not have capitalized on the opportunity presented when Mikhail Gorbachev became the leader of the Soviet Union in 1985. "Without Reagan, the Cold War would not have ended," Gorbachev himself said a few years ago. "But without Shultz, Reagan would not have ended the Cold War."

It was the way in which he found success that made Mr. Shultz exceptional. He could be coldblooded, obdurate, and inscrutable, but whenever the opportunity arose to connect with someone on a personal level, he embraced it. The human touch was at the heart of all Mr. Shultz did. His gestures of kindness and respect seem almost quaint now, a throwback to a gentler age when venom was not the elixir of public discourse.

Take the time he brought James Goodby, a senior Reagan administration arms control negotiator, to the Oval Office for a meeting with Reagan. Mr.

Philip Taubman, *a former reporter and editor for the* ***New York Times*** *and a consulting professor at Stanford University's Center for International Security and Cooperation, is writing a biography of George Shultz.*

GOOD BEGINNINGS: Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze signed an agreement on the use of space for peaceful purposes in April 1987. On their first meeting in 1985, Shultz electrified delegates to a global conference in Helsinki by going out of his way to greet Shevardnadze, whose predecessor had had chilly relations with Washington. That gesture led to lifelong amity. [Sergey Guneev—RIA Novosti]

Shultz guided Mr. Goodby to the wingback chair next to the president, the seat reserved for the highest-ranking guest. Mr. Shultz sat on the sofa. Mr. Goodby never forgot the gesture.

Or consider Mr. Shultz's first meeting with Eduard Shevardnadze in 1985. The newly appointed Soviet foreign minister was making his global debut at an international conference in Helsinki. "We're going to have plenty of arguments with this guy, but let's make friends with him," Mr. Shultz told his wife. "We don't have to have personal animosity. Let's try to fix it so we don't have that problem."

With some thirty national delegations gathered in Finlandia Hall, Mr. Shultz placed his papers at the American table at the bottom of the amphitheater and slowly climbed the steps to the Soviet delegation near the last row to welcome Mr. Shevardnadze. The buzz of dozens of conversations stopped as he approached Shevardnadze and extended his hand. After years of frigid American dealings with Andrei Gromyko, Mr. Shevardnadze's

predecessor, the moment was electrifying. It helped set the foundation for a remarkably constructive working relationship between Mr. Shultz and Mr. Shevardnadze.

Decades later, when I interviewed Mr. Shevardnadze in his hometown, Tbilisi, Georgia, he was sinking rapidly into Parkinson's disease and struggled to stand up. He instructed an aide to pick up a small stack of papers across the room and bring them to me. They were a decade's worth of Christmas cards from Mr. Shultz and his wife, Charlotte. He cherished them.

"Without Shultz, Reagan would not have ended the Cold War," Mikhail Gorbachev once said.

When I asked Mr. Shultz once how he wanted to be remembered, I expected him to talk about geopolitical strategy and the four Reagan-Gorbachev summit meetings that eased Cold War tensions. Instead, he told me about the individuals trapped or imprisoned in the Soviet Union whom he helped to free so they could emigrate to Israel or the United States.

I pressed him to talk about the big picture, his legacy as secretary of state. "Ida Nudel," he replied, referring to one of the Russians who escaped Soviet tyranny thanks to Mr. Shultz.

George Shultz was the last of the postwar statesmen who served in combat during World War II. He was not an infallible or flawless person—but his kindness, combined with his common sense and pragmatic approach to solving problems, ought to be an example for our discordant time. ◘

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In His Own Words

"We just have to have some way of talking with Putin. I know it's hard, but we've got to figure out how to do it."

By Peter Robinson

The following are excerpts from a conversation between George Shultz and Peter Robinson in December 2019, on the occasion of the thirtieth anniversary of the fall of the Berlin Wall.

Peter Robinson: The Berlin Wall went up in August 1961. What was it like to hear that news?

George Shultz: Well, I responded with a kind of horror. But nevertheless it seemed to me [that] this is what you expect these people to do. They have to keep people in.

But let me tell you a story. [One summer some years later, Shultz took Helmut Schmidt, then chancellor of West Germany, to the annual Bach festival in Carmel.] In the intermission, some of the musicians came to speak to Helmut in the room the organizers had set aside for him. One was a violinist from East Germany. He and Helmut talked a little, and afterwards Helmut came and said to me, "Do you suppose we could invite him over to the house after the concert?" I said, "Well, probably we could, but we'd have to find a

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

few other people so it'd give some cover." So I entertained the other people back at the house, but Helmut and the East German violinist sat by themselves. And I watched them. Pretty soon they were crying. The chancellor of Germany crying. The violinist was very talented and he was sent all over the world by the regime, but they never would let his family out because they were hostages. They were talking about the artificiality of dividing the German people. And I watched that and I said, "Something has got to happen. That wall is so artificial and wrong." It made a big impact on me.

ON MIKHAIL GORBACHEV

Robinson: When Konstantin Chernenko died, you flew to Moscow for the funeral—and met Mikhail Gorbachev. Your impressions of the new young Soviet leader?

Shultz: Here Gorbachev had managed this funeral, met with all these people, and yet when he came to us he was fresh as a daisy. He had a few cards that he got from the Politburo, I suppose, and he shuffled them around, but he never even looked at them. We had a conversation. He would listen to you and respond to you and expected you to respond to him. Always before, when you have a meeting with Brezhnev, you say something, it goes by his ear, he says something, it goes by your ear. That's not a conversation. But you could have a conversation with Gorbachev. I could see that he was very wide-ranging.

I went back to the embassy and I told our delegation this is a very different guy from any other Soviet leader we've dealt with before. He listens, he's smart, he's well-informed. He's going to be a tough adversary, but you can talk to him. So I had that impression. I relayed that to President Reagan.

THE SOVIET COLLAPSE

Robinson: Gorbachev pursues glasnost and perestroika. And toward the end of the Reagan administration, when all kinds of events are taking place in Europe, Gorbachev begins asking you how capitalism works.

Shultz: Yes, he did. He knew the Soviet economy wasn't going anywhere. He asked me to talk to his minister of economy. The minister said, "You know, when I try to make a plan for how every drugstore in the Soviet Union operates, it's impossible." I said, "Of course it's impossible. But the market can solve these problems for you." And we talked back and forth, but I could see he didn't get it. He and Gorbachev both thought the market is chaos and


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OF LABOR
DIRECTOR OF
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SECRETARY
OF THE TREASURY
SECRETARY
OF STATE

you've got to manage everything. They never could get it through their heads how it worked.

LESSONS OF THE COLD WAR

Robinson: November 9, 1989—the day the Berlin Wall fell. How did you respond? And what does it all mean for us today?

Shultz: By then I was here at Hoover. I said to myself, well it's about time.

But right now, in my opinion anyway, we are in an even more tense situation with Russia than we were at the time of the Cold War. We both have nuclear weapons. The INF Treaty has been cast aside. Probably the Open Skies Treaty is going. The New START Treaty is being threatened. It's a catastrophe. There are all kinds of new weaponry and we have no talks going on between Russia and the United States. It's very, very dangerous.

So I look back and say, what can we learn from the Cold War? When I was secretary of the treasury I had an opposite number named Patolichev [Nikolai Patolichev, Soviet minister of trade]. He was a tough old guy. After one of our sessions, he suggested we go to Leningrad for the weekend, and we visited the war cemetery. There were row after row after row of mass graves. Big mass graves. We walked down the center aisle. I'm supposed to lay a wreath at the end. Funeral music is playing, and he's telling me about the Battle of Leningrad. And he starts crying. The woman who is our regular interpreter in these meetings dropped out. She had totally collapsed. Everybody was very weepy. And Patolichev said to me, "There isn't a family in the Soviet Union that wasn't touched by the Battle of Leningrad." And I said to him, "I have a great respect for the people who are here, because I also fought in World War II. I also had comrades shot down beside me." And I walked up to the front of the platform and I got myself in the best Marine Corps straight back that I could, and then I gave a long salute. I came back and he said, "Thank you, George. That shows respect."

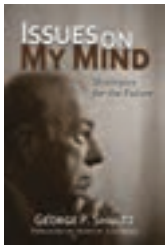
When I came back years later as secretary of state, I found that people knew about that incident. It taught me something. If you show respect for

IN PERSPECTIVE: Hoover senior fellow George Shultz (opposite page), shown in 2016, distilled his long government experience into a number of books, articles, and speeches. A common theme was that problem-solving in public life relied on strong, consistent, principles leavened with patience and respect. [Photograph by David Hume Kennerly. © Center for Creative Photography, Arizona Board of Regents]

something that deserves respect, when you criticize something else, it carries more weight for that reason. I thought, and President Reagan thought, we're here, they're there, but they're weak. And if we play our cards right and we have strength and we show an ability to deal with them, we can get somewhere.

That lesson is very applicable right now. We just have to have some way of talking with [Vladimir] Putin. I know it's hard, but we've got to figure out how to do it. ■

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



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"Trying to Make a Difference"

The retired statesman reflected on his most celebrated role: adviser and guide to America's most powerful citizen.

By James E. Goodby

This interview was conducted in October 2015 in connection with a study at the Hoover Institution about governance in America.

James E. Goodby: Mr. Secretary, we have talked before about your role as secretary of state in the Reagan administration. I would like to sound you out about Ronald Reagan, about presidents, and about your relations with the White House. In your 1993 memoir, *Turmoil and Triumph*, you said something that struck me very forcefully: that Reagan, like any president, had his flaws and strengths, and the job of an adviser was to build on his strengths and try to help him overcome whatever flaws he might have. What struck me was that this was rather similar to something Secretary of State Dean Acheson wrote about his relationship with President Harry Truman.

George Shultz: I think the secretary of state needs to have the same attitude any other cabinet officer does. People would ask me what my foreign policy was, and I always said, "I do not have one; the president has one. My job is to

James E. Goodby *is an Annenberg Distinguished Visiting Fellow at the Hoover Institution and a member of Hoover's Shultz-Stephenson Task Force on Energy Policy.*

THE BEST POLICY: Secretary of State George Shultz talks with British Prime Minister Margaret Thatcher in November 1988, when she paid her last visit to the White House during the Reagan presidency. Thatcher respected both Shultz and his boss, Ronald Reagan, for honoring their word. [James Colburn—ZUMA Wire]

help him formulate it and carry it out, but it is the president's foreign policy." So I think you need to be clear about who is the guy who got elected.

One of the outstanding things about President Reagan was his consistency and the way he handled himself. People trusted him. Here is an example. One time [German Chancellor] Helmut Kohl came to Washington about four months before the president was to go to Germany. Kohl said, "When [French President François] Mitterrand and I went to a cemetery where French and German soldiers were buried, we had a handshake. It was publicized and was very good for both of us. You are coming to Germany, Mr. President; would you come to a cemetery and do the same thing?"

President Reagan agreed. Then the Germans sent word they had picked the cemetery, a place called Bitburg, and some White House person did a little checking and said OK. But once they shoveled the snow off the gravestones and discovered SS troops were buried there, all hell broke loose.

Elie Wiesel came to the White House and said, "Mr. President, your place is not with the SS; your place is with the victims of the SS." There was lots of pressure. We tried to get the Germans to change the site. We made a lot of suggestions for alternatives, and they would not change. So, in the end, he went.

After that, he went home and I went to Israel to be the speaker at Yad Vashem [Israel's official Holocaust memorial]. When I came back to Washington, I stopped in London for a talk with Margaret Thatcher. She said to me, "You know, there is not another leader in the free world that would have taken the political beating at home your president took to deliver on a promise that he made. But one thing you can be sure of with Ronald Reagan: if he gives you his word, that is it."

And that is a very important thing to establish: that you are good for your word.

PARTNERSHIPS

Goodby: Another thing you said in your memoir is that it is not just having strength that gives an advantage to a nation, but knowing what to do with it. President Reagan was ready to negotiate [with the Soviets], but some of his advisers were not so ready. You backed him up, and that contributed to his strength.

Shultz: I have always felt that strength and diplomacy go together. If you go to a negotiation and you do not have any strength, you are going to get your head handed to you. On the other hand, the willingness to negotiate builds

strength because you are using it for a constructive purpose. If it is strength with no objective to be gained, it loses its meaning. These are not alternative ways of going about things.

Goodby: You have also said that there is a tendency in Washington to go to one extreme or the other, either to all military strength or to all diplomacy, and that the task of blending the two together is very difficult.

Shultz: Actually, I don't think it is difficult. I think it is like breathing. Of course they go together. There is no other way.

Goodby: You and President Reagan had a very clear view of what you wanted to accomplish. You had trust between you and yet, as you mentioned earlier, there were people in the White House who did not agree with what you both wanted to do. So that makes me wonder how secretaries of state, in general, manage to get and keep a president's ear in spite of all of these other pressures to do something else. What is the secret of your success in this? To quote another striking line from your memoir: "I learned to exercise responsibility in a sea of uncertain authority." How did you manage that?

"I think you need to be clear about who is the guy who got elected."

Shultz: I think I would rewrite that line now, because there was no uncertain authority. The president was the authority, I had my meetings with him, and I had my insight about where his instincts were. So that gave me the basis for proceeding, even though there were huge analytical differences of opinion in Washington. There were people who thought basically the Soviet Union was there and they would never really change.

Reagan had a different idea. If you read his Westminster speech in 1982, it is very striking because he thought they were basically weak, and they would in the end change if we were strong enough in deterrence. I think George F. Kennan in his "Long Telegram" said something similar: if we can contain the Soviets long enough, they will look inward; they will not like what they see, and they will change.

The CIA people were really focused on military hardware and did not think change was possible. The Defense Department did not like the idea of negotiating, but President Reagan did. So we had some back and forth, and in the fall of 1985 we had the big meeting in Geneva between President Reagan and General Secretary Gorbachev. I remember [Defense Secretary Caspar] "Cap"

How to Negotiate

George P. Shultz offered this advice in the pages of the Wall Street Journal *on November 20, 2013, amid talks to curb Iran's nuclear program.*

American diplomats would do well to take a few pointers from the Gipper—my former boss, Ronald Reagan, that is—on how to negotiate effectively:

» Be realistic; no rose-colored glasses. Recognize opportunities when they are there but stay close to reality.

» Be strong and don't be afraid to up the ante.

» Develop your agenda. Know what you want so you don't wind up negotiating from the other side's agenda.

On this basis, engage. And remember: the guy who is anxious for a deal will get his head handed to him. Take, for example, the negotiations with the Soviets that began in 1980 in Geneva over Intermediate-Range Nuclear Forces (INF). Reagan's agenda after taking office in 1981: zero intermediate-range and shorter-range missiles on either side at a time when the Soviets had around 1,500 such weapons deployed and the United States had none. Impossible! How ridiculous can you get?

When negotiations with the Soviets didn't move forward, we deployed INF in Europe, including nuclear-tipped ballistic missiles in West Germany. We, with our NATO allies, had upped the ante. The Soviets walked out of negotiations. War talk filled the air. Reagan and America's allies stood firm.

About six months later, the Soviets blinked and negotiations restarted. We worked successfully on a broad agenda designed to bring real change in the Soviet outlook and behavior. It culminated in the INF Treaty, signed in 1987, seven years after negotiations began. So much for the impossible.

It has become a cliché, but it still holds true: trust but verify. An impossible dream? Remember Ronald Reagan, who dreamed an impossible INF dream. Dreams can come true when accompanied by a little reality, strength, and a willingness to engage.

—George P. Shultz

WELL DONE: President Reagan awards George Shultz the Presidential Medal of Freedom in January 1989. "George Shultz has helped to make the world a freer and more peaceful place," Reagan said in the final speech of his presidency. [White House Photographic Collection]

Weinberger opposed the meeting and tried to sabotage it, but he did not succeed. Out of that meeting came this phrase that President Reagan had already used in his State of the Union message: "A nuclear war cannot be won and must never be fought." That was a big statement from those two leaders, and it was the start of bringing the numbers of nuclear weapons down.

Goodby: In your memoir, you talk about how each president has many more advisers than his predecessors, and they often quarrel with one another and get into fights that the principals often are not even aware of. Would you like to elaborate on that?

Shultz: Well, it seems to me when you try to make policy and carry out policy entirely in the White House, you do not have access to the career people and you do not really use your cabinet to full advantage. You wind up not having the right players, and policy is not as good, and is not carried out as well.

I remember when General Colin Powell became national security adviser. I knew him pretty well, and he came over to my office and he said, "George, I am here to tell you I am a member of your staff." I told him that was an interesting statement. He explained: "The National Security Council consists of the president, the vice president, the secretary of state, and the secretary of defense; and that National Security Council has a staff; and I am the chief of that staff. Obviously, the president is my most important client, but I am working for the whole National Security Council."

Colin had the right idea. When the Reagan administration was leaving office, he came to a ceremony in my honor and said, "The chief of staff of the National Security Council and the secretary of state have not gotten along so well since Henry Kissinger held both jobs simultaneously."

A STRONG NEIGHBORHOOD

Goodby: How would you describe the general approach to foreign policy you and President Reagan followed?

Shultz: President Reagan and I both thought that foreign policy starts in your own neighborhood. If you have a strong, cohesive neighborhood, you have a much better base if something goes wrong.

My first trip out of the country as secretary of state was to Canada, and the traveling press was saying, what in the world are you doing going there? I replied, "Who do you think our biggest trading partner is?" They all said Germany or Britain or something. One said Japan. I said they were out of their mind: add all those together and it does not come to as much as Canada.

My second trip out of the country was to Mexico, and we tried to lay the foundation for what eventually came together as the North American Free Trade Agreement. So it was not just the Soviet Union. We had a strategy for North America. We paid a lot of attention to South America, Central America, and the Asia-Pacific region as well. And we had strategies for all of those regions.

" 'A nuclear war cannot be won and must never be fought.' That was a big statement from those two leaders."

A second principle we followed was this: you have to think you are a global power. That is one of the reasons why the Foreign Service is so important: so that you have people of professional quality who cover the globe. That's why, when I hear the idea that we are going to "pivot to Asia" or something like

that, I say it does not sound right to me. We need a *global* diplomacy. We have to be there, everywhere. Of course, you shift your focus a little bit depending on where the action is.

Goodby: You have written that you very consciously set about finding time in your schedule to think about where you were going and what you needed to do. That seems to be one of the shortcomings that we have had in Washington throughout the years. People usually let the urgent drive out the important. Is there any way you can encourage people to think a bit more instead of frenetically traveling around the world?

"If it is strength with no objective to be gained, it loses its meaning."

Shultz: I always felt—and this goes way back to my time in other cabinet positions, and for that matter in business—that you tend to be inundated with tactical problems. Stuff is happening all the time and you are dealing with it. So I developed the idea that at least twice a week—in prime time, not at the end of the day when you are tired—I take, say, three-quarters of an hour or so and tell my secretary: if my wife calls or the president calls, put them through; otherwise, no calls.

I tell myself not to look at my inbox; instead, I go sit in a comfortable chair with a pad and a pencil, take a deep breath, and ask myself: "What am I doing here? What are our strategic objectives and how are we doing?" Reflecting on that has helped me quite a lot, I think.

CULTIVATION

Goodby: How do you see the relationship of secretaries of state to Congress? What is the responsibility of the secretary in terms of selling the president's policies to Congress? Does that process work, or can it be improved?

Shultz: Different people do it different ways, but you have to spend a lot of time with members of Congress. For one thing, they have good ideas. If you listen to them, you might just learn something. As you remember, Jim, we had congressional observers come over to Geneva for our [INF] negotiations with the Soviet Union. We did not take Congress for granted. We not only gave formal testimony but we held a lot of informal

"We need a global diplomacy. We have to be there, everywhere."

meetings. There was a lot of opposition, but in the end the treaty was ratified 93 to 5. So our efforts to cultivate Capitol Hill paid off, and we learned from it.

Goodby: This reminds me that you have compared diplomacy to gardening: keeping down the weeds and cultivating relationships.

Shultz: Yes, the analogy is if you plant a garden and go away for six months, what have you got when you come back? Weeds. Any good gardener knows you have to clear the weeds out right away. Diplomacy is kind of like that. You go around and talk to people, you develop a relationship of trust and confidence, and then if something comes up, you have that base to work from. If you have never seen somebody before and you are trying to work a delicate, difficult problem, it is hard.

Goodby: Let me end by asking you about one more quote from your memoir: "Public service is something special, more an opportunity and a privilege than an obligation." Do you feel the same way today in light of everything that has happened since you wrote that twenty years ago?

Shultz: Oh, yes! I have had an academic career and a business career, both very exciting and worthwhile. But if I look back on my government career, that is the highlight, because I can think back to things I was involved in that made a difference. Really, that's what your life is about: you are trying to make a difference. And you can do that in public life in a way that is hard to do otherwise.

Goodby: Thank you, Mr. Secretary. I appreciate this very much.

Shultz: Well, I am a Marine, so I say, "Semper Fi."

Goodby: Semper Fi! Thank you. ◘

Many Bridges to Cross

The life and times of the **"Secretary of Everything."**

By Robert L. Strauss

This profile was originally published in the March/April 2016 issue of Stanford *magazine.*

As the private jet slows to a stop at Teterboro Airport—twelve miles west of Manhattan—the limo is already waiting, doors open. Half an hour later, the Mercedes S-600 glides onto the George Washington Bridge. "I walked across this bridge on the day it opened," a voice says almost inaudibly from the backseat. "My friend and I bicycled here from Englewood." That was in 1931.

In the eighty-five years since, George Shultz—the former secretary of labor, secretary of the treasury, secretary of state, first director of the cabinet-level Office of Management and Budget, former president of the engineering colossus Bechtel, and member of the Stanford faculty since 1974—has crossed innumerable bridges, many of them figurative but of such enduring significance that they may as well have been made from steel, rock, and concrete. At times, his part in arguing for US involvement in Lebanon and re-engaging with the Soviet Union put him at formidable odds with the very establishment he represented.

***Robert L. Strauss** is a writer and a recipient of the State Department's Meritorious Honor Award.*

Shultz is the human incarnation of Newton's first law of physics: a body in motion tends to stay in motion. His schedule would daunt many half his age. Tonight, he is on his way to the Waldorf-Astoria, where the World Jewish Congress will present him with the Theodor Herzl Award for his long-standing support of Israel. Earlier in the day in Washington, he and Stanford professor emeritus Sidney Drell received the American Nuclear Society's first-ever Dwight D. Eisenhower Medal for their relentless work toward the abolition of nuclear weapons. About the only significant prize Shultz hasn't received is the Nobel. But once upon a time, he came very, very close.

Given his unassuming personality, it's unlikely that anyone will ever write *Shultz,* an Obie-winning rap musical about America's sixty-second secretary of the treasury, as has been done with *Hamilton* about America's first. It's equally unlikely that Shultz—challenged to a duel—would resort to pistols as Hamilton and Vice President Aaron Burr did in 1804. More likely he would sit for hours or days if necessary, listening carefully, interrupting only for clarification, until an acceptable compromise could be reached.

So rare is a sighting of Shultz visibly angry that people talk about the red-faced variant as though they had just seen a passenger pigeon, extinct since 1914, on the wing. Arnold Weber, a student of Shultz's in the 1950s, says he made a second career of watching Shultz's neck muscles as he followed him from MIT to the University of Chicago, the Department of Labor, and the nascent OMB. A softly uttered "Oh, that bastard" was as stiff as Shultz's language got. It was an incident in the early 1960s that showed Weber—who later became president of the University of Colorado and then Northwestern—the stuff that Shultz is made of.

While dean of the University of Chicago Business School, Shultz co-chaired the Armour Automation Fund with another highly regarded labor economist, Clark Kerr, then-president of the University of California. The fund had been established to mitigate the impact of the closures of big-city meatpacking plants on workers, many of whom were minorities. One plant was in Fort Worth, Texas, where Shultz and Weber traveled with a team member from the United Packinghouse Workers of America. At the hotel, Shultz and Weber checked in with no problem. Their colleague, having presented his reservation confirmation, was told the hotel was full. Their colleague was black.

Shultz had never observed racism so intimately before. When he told the clerk that he and Weber would share one room and the union rep could have the other, the clerk backpedaled, saying that they were already booked in one

GET TO WORK: In early 1982, secretary-designate George Shultz meets with his new boss, Ronald Reagan, dressed for ranch work at Camp David. Shultz had been out of government nearly eight years, since his stint as President Nixon's treasury secretary. But Reagan and Shultz had met before, including at Shultz's Stanford home, where he and others encouraged Reagan to run for the White House. [White House Photographic Collection]

room. "Shultz didn't appear to explode or get angry," Weber says, "but just looked [the clerk] straight in the eye and said, 'If that's the case, put a third bed in the room and we'll all be in there.' " Says Weber, "You could see [the clerk] cringe a little [thinking] what was worse, having a black person in the hotel or having three people in one room" on a mixed-race basis. An empty room was found.

Half a century later, Weber says, "It was classic George Shultz." He "identified the issue"—discrimination—and worked to resolve it. He didn't "threaten to sue or to kick the clerk's ankles," he just "pushed on in a simple but direct way." In cabinet meetings Weber witnessed, "George was the guy in the room who stripped down the superfluous elements, the strong feelings, and tried to get to what the issue was in operational terms." He was "a simplifier, not a complexifier."

COOL REASON

Democratic Senator Dianne Feinstein says that Shultz, a lifelong Republican, possesses the most impressive CV she's ever seen and would have been a very good president. "He's open to ideas. He is not rigidly bound by ideology." That is what makes Shultz "an endangered species" in today's political environment, says Philip Taubman, Shultz's biographer and a consulting professor at Stanford's Center for International Security and Cooperation. Shultz was always looking for pragmatic solutions that "advanced the interests of the nation," says Taubman, former editor-in-chief of the *Stanford Daily* who went on to a nearly thirty-year career at the *New York Times*.

"Today our political leaders seem to find it difficult to rely on reason rather than on rhetoric and flames . . . to the loss of the Republic," says two-time Pulitzer Prize–winner Jim Hoagland of the *Washington Post*. "As a result, we don't get the George Shultzes that we should."

In "A Reagan approach to climate change"—a March 2015 op-ed in the *Washington Post*—Shultz proposed that the United States take out an "insurance policy" against global warming by increasing government R&D and enacting a carbon tax, lest we get "mugged by reality" later on. When this idea came up at the Republican debate in September 2015, *Scientific American* reported that "Shultz's standing as an iconic figure in the Republican establishment earned him little leeway." New Jersey Governor Chris Christie commented, "Everyone makes a mistake once in a while, even George Shultz."

Shultz co-authored *The State Clean Energy Cookbook,* a report sponsored by Stanford's Steyer-Taylor Center for Energy Policy and Finance and the

IDEA MAN: George Shultz walks with President Reagan outside the White House in December 1986. Former Stanford University president Gerhard Casper once said of Shultz that because he was open to new ideas, he is "the only person I know who is getting younger all the time." [White House Photographic Collection]

Hoover Institution's Shultz-Stephenson Task Force on Energy Policy. The collaboration aimed to address the red state/blue state divide and the partisan gridlock that has made passing federal environmental legislation nearly impossible.

Shultz's thinking is sufficiently catholic that while he strongly advocates increasing America's military might, he doesn't believe that the United States should try to turn every nation into Denmark by exporting democracy. "We need to be working for open systems of government," he says, "but we don't need to go around the world on a campaign."

The emeritus professor of economics and Hoover distinguished fellow, whom his friend and former protégée Condoleezza Rice calls an "avowed capitalist," shares concerns about the banking system not so different from those voiced by avowed socialist Bernie Sanders. In one *New York Times*

op-ed, Sanders wrote, "We need to fundamentally restructure the Fed's governance system to eliminate conflicts of interest."

Shultz said of the 2007–8 financial crisis, "The regulatory process didn't work at all . . . because the New York Fed is the regulator and is picked by the financial community . . . and that's not the way to go about it."

Former Stanford president Gerhard Casper says that because Shultz is open to new ideas, he is "the only person I know who is getting younger all the time."

COMING IN FROM THE COLD

Shultz championed one contentious idea early in his tenure as secretary of state: he encouraged President Ronald Reagan to reopen communication with the Soviets. Despite severe resistance from hardened Cold Warriors, by 1985 relations had warmed sufficiently that Soviet leader Mikhail Gorbachev and Reagan were able to meet in Geneva.

In 1986 in Iceland, Shultz, Reagan, Gorbachev and Soviet Foreign Minister Eduard Shevardnadze came within one word of agreeing to eliminate all Soviet and American nuclear weapons, which surely would have won them the Nobel Prize. The word was *laboratory*.

The negotiations in Reykjavik were intimate. Late on the second day came the bombshell proposal that the two countries eliminate all nuclear weapons. Reagan—who by all accounts dreaded the idea of a nuclear war—was ready to agree, except that he was unwilling to accept Gorbachev's one condition: that the United States confine testing of its nascent antimissile Strategic Defense Initiative technology to the laboratory. Although SDI, or "star wars," was an unproven concept, Reagan was unwilling to pledge that the United States wouldn't test it in space.

In a March 1983 address to the nation, Reagan explained SDI. "What if free people could live secure in the knowledge that their security did not rest upon the threat of instant US retaliation to deter a Soviet attack; that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?"

It was a speech that Charles Hill, Shultz's executive aide at the State Department, says caused people to run down the halls screaming, because it "completely undermined the primary intellectual policy of the whole Cold War"—that of mutually assured destruction. If the Soviets believed that the United States could knock their missiles out of the air, then MAD—which had deterred the use of nuclear weapons for more than twenty-five years—would no longer be mutual.

CLOSE ENCOUNTER: Secretary of State Shultz, center, and President Reagan discuss the Strategic Defense Initiative, dubbed "star wars," alongside Treasury Secretary James Baker in a National Security Council meeting in July 1986. SDI ultimately figured in the failure of the Reykjavik talks between Reagan and Mikhail Gorbachev. Years later, Shultz concluded the world simply wasn't ready for the elimination of nuclear weapons when the two leaders nearly agreed to it. [White House Photographic Collection]

Shultz, an SDI skeptic, went along once Reagan had announced his intentions, while working with the president to moderate the language he planned to use in his speech. British Prime Minister Margaret Thatcher—a strong proponent of conventional deterrence—was appalled. "How could you?" she demanded of Shultz. "Because, Margaret, I agree with him," he told her, becoming one of the first Cold Warriors to advocate for the complete elimination of nuclear arms.

Hill now calls "star wars" a "huge deception," one that took in Reagan as well as the Soviets. Subsequently, the Reykjavik deal collapsed over something that didn't exist. To this day, no system approaching Reagan's vision for SDI has ever been made operational.

"Reykjavik was his greatest success and his greatest failure," says Phyl Whiting, Shultz's executive assistant at Hoover from 1988 until 2000. Failure, because they came so close. Success, because that very closeness made it

possible for Reagan and Gorbachev—with Shultz and Shevardnadze at their sides—to agree to eliminate all intermediate-range nuclear forces in Europe just eighteen months later.

Conservative columnist George Will declared December 8, 1987, the day Reagan and Gorbachev signed the INF treaty, as the day the United States lost the Cold War. He couldn't have been more wrong. Within two years, the Iron Curtain had fallen, the Soviet Union was collapsing, and the Cold War was over.

Shultz now thinks the world simply wasn't ready for the elimination of nuclear weapons when Gorbachev and Reagan nearly agreed to it. "The big thing was bringing the Cold War to an end." As for the elusive Nobel Peace Prize, Shultz says he gave it "zero thought."

SMALL STEPS AND GREATER ONES

In early November 2015, two weeks after a quick trip to Beijing to meet with Chinese President Xi Jinping and a day after a videoconference with Israeli President Reuven Rivlin, Shultz sits down with seven eighth-graders at the St. Elizabeth Seton School in Palo Alto. Two of them have just received the annual Shultz Award for scholarship, leadership, and citizenship, which comes with a plaque and $1,500 toward their tuition. It's something he's been doing for twenty years, ever since his first wife, O'Bie, died in 1995 after a devastating bout with pancreatic cancer. The couple had met fifty-two years earlier on Kauai—where Shultz, a Marine Corps officer, was on R & R between deployments, and where O'Bie, an Army nurse, was assigned.

Before falling ill, O'Bie had volunteered at St. Elizabeth's, which had been struggling to continue its mission of educating minority and low-income children, many from East Palo Alto. After her death, the Shultz family asked that donations be sent to the school. More than $350,000 flooded in, effectively rescuing it from closure.

Shultz tells the students about the highlight of his government career: a simple telephone call in October 1987 from Ida Nudel, a Russian "refusenik," who—after seventeen years of struggle, harassment, and internal exile—was finally let go by the Soviets, thanks in part to Shultz's intervention. "I'm in Jerusalem," she told him on the call.

He tells them that as secretary of state his life was full of "little things, little problems," the kind that can cause one to "easily lose sight of the broad strategy." Even at their age they need to take some time to think about what it all means. It's "sort of what you do if you go to church and pray. It's quiet. You listen to the sermon—but you don't even really need to. . . . You can relax and

NO LETUP: Hoover senior fellow George Shultz, right, confers with Deputy Secretary of Defense Ashton Carter, left, and former defense chief William Perry, also a Hoover senior fellow, in 2012. Even late in life, Shultz was fulfilling what* Time *magazine said about him a half century before: the secretary held "quietly but firmly to his ideas" and was "supremely self-confident." As Shultz wrote in* Learning from Experience, *"When the United States comes to the table with ideas and a willingness to work on the problem, constructive results have always emerged. We, with our friends and allies, hold a winning hand. We simply need to play that hand with skill and enthusiasm." [Department of Defense]

think about where you are trying to go." When he came home from the war, his idea of a good career was to "study economics, write things, be at a good university with interesting students. If I have an opportunity for government service, I would do that," he tells them. "That was my idea."

Shultz admits that he's not very introspective. At the State Department, he was so closed-lipped that he was known as the Sphinx. At St. Elizabeth's, a momentary fissure opens in his emotional iron curtain as he tells students about his biggest regret.

During the war, Shultz wrote home maybe a dozen times, if that. Years later, he came across the letters. They had been lovingly preserved by his mother. It was then that he realized how much she treasured them and missed him. His large, unblinking blue eyes shimmer ever so slightly as he pauses for a long moment. "She appreciated them so much," he sighs. To this day he kicks himself for not having written to his mother more often.

After he leaves, one student says it's "amazing" that Shultz could have been talking to the president of Israel the day before and now he's talking "to

a few eighth-graders." His quiet words have shown her "that I'm important. That everyone is important in this life, in this world, and everyone can make a difference."

Not all the students are as articulate. Some aren't sure what to make of him or his role in history. But they do understand that he is a statesman greatly admired by many.

That is more than many students at Stanford know, based on an informal poll taken at the Graduate School of Business. Of the forty-seven students asked, "Who is George Shultz?" forty have no idea. Some hedge their bets. "The name sounds familiar. . . ." Others are utterly stumped. "The *Peanuts* guy?"

Hearing two MBA students confess that they have never heard of George Shultz, a man eavesdropping cannot help but butt in. "He's one of the greatest Americans ever to live."

In James Mann's *Rise of the Vulcans: The History of Bush's War Cabinet,* Shultz gets indirect credit for propelling George W. Bush toward the White House by having hosted him at Tree House, Shultz's campus home. For some attendees, the meeting harked back to 1979, when another presidential hopeful sat down at Tree House for a similar talk. His name was Ronald Reagan. Events like these—plus Shultz's membership in the Bohemian Club and at one time on the boards of corporations such as Chevron and GM, and his long, close association with polarizing figures such as Henry Kissinger, Donald Rumsfeld, and Dick Cheney—make some see Shultz as one of the master puppeteers who pull the strings that control the world. At this, Shultz chuckles quietly before saying, "What—utter—nonsense."

"I don't take credit for it," he tells the St. Elizabeth students of his role in helping liberate Soviet Jewry and ending the Cold War, "but I was part of it."

AMERICA ABROAD

It is Friday the thirteenth of November. Shultz has just watched *American Umpire,* a Hoover-supported documentary based upon the book of the same name. Author, co-producer, and professor of history at Texas A&M University Elizabeth Cobbs asks Shultz what he thinks. "Powerful film, wrong message," he says.

The film documents America's evolution from a young, isolated nation that rarely intervened abroad to one that since the First World War seems unable to keep from doing so. The undercurrents of *American Umpire* strongly suggest that it's time for the nation to attend to its many domestic problems. It's a suggestion that seems to push nearly all of Shultz's buttons.

He speaks for nearly twenty minutes. Europe is in disarray; the Middle East is in flames; China, Russia, and Iran are trying to establish spheres of influence that threaten the system of state sovereignty that defines modern geopolitics. ISIS and others don't even pretend to recognize the state system. Cobbs tries to clarify what she hoped to achieve with *American Umpire*. Shultz, polite, calm, and precise, isn't having any of it.

According to him, the film says, " 'The hell with it. Let the United States stay away from other people's problems.' The trouble is that in an interconnected world, they aren't only other people's problems. They're our problems." Shultz says the United States has to get back to using strength and diplomacy; those who attempt to use diplomacy without strength will get "their heads handed to them." Look at how Reagan used military force and how George W. Bush used it: "The contrast is gigantic." By Shultz's telling, Reagan used military force just three times—in Grenada, in Libya, and in the Persian Gulf, where Iran had been interfering with Kuwaiti shipping—getting in, accomplishing the goal, and getting out.

"George was the guy in the room who stripped down the superfluous elements, the strong feelings, and tried to get to what the issue was."

At the Waldorf, Shultz had told the overwhelmingly Jewish audience, "Let's get one thing clear: The party that puts weapons in the midst of civilians"—meaning Hamas and Hezbollah—"is the war criminal, not the party that knocks those weapons out." Iran wants to "exterminate" Israel. "We should take them at their word." The United States should not draw a bright red line and do nothing when it's crossed. "If you're not going to do anything, you don't draw the line. Everybody knows that," he says, referring to President Obama's flip-flop on Syria's use of chemical weapons. "That's not difficult to figure out."

Even in the overwhelmingly pro-Israel audience, not all were completely comfortable with Shultz's call to action, although he emphasized that the United States should not try to resolve every problem on earth by sending in the military. Four days later, his remarks sound less aggressive and more prescient. Less than two hours before the *American Umpire* screening started, terrorists launched the attacks that killed 130 people and left 403 wounded in Paris. Suddenly many Western leaders are saying enough is enough.

"This is one side of the debate," Shultz says of the film as he gets up to leave. "I hope somebody does a film that's on the other side . . . that says we

have a role to play in the world." At the door, he turns around. "I enjoyed the popcorn," he says, rounding the corner toward his office.

Shultz doesn't name names but is clearly deeply disappointed with recent leadership in government. The government needs "A-players" and isn't getting them because of an intrusive, arduous confirmation process that "repulses them."

If he sees any irony in his having backed some whom history may consider less than "A-players," he gives no indication. Donald Rumsfeld, whom *Time* named one of the ten worst cabinet members ever, was Shultz's preferred candidate for the Republican presidential nomination in 1988. Shultz still hesitates to criticize his old friend.

Rumsfeld was "very ingenious" heading Nixon's wage and price controls program, where he reported to Shultz and was assisted by Dick Cheney. Shultz later supported Rumsfeld becoming the US ambassador to NATO so he could get foreign policy experience, and he thought he was doing good things early on as George W. Bush's secretary of defense. But then the mission in Afghanistan crept from the "brilliant initial success" to "creating a new democracy" that Shultz didn't believe possible. In Iraq, "we didn't put enough manpower in," and Rumsfeld "made some statements that seemed to me were excusing"—he pauses for many seconds—things that "were out of control. I was always very disappointed in that."

Shultz, Reagan, Gorbachev, and Shevardnadze came within one word of agreeing to eliminate all Soviet and US nuclear weapons.

Reflecting on the Iraq War, Shultz believes that initial decisions were made in good faith based on intelligence believed to be true at the time. A month or so before things "came to a head," he went to see Secretary of State Colin Powell to ask why, if the United States had so much evidence about weapons of mass destruction, it wasn't giving it to the UN inspectors to sort out. He recalls Powell saying, "George, we don't have any such evidence." In February 2003, Powell spoke in favor of military action against Saddam Hussein's regime in Iraq, using information he later acknowledged was incorrect. Says Shultz, "I'm sure as he looks back on his career, that day in the UN is one he will regret forever."

Shultz's own worst day in government was October 23, 1983. He was at Augusta with President Reagan for a relaxing weekend of golf at the home of the Masters. Around 2 a.m., that plan changed.

In Beirut, an explosives-laden truck had crashed into an ad hoc American military barracks, killing 241 service members, including 220 Marines. It was the Corps' deadliest day since Iwo Jima in 1945. Shultz—against strenuous objection from the Pentagon—had argued for the United States to join a multinational peacekeeping force after the Palestine Liberation Organization had been forced to relocate to Tunisia. Confused communications had left the barracks virtually unprotected.

The loss of life was crushing for Shultz. He met the bereaved families and the bodies of the dead at Andrews Air Force Base. It was "tough," he says of that mission. "Very hard."

INTEGRITY

Teddy Roosevelt's iconoclastic daughter, Alice, was said to have a pillow embroidered with "If you can't say something good about someone, sit right here by me." Shultz, contrarily, seems able to find something positive to say about almost everyone.

Asked what it was like to be in the White House and cabinet with people who were later indicted, in some cases convicted, and in some cases pardoned, Shultz says many were White House staff accountable only to the president. Still, Nixon's Chief of Staff Bob Haldeman, who spent eighteen months in prison, "ran a good White House." Top aide John Ehrlichman, who also spent eighteen months in prison, was a "good guy" who did "a lot of good things." And what about Attorney General John Mitchell? He wasn't a White House staffer; he was a cabinet member responsible to Congress. "Yes, I guess John did" go to prison—for nineteen months—Shultz says, before commenting that the White House goes to some people's heads. It did not, however, go to his.

Asked about Richard Nixon's assertion that "if the president does it, that means it's not illegal," Shultz is categorical. "There are tough calls, but there's a difference between legality and illegality. The president is subject to [the] law like everybody else is."

In the Reagan administration, Shultz offered to resign several times. In the Nixon administration, he did resign, over the president's reimposition

PERSONAL TRIUMPHS: George Shultz and his wife, Charlotte Mailliard Shultz (opposite page) celebrate the unveiling of a statue to singer Tony Bennett in 2016 in San Francisco. Even in his nineties, Shultz had a growing circle of friends and he was still focused on useful work. "Keep doing things," he told an interviewer. "Be lucky in love. . . . Live in the future." [WENN Rights Ltd.—Alamy]


Charlotte
Shultz

of wage and price controls. “It’s a great mistake to want the job too much,” Shultz says, “because then you do things to keep the job that you probably wouldn’t do otherwise.”

In July 1973, when Shultz was treasury secretary, the public first learned of Nixon’s secret recording system. When Shultz learned of the tapes, he thought, “not my problem.” He wasn’t part of “their little group”—the inner cabal that brought down an administration that established the EPA, enacted the Clean Air Act and the Clean Water Act, arguably ended America’s direct involvement in the war in Vietnam, and opened the door to China. Despite being in Nixon’s office “nearly every day”—as *Time* put it—Shultz knew he had never said anything in the Oval Office that he needed to worry about. It wasn’t in his nature.

One episode that Shultz readily admits caused him many sleepless nights was “Iran-Contra,” a convoluted circumvention of the chain of command, Congress, and the Constitution. When Shultz first heard inklings of the plan—which also proposed, with Iran’s help, the freeing of American hostages held in Lebanon—he opposed it, stating that paying for hostages was a form of terrorist commerce that would never end. Shultz called the operation a “completely illegal, unconstitutional thing to do” and did what he could to persuade President Reagan to stop it before it spun out of control.

As for the elusive Nobel Peace Prize, Shultz says he gave it “zero thought.”

“What I was fighting for was important,” Shultz says. For the dyed-in-the-wool Republican, it may have been the fight of his life. Some say Shultz saved Reagan’s presidency. Some say he spared the nation from a near suicide brought on by yet another rogue operation running out of the executive branch.

In a turn of events that stunned many, Independent Counsel Lawrence Walsh wanted to indict Shultz for withholding evidence. Furor over Walsh’s conclusions erupted immediately. Charles Hill says naming Shultz was “preposterous,” as Shultz had repeatedly tried to alert everyone to the danger.

In the end, history seems to have vindicated Shultz of anything other than acting out of patriotic duty. In January 1994, a federal court ordered him reimbursed for the $281,000 he had spent defending himself against Walsh’s charges.

Shultz—unlike many others who served under Nixon and Reagan—left both administrations with his already estimable reputation enhanced. On

January 19, 1989, he received the Presidential Medal of Freedom, the nation's highest civilian honor.

GOING FORWARD

Shultz says he has never heard anyone call him a hero, though he is pleased to hear that across the political spectrum people do. Thomas Donahue was an assistant secretary of labor in the Johnson administration who knew Shultz as a "great scholar" and "model academic practitioner" of labor management relations. He was stunned when Shultz asked him to stay on under Nixon, something he declined to do. "In life you meet a certain number of people who are paragons of virtue, fairness, openness, and adherence to principle. Shultz was certainly one of those," says the lifelong Democrat and former president of the AFL-CIO.

To retired Marine Corps General Jim Mattis, being a hero means being "uniquely capable," which he says Shultz was, by bringing together blacks and whites, management and labor, Israelis and Russians, and the United States and the USSR on previously intractable issues. Mattis, a Hoover fellow who replaced General David Petraeus as commander of the US Central Command, says today's Marines look back upon the Marines of Shultz's generation as "giants among us." "No one," Mattis says, "can go wrong when confronting a tough decision by asking himself, 'What would George Shultz do?' "

He admits to one regret. To this day he kicks himself for not having written to his mother more often.

Shultz spent nearly twelve years in the cabinet and is one of only two people in history to hold four different posts there. There is no question that he once wielded a very big stick. In a 1971 cover story, *Time* called him "almost an assistant president" on matters economic and otherwise.

These days, Shultz carries a much smaller stick, a silver-headed cane given to him by California Democratic powerbroker Willie Brown that he would prefer people call a "walking stick." While in government, Shultz survived five or six assassination attempts—he's lost count—including a bombing in La Paz, Bolivia, that just missed blowing his car over a cliff. Despite this and dealing with dozens of tyrants and dictators, he says the only person ever to intimidate him was Mr. Metzger, an English teacher who told him, "Shultz, good enough isn't good enough!"

Though he may not walk as briskly as he once did, two fundamental characteristics identified by *Time* forty-five years ago remain the same: Shultz

holds "quietly but firmly to his ideas" and is "supremely self-confident." Nor has all the fight gone out of him.

In January 2015, Shultz, Henry Kissinger, and former secretary of state Madeleine Albright sat down in the Capitol to testify before the Senate Armed Services Committee. As they did, protesters from the feminist antiwar organization Code Pink began demanding that Kissinger be arrested for war crimes. Shultz stood up and said, "I salute Henry Kissinger," prompting the senators to do the same. When the protesters didn't stop, Shultz pushed banner-waving fifty-seven-year-old protester Tighe Barry. What was a ninety-four-year-old doing taking on a man two-thirds his age?

"It was just instinctive," Shultz says. "I thought I should do something about it, so I did. And it worked." The Code Pink contingent was removed from the room.

In the seventeenth century, British poet George Herbert wrote that living well is the best revenge. By that standard, George Shultz has vanquished pretty much all his adversaries. The former "Secretary of Everything" is healthy, wealthy, remarkably busy and—by almost all accounts—wise.

"Today our political leaders seem to find it difficult to rely on reason rather than on rhetoric and flames. . . . As a result, we don't get the George Shultzes that we should."

In California and around the world, he and his second wife, Charlotte Mailliard Shultz, know pretty much everyone there is to know. When they are not at Tree House, they are likely traveling, out and about, or entertaining at Sky House, their Russian Hill duplex penthouse with unimpeded 360-degree views of San Francisco. At Sky House, the couple often wake up looking down on the fog. On the golf course, he made the second of his two lifetime holes-in-one when he was ninety. "It was very satisfying."

Shultz has had to say goodbye to many he once held close. To German Chancellor Helmut Schmidt. To his buddy, Nobel laureate Milton Friedman. To Margaret Thatcher. To Ronald Reagan. Yet he claims his circle isn't getting smaller, it's getting bigger. He's making new friends all the time.

The secret isn't complicated. "Keep doing things. . . . Be lucky in love. . . . Live in the future." This he does through work, his five children, eleven grandchildren, and four great-grandchildren. "They're the inspiration for life. . . . You say to yourself, 'What kind of life are they going

to inherit, and is there anything I can do to make it better?' That's my motivation."

And if someday their country calls upon those children to do their duty and put themselves in harm's way, as so many of Shultz's generation were asked to do? "I hope . . . that they do the patriotic thing, which is serve." And whatever comes, comes? "Whatever comes, comes."

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A Fitting Tribute

The tale of a secret mission that delivered a belated salute to a statesman, teacher, and US Marine.

By Christopher C. Starling

Those of us privileged to have known the Honorable George P. Shultz have lasting memories of him. I first met Secretary Shultz when I was a national security affairs fellow at the Hoover Institution. He loved teaching and sharing his wisdom. According to one familiar story I heard about his tenure as secretary of state, he would meet every ambassador before they headed overseas. He would invite the ambassador to his office, where he kept a large globe, and when he asked the envoy to point to his or her country, each would fall into his trap. As they pointed to Burkina Faso or Finland, Secretary Shultz would move their finger, spin the globe, and point to the United States. "*That's* your country," he would say.

He caught me off guard a few times, too, I have to admit. But I'm pleased to say there was one special occasion where a few of us successfully conspired to catch the Secretary himself off guard. It's a story worth sharing.

THE IDEA

Major George P. Shultz, USMCR (Ret.), was about to be ambushed. No, this is not a story about 1942 and combat in the Pacific. This particular ambush was being laid at San Francisco International Airport. The Honorable George P. Shultz had chosen a significant day to return home from a trip to

Christopher C. Starling (US Marine Corps, Ret.) *is a former national security affairs fellow at the Hoover Institution.*

Washington: November 10, 2015, was the 240th birthday of the United States Marine Corps. All across the globe, Marines pause on that day to conduct a formal cake-cutting ceremony, share camaraderie, and reflect on those who went before.

Colonel Tom Prentice was making final preparations, directing a detachment of Marines clad in dress blue. As the commanding officer of 23d Marines, he had been tipped off to the details of Secretary Shultz's travel schedule by Major General Mike Myatt, USMC (Ret.), then-president and CEO of the Marines' Memorial Club. Colors, cake, beverages, script for the ceremony, all was in order.

The captain's voice came over the loudspeaker: "Ladies and gentlemen, I'm going to ask you to remain in your seats as we allow a special guest to deplane first this afternoon." Before anyone knew what was happening, Colonel Prentice had approached Secretary Shultz and escorted him off the plane to a private space in the terminal. There, the traditional reading of the commandant's message, cake cutting, and singing of the "Marines' Hymn" ensued. When the formalities ended, Secretary Shultz held school—boot-camp wisdom. He shared the story of being issued his M1 rifle at bootcamp and rule number one from his drill instructor: don't point your rifle at anything you don't intend to kill. No empty threats—a lesson he never forgot and later shared with President Reagan.

Secretary Shultz shook hands with every Marine. Then, as he started to leave for home, he paused. "You gentlemen look sharp in your dress blues," he remarked. "You know, I never got my dress blue uniform. In World War II, I was issued only camouflage utilities and greens." (Greens refers to the olive-colored Marine Summer Service Alpha uniform—military for business attire.) As the guest of honor left the airport, Major General Myatt issued a mission order.

"We need to get Secretary Shultz his dress blues!"

THE PROJECT

Mission orders are simple. Marines love mission orders because they tell you what to do but not how to do it. That night I scribbled a project outline on a notepad. In the margin, I started a list of people whose help we'd need. We would have to find out the Secretary's measurements. We needed his military records to know his awards and decorations. We would need a venue. We would need to inform Headquarters Marine Corps in Washington and ask the Marine Commandant to write a letter.

George Pratt Shultz served on active duty in the Marines from 1942 to 1945. As an artillery officer, he saw action in the Pacific, including the

battles for Tarawa and Peleliu. After the war, he remained an officer in the Marine Corps Reserve for eight years, finally leaving military service as a major.

Secretary Shultz was ninety-four years old when he remarked that he had never received his dress blue uniform. His ninety-fifth birthday was fast approaching. What a perfect opportunity to publicly rectify an oversight from 1942. One month to recreate a uniform that was never issued? No problem. Our first trusted agent had to be the Secretary's wife, Charlotte. She was read into the plan before anyone else, and she loved the idea. With timing and venue set, it was on to the next task.

A person's clothing measurements can be like a Social Security number or e-mail password: a bit personal. So how do we get them? I knew Secretary Shultz was a friend of renowned clothier Wilkes Bashford. A wonderful man and an iconic figure for decades in San Francisco, Wilkes had fitted the Secretary for a suit or two, so he became the second trusted agent read into the plan. He was delighted, embracing the plan as if it were his own. A few privacy regulations violated, perhaps . . . but with no arm twisting, the measurements of one George P. Shultz were delivered via the phone. E-mail was a no-go. Matters such as these are best done telephonically so as not to leave a paper trail. Wilkes offered to custom tailor the garments once they were delivered from the manufacturer on the East Coast. Most important, we agreed to the highly classified nature of this project. Loose lips sink ships and ruin birthday parties.

With the information from Wilkes, we contacted the Marine Shop in Quantico, Virginia, and placed the order. Dress Blue Coat, Dress Blue Trousers, White Dress Shirt, Khaki Belt and Buckle, Cuff Links, Sam Browne Belt, Collar Strip, Gold Oak Leaves, White Gloves, and Field Grade Cover. For black socks and shoes, the honoree would be on his own.

From Secretary Shultz's military record, also obtained through undisclosed sources, we were able to list the medals and ribbons authorized for wear. The Living Memorial Director at the Marines' Memorial Club requisitioned exact replica medals and expedited their delivery. It was coming together.

I contacted Headquarters, Marine Corps, to request a letter from the Commandant of the Marine Corps to Major Shultz, USMCR. In my time at the Pentagon, I had met the Commandant's secretary. Generals come and go at the Pentagon, but the civil servants who work in their front offices, and who know everything, remain. They're the single best source of intelligence in the puzzle palace. With the help of the Commandant's secretary, we expedited

this piece of correspondence. Within a fortnight, a letter from the Commandant, General Robert B. Neller, had been signed and sent to San Francisco.

MAKE READY

On 10 December 2015, three days before the big event, I went to retrieve the uniform from Wilkes Bashford. He and his tailoring staff were justly proud of their work. Final cuts and hems were complete, and the uniform had been placed on a mannequin. For security, we placed a garment bag over the entire ensemble. I thanked Wilkes profusely. It was the last time I saw the famous clothier, who succumbed to cancer only six weeks later.

My main co-conspirator in the birthday jinks was a gentleman named Ed Flowers, a veteran of the Marines and the San Francisco Sheriff's Department and a persistent force for good in the world. As we emerged from the Wilkes Bashford store on Sutter Street with what looked like a human body wrapped in burlap, we attracted a bit more attention than we intended. Under the gaze of onlookers who had probably all seen *Weekend at Bernie's,* we struggled to unlock Ed's car and ungracefully jammed the mannequin into the back seat and took off in a hurry. Destination: safe house, to complete assembly and inspection of the final product.

The Sam Browne Belt, with its shoulder strap threaded through the shoulder epaulet, was buckled into place. Devices, insignia, and medals were carefully placed to comply with strict Marine Corps uniform regulations. Thanks to Ed, the letter from the Commandant of the Marine Corps had been expertly matted and framed.

BIRTHDAY JINKS

Everyone knows that when Charlotte Mailliard Shultz throws a party it will be original, exquisite, and memorable. Her husband's ninety-fifth on 13 December 2015 was no exception. The theme was golf, a game the Secretary enjoyed well into his nineties. Each guest received a gift bag with chocolate and commemorative golf balls. Light and dark blue balloons made a sky out of the ceiling. A large banner read "95 is the new 72." Or, as golfers would say, "95 is the new par for life."

Ed Flowers and I arrived at the Shultz residence an hour early. A detachment from the 23d Marines also arrived; they would actually present the uniform. We also enlisted the services of a Marine musician to play the "Marines' Hymn" on the trumpet. There was barely time for a single, rudimentary rehearsal. Fortunately, Marines realize that detailed planning and rehearsals are overrated. How you execute is what counts.

The space filled quickly. The guests included senators and San Francisco's mayor, Ed Lee. Just as the dining and entertainment, capped by *Beach Blanket Babylon* show tunes, seemed to be winding down, a lone trumpet sounded from atop a spiral staircase. Secretary Shultz was the first to his feet. Marines instinctively stand at attention when their hymn is played. Every guest followed suit and stood for the playing of the "Marines' Hymn." Two Marines in dress blues then marched to the stage and unveiled the final gift of the night.

Colonel Prentice, who had escorted the Secretary off the plane a month before, made the official presentation and read aloud the Commandant's letter. Then Secretary Shultz took the stage. He touched the fabric, acknowledging the medals he had earned. He told his guests about the special calling and the making of a Marine.

In his letter, General Neller expressed gratitude for the Secretary's "years of leadership and diplomacy" and his contributions to "decades of peace and prosperity." He also recalled Major Shultz to duty in the Inactive Reserve, noting approvingly that he was "still in compliance with our stringent height and weight standards and have maintained your personal fitness and rifle marksmanship."

"Knowing your seabag is packed and that you are ready to ship out on short notice," the Commandant's letter concluded, "makes all of us here at Headquarters Marine Corps sleep a bit easier."

Mission accomplished.

ON PARADE

But this uniform was not going to hang in a closet or be a decoration. The sacred cloth was meant to be worn. After his ninety-fifth birthday, Secretary Shultz wore his uniform to numerous functions, including appearances at a Fleet Week tribute to Marine Forces Reserve in 2016 and as the guest of honor at the Marine Corps Birthday Ball in San Francisco in 2018.

George P. Shultz continued to contribute to critical issues of the day even past the century mark. To the end, he was a prolific writer and found ways to serve the nation while educating and inspiring practitioners and students of all generations. The cornerstone of his philosophy and attitude toward life, he would always tell you, is to never give up. Always be engaged. Always be working on something important and worthwhile.

Bootcamp wisdom, indeed.

Semper Fi, Marine, and carry on. H

SEMPER FI: Former secretary of state George P. Shultz, who served as a Marine in the Pacific theater during World War II, salutes the American flag as the honorary officer of the day at a ceremony held at Union Square, San Francisco, on October 8, 2016. [AB Forces News Collection/Alamy]

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Debt Reckoning

Debt can't grow forever. It will take skill—and spine—to prepare for the day when the bills come due.

By John H. Cochrane

Does debt matter? As the Biden administration and its economic cheerleaders prepare ambitious spending plans, a radical new idea is spreading: maybe debt doesn't matter. Maybe the United States can keep borrowing even after the COVID-19 recession is over, to fund "investments" in renewable energy, electric cars, trains and subways, unionized public schools, housing, health care, child care, "community development" schemes, universal incomes, bailouts of student debt, state and local governments, pensions, and many, many more checks to voters.

The argument is straightforward. Bond investors are willing to lend money to the United States at extremely low interest rates. Suppose Washington borrows and spends, say, $10 trillion, raising the debt-to-GDP ratio from the current 100 percent to 150 percent. Suppose Washington just leaves the debt there, borrowing new money to pay interest on the old money. At 1 percent interest rates, the debt then grows by 1 percent per year. But if GDP grows at 2 percent, then the ratio of debt to GDP slowly falls 1 percent per year, and in a few decades it's back to where it was before the debt binge started.

***John H. Cochrane** is the Rose-Marie and Jack Anderson Senior Fellow at the Hoover Institution, a member of Hoover's Working Group on Economic Policy, and a contributor to Hoover's Conte Initiative on Immigration Reform. He is also a research associate of the National Bureau of Economic Research and an adjunct scholar at the Cato Institute.*

What could go wrong? This scenario requires that interest rates stay low, for decades to come, and remain low even as the United States ramps up borrowing. The scenario requires that growth continues to outpace interest rates. Most of all, this scenario requires that big deficits stop. For at best, this is an argument for a one-time borrowing binge or small perpetual deficits, on the order of 1 percent of GDP, or only $200 billion today.

Yet an end to big borrowing is not in the cards. The federal government borrowed nearly $1 trillion in 2019, before the pandemic hit. It borrowed nearly $4 trillion through the third quarter of 2020, with more to come. If we add additional and sustained multi-trillion-dollar borrowing, and $5 trillion or more in each crisis, the debt-to-GDP ratio will balloon even with zero interest rates. And then in about ten years, the unfunded Social Security, Medicare, and pension promises kick in to really blow up the deficit. The possibility of growing out of a one-time increase in debt simply is irrelevant to the US fiscal position.

TWO KINDS OF ENDINGS

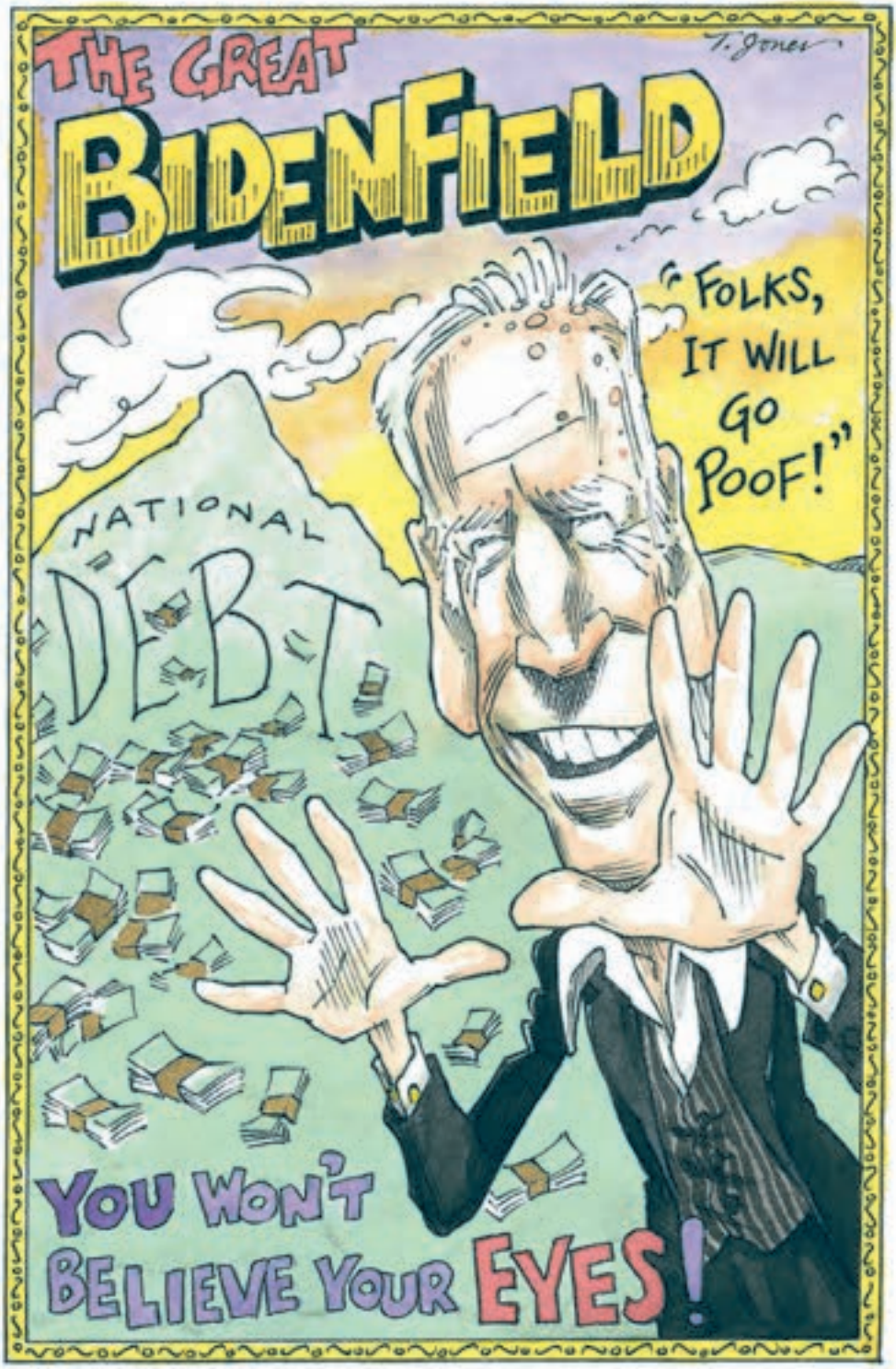
Everyone recognizes that the debt-to-GDP ratio cannot grow forever, and that such a fiscal path must end badly.

How? Imagine that a decade or so from now we have another crisis. We surely will have one sooner or later. It might be another, worse, pandemic. Or a war involving China, Russia, or the Middle East. It might be another, larger, financial crisis. And with the crisis, the economy tanks.

The country then needs to borrow an additional $5 trillion or $10 trillion, quickly, to bail out financial markets once again, to pay people's and businesses' bills for a while, to support people in dire need, as well as to fight the war or pandemic. But Washington borrows short term, and each year borrows new money to pay off old bonds. So we also need to borrow an extra $10 trillion or so each year to roll over debts. As bond investors look forward to think about how they will be repaid, they see a country that at best will return to running only $2 trillion or $3 trillion deficits, still faces unreformed Social Security and unfulfilled health care promises, and has a debt-to-GDP ratio, far from being stable as the rosy scenario posits, on an explosive upward trajectory.

If bond investors sense a haircut coming, they will flee all the faster.

Imagine also that the country follows its present trends of partisan government dysfunction. Perhaps the president is being impeached, again, or an



[Taylor Jones—for the *Hoover Digest*]

election is being contested. There are protests and riots in the streets. Sober bipartisan tax and spending reforms look unlikely.

At some point, bond investors see the end coming, as they did for Greece. If they lend at all, they demand sharply higher interest rates. But if rates rise only to 5 percent, our current $20 trillion debt means an additional $1 trillion deficit. Larger debt makes it worse. Higher interest rates feed a deficit which feeds higher rates in a classic "doom loop." The Fed is powerless to hold rates down, even if it is willing to buy $10 trillion bonds, since people demand the same high rates to hold the Fed's money. And the Fed cannot end the crisis by raising rates, which only raises interest costs further.

The end must come in sharp and sudden inflation or default. And that is a catastrophe. When Washington can no longer borrow, our normal crisis-mitigation policies disappear—the flood of debt relief, bailout, and stimulus that everyone expects—together with our capacity for military or public health spending to meet the roots of the crisis.

Yes, the United States prints its own money and Greece does not. But that fact only means that a crisis may end in sharp inflation rather than chaotic default. And it is not obvious that the US government will choose inflation over default. Will Congress really prioritize paying interest to, as it will see them, Wall Street fat cats, foreign central bankers, and "the rich" who hold US debt, over the needs of struggling Americans? Will our elected officials really wipe out millions of voters' savings in a sharp inflation rather than devise a complex haircut for government debt? Don't bet on it. But if bond investors smell a haircut coming, they will flee all the faster.

SAFETY CAN EVAPORATE

No, interest rates do not currently signal such problems. But they never do. Greek interest rates were low right up until they weren't. Interest rates did not signal the inflation of the 1970s, or the disinflation of the 1980s. Nobody expects a crisis, or it would have already happened.

Yes, worriers like me have warned of such a crisis for a long time, and it hasn't happened yet. Well, California rests on a fault and hasn't suffered a devastating earthquake in a hundred years. That does not prove earthquakes can no longer happen, or that those who warn of earthquakes are chicken littles.

Is not the dollar a "reserve currency," which foreigners are delighted to hold? Yes, but as with all currencies, foreigners will hold dollar debt only in finite quantity and only so long as they perceive US debt to be super-safe. The opportunity does not scale, and trust once in doubt vanishes quickly.

Yes, Washington incurred a bit over 100 percent debt-to-GDP during World War II, debt which it successfully paid off. But the circumstances of that success were sharply different. By 1945, the war and its spending were over. For the next twenty years, the US government posted steady small primary surpluses, not additional huge deficits. Until the 1970s, the country experienced unprecedented supply-side growth in a far less regulated economy with small and solvent social programs.

We have none of these preconditions today. What's more, we are starting a spending binge with the same debt relative to GDP with which we ended World War II. And the United States after that war chronicled one of just two or three episodes in all history in which such large debts were mostly paid off without large inflation or default.

A smaller reckoning may come sooner. Three-quarters of last year's deficits were financed by Fed money creation, not by selling Treasury securities, following market trouble in March when foreigners sold a lot of Treasuries rather than buy them as usual in times of trouble. Basically, the Fed printed money (created reserves) and handed it out, and people are sitting on that money in the form of vastly increased bank deposits. When the economy recovers, people may want to invest in better opportunities than trillions of dollars of bank deposits. The Fed will have to sell its holdings of Treasury securities to mop up the money. We will see if the once-insatiable desire for super-low-rate Treasury securities is really still there. If not, the Fed will have to raise rates much faster than under current promises.

STRONG MEDICINE

What can be done? First, spend wisely, as if debt actually has to be paid off. It does. Even if the interest rate remains below the growth rate, that channel for reducing the debt-to-GDP ratios takes decades. When a fiscal reckoning comes, it will require a swifter reduction in debt. That will mean either sharply higher, European-style middle-class taxes or lower spending. Since taxes ruin economic growth—most of Europe has incomes 40 percent lower than in the United States—most of the adjustment will have to come from spending. The sooner we do it, the less painful it will be.

Saying no to immense spending programs is the tough job of politicians, one they will probably fail to do.

Second, borrow long. Our government is like a dysfunctional, endlessly bickering, indebted couple, buying a too-big house in the boom of 2006.

Should they take the 0.5 percent adjustable rate mortgage, or the 1.5 percent thirty-year fixed rate mortgage? The former looks cheaper. But if interest rates rise, they lose the house. Our house. They should lock in the rate!

It is perhaps beyond hope that politicians will ignore such low rates and forswear borrowing and blowing an immense amount of money. But if the United States borrows long term, then it is completely insulated from a debt crisis, in which rising rates feed higher deficits which feed higher rates. Avoiding a debt crisis for a generation really is worth an extra percent of interest cost.

The moral: spend wisely, as if debt actually has to be paid off. And borrow long.

Cutting spending, reforming taxes and entitlements, and saying no to voters who want bailouts and to a progressive army that wants immense spending programs is the tough job of politicians, one they will probably fail to do. But the new treasury secretary, the talented and sensible Janet Yellen, can choose all on her own whether the country borrows short or long, and thereby avoid a debt crisis for a generation.

If I get to whisper two words in her ear, they will be these: borrow long.

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College Isn't Free—Nor Should It Be

Wiping out student debt would involve staggering costs and unfair taxation. Worse, loan forgiveness would violate the principle of making degrees pay for themselves.

By Richard A. Epstein

The Biden administration faces the looming question of what to do with $1.7 trillion in outstanding student loans, mostly held by the federal government. A recent internal government analysis found that the United States will lose about $400 billion on its current portfolio of $1.37 trillion, a number likely to increase as the government continues to allocate about $100 billion per year in new student loans. Notably, that analysis did not include the roughly $150 billion in loans backed by the federal government but originated by private lenders.

Key points

» Vast federal lending to students leads to higher tuition, among other consequences.

» Some students deliberately choose not to repay their loans, despite being able to do so.

» Forgiving student loans is not a form of stimulus. Taxes must rise to pay for those losses.

» Educational resources should flow toward their highest value. "Free college" destroys that link.

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By way of comparison, private lender losses on subprime loans in the residential lending market were about $535 billion during the 2008 crisis. The student loan and subprime mortgage crises share the same root cause: by statutory design, the government wished to expand both markets, such that loans were made with little or no examination of the borrowers' creditworthiness. The meltdown of the residential home market arose because private lenders relied on the implicit federal loan guarantee. In the end, this practice pushed Fannie Mae and Freddie Mac, the holders of weak mortgages, over the edge, and ultimately resulted in the wipeout of all the private common and preferred shareholders of the two companies.

Fortunately, the absence of private shareholders ensures that the student loan crisis is not likely to generate such chilling collateral consequences. But the problem of borrower defaults will not go away soon, given that the federal government continues to pump billions of dollars each year into student loans. Unfortunately, this constant infusion of new capital into the lending market is causing increases in college tuition that outstrip inflation, imposing additional costs on individuals who do not take out student loans, and raising the overall cost of education above competitive rates.

If the taxes of virtuous borrowers rise to pay for those who won't repay, they're forced to pay twice.

NO LOGIC

The current rickety loan structure has further deteriorated during the ongoing COVID-19 pandemic. During the Trump administration, a limited forgiveness plan was proposed, offering direct forgiveness of some $25 billion coupled with an "income-driven replacement plan" that would ask successful recipients—those with strong professional or skills training and steady high-paying jobs—to pay 12.5 percent (up from 10 percent currently) of their discretionary income in lieu of fixed interest rates. President Biden, by contrast, favored "immediate" congressional action that would give those who are "in real trouble" $10,000 in student loan forgiveness.

Even that figure has been attacked from the conservative side as twice the proper number, on the ground that most borrowers in true economic distress have accumulated less than $5,000. But the major challenge to Biden comes from the more progressive wing of his party. Senators Chuck Schumer and Elizabeth Warren both think that the president has the legal authority to sidestep Congress and, by executive order, cancel student debt up to $50,000

per borrower, without requiring those students to recognize the tax liability normally imposed on the forgiveness of debt. (Tax law currently exempts from income student-loan forgiveness contingent on certain work requirements.) Senator Warren believes that this more radical proposal will remove crushing debt and help close the racial wealth and income gaps, even though the program is not limited to that targeted population.

Indeed, it appears as if the precise opposite is true. The proposed blanket exception contains no limitations that would deny debt cancellation to borrowers whose income was increased by their education and who are consequently able to repay their debts. These individuals have often completed four-year college education and have racked up higher levels of indebtedness than poorer and minority students who first enrolled and then dropped out of community college. In addition, these well-heeled students have long adopted a conscious policy of not repaying their student loans, which made today's student debt crisis a ticking time bomb by the end of President Barack Obama's second term. Senators Schumer and Warren never explain why these debts should be forgiven.

The need to repay a loan puts a real and needed check on the willingness to borrow in the first place.

The Schumer–Warren approach has a further perverse consequence. As a financial necessity, the proposed omnibus loan forgiveness program does not pay for itself. It has to be offset by some increase in taxes in the short run, or some government borrowing that will add to interest payments down the road. Most recipients of student loans have repaid or will repay their debts to the government in a timely fashion. But under the Schumer–Warren program, such virtuous borrowers will be called upon to pay twice, while the defaulters will not pay at all, adding to the global inequities of the comprehensive forgiveness program.

Beyond that, Schumer and Warren seem utterly untroubled about adding over a trillion dollars to an already bloated federal deficit. They assume, wrongly, that the forgiveness program will operate as the "single biggest stimulus we could add to the economy," because it will allow hard-pressed families to reallocate to consumption and investment the money that they are now obligated to repay the government. But that partial analysis ignores the obvious rejoinder that these supposed gains will be offset by the reduced expenditures on investment and consumption from those, chiefly the rich and corporations, who will be called upon to pay

higher taxes to pay for the program—taxes that Biden supports. Those higher taxes will be a lose/lose proposition, producing lower income for rich and poor alike.

Indeed, the Schumer–Warren proposal proves too much. If any loan forgiveness program has desirable social effects, then why limit federal transfer payments to minority and low income families? There are many individuals who have similar needs—and by the Schumer–Warren logic, direct government grants to them could work the same magic stimulus. But the effect of any such expanded transfer program on aggregate growth is likely to be negative, when we add back in the loss of consumption and investment from the individuals who will pay higher taxes as a result. Added to the social costs are the administrative costs and political log-rolling of putting any new program into place and the distortions that arise by encouraging people to invest in a college education when the skills they acquire cannot support the repayments on the loan (especially for the dispiriting number of Americans who start, but do not finish, that education).

NO RESTRAINTS

The basic point here should serve as a warning to the Biden administration: it would be risky to follow up on the Bernie Sanders–like proposal that the federal government underwrite free college education, which dispenses with the need for any loans. Converting loans into grants does away with the important function of allocating educational resources to their highest value. In a sensible private market, loans are generated when the income they produce is sufficient to repay the loan with interest and still generate a profit for the borrower. The need to repay puts a real and needed check on the willingness to borrow in the first place.

Just as during the subprime housing crisis, loans were made with little or no examination of the borrowers' creditworthiness.

And where the individual borrower does not have the resources to repay an educational loan, that same monitoring function can be discharged by parents or other family members who guarantee the loan. They have more information about the academic and occupational prospects of the prospective student than any bank or the federal government, and it is likely that they will sign on to the deal only if they think that the prospective student will be able to repay the loan.

Hence, the sorting effect reduces the total losses from misguided loans and harnesses private information about prospective students, who must choose carefully both their proposed degree program and its collateral costs. That discipline, imposed by the market, is wholly lost by a subsidized college scheme, which will make outright grants for strong applicants who do not need them.

An underlying source of danger for the home mortgage market was the false ideal that homeownership was an American goal to which everyone should aspire. But for many individuals, it is far wiser to rent than to own—just as for many students, it is far more sensible and rewarding to learn a trade than to go to a community or a four-year college. And where there are students who have the ability, but not the means, to engage in college work, the current system of scholarships awarded by colleges and various other specialized foundations and educational charities supplies the needed monitoring of the social investment.

There is indeed a larger lesson for progressives to learn. With their precarious majorities, they should reject policies that attempt to control private markets through inefficient regulations and subsidy schemes that favor their preferred constituents and are paid for by taxing the rich. Such an approach does not work for labor markets or medical services, and it cannot work for college education either. ◼

Bankers' Green Temptation

It's reckless for central banks to try to enforce vague environmental policies. It also threatens their hard-won independence from politicians.

By John H. Cochrane

The following is adapted from John H. Cochrane's remarks at the European Central Bank's "Conference on Monetary Policy: Bridging Science and Practice," held in October 2020.

I do not argue that climate change is fake or unimportant. None of the following comments reflect any argument with scientific fact. (I favor a uniform carbon tax in return for essentially no regulation.)

What I want to address is whether the European Central Bank (ECB), other central banks, or international institutions such as

Key points

» Setting climate policy is a reckless move by central banks—and lies outside their mandate.

» A central bank is not an all-purpose do-good agency, even if it had the wisdom to act as one.

» The banks' green programs are being driven by political aims, not economic analysis.

» Institutional aggrandizement will only erode independence and public trust.

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the International Monetary Fund, the Bank for International Settlements, and the Organization for Economic Cooperation and Development should appoint themselves to take on climate policy—or other important social, environmental, or political causes—without a clear mandate to do so from politically accountable leaders.

The Western world faces a crisis of trust in our institutions, a crisis fed by a not-inaccurate perception that the elites who run such institutions don't know what they are doing, are politicized, and are going beyond the authority granted by accountable representatives.

Trust and independence must be earned by evident competence and institutional restraint. Yet central banks—not obviously competent to target inflation with interest rates, floundering to stop financial crisis by means other than wanton bailouts, and still not addressing obvious risks lying ahead—now want to be trusted to determine and implement their own climate change policy.

We don't want the agency that delivers drinking water to make a list of socially and environmentally favored businesses and start turning off the water to disfavored companies. Nor should central banks. They should provide liquidity, period.

But a popular movement wants all institutions of society to jump into the social and political goals of the moment, regardless of boring legalities. Those constraints, of course, are essential for a functioning democratic society, for functioning independent technocratic institutions, and incidentally for making durable progress on those same important social and political goals.

RISK IS NOT THE ISSUE

The European Central Bank and others are not just embarking on climate policy in general. They are embarking on the enforcement of one particular set of climate policies—policies to force banks and private companies to defund fossil fuel industries, even while alternatives are not available at scale, and to provide subsidized funding to an ill-defined set of "green" projects.

Let me quote from ECB executive board member Isabel Schnabel's recent speech. I don't mean to pick on her, but she expresses the climate agenda very well, and her speech bears the ECB imprimatur. She recommends that

> [f]irst, as prudential supervisor, we have an obligation to protect the safety and soundness of the banking sector. This includes making sure that banks properly assess the risks from carbon-intensive exposures. . . .

[Taylor Jones—for the *Hoover Digest*]

Let me point out the unclothed emperor: climate change *does not pose any financial risk* at the one-, five-, or even ten-year horizon at which one can conceivably assess the risk to bank assets. Repeating the contrary in speeches does not make it so.

Risk means variance, unforeseen events. We know exactly where the climate is going in the next five to ten years. Hurricanes and floods, though influenced by climate change, are well modeled for the next five to ten years. Advanced economies and financial systems are remarkably impervious to weather. Relative market demand for fossil vs. alternative energy is as easy or hard to forecast as anything else in the economy. Exxon bonds are factually safer, financially, than Tesla bonds, and easier to value. The main risk to fossil fuel companies is that regulators will destroy them, as the ECB proposes to do, a risk regulators themselves control. And political risk is a standard part of bond valuation.

That banks are risky because of exposure to carbon-emitting companies; that carbon-emitting company debt is financially risky because of unexpected changes in climate, in ways that conventional risk measures do not capture; that banks need to be regulated away from that exposure *because of risk to the financial system*—all this is nonsense. (And even if it were not nonsense, regulating bank liabilities away from short-term debt and towards more equity would be a more effective solution to the *financial* problem.)

Next, we contemplate a pervasive regime essentially of shame, boycott, divest, and sanction

> [to] link the eligibility of securities . . . as collateral in our refinancing operations to the disclosure regime of the issuing firms.

We know where "disclosure" leads. Now all companies that issue debt will be pressured to cut off disparaged investments and make whatever "green" investments the ECB is blessing.

Last, the ECB is urged to print money directly to fund green projects:

> We should also consider reassessing the benchmark allocation of our private asset purchase programs. In the presence of market failures . . . the market by itself is not achieving efficient outcomes.

Now you may say, "Climate is a crisis. Central banks must pitch in and help the cause. They should just tell banks to stop lending to the evil fossil fuel companies, and print money and hand it out to worthy green projects."

But central banks are not allowed to do this, and for very good reasons. A central bank in a democracy is not an all-purpose do-good agency, with

authority to subsidize what it decides to be worthy, defund what it dislikes, and force banks and companies to do the same. A central bank, whose leaders do not regularly face voters, lives by an iron contract: freedom and independence so long as it stays within its limited and mandated powers.

The ECB in particular lives by a particularly delineated and limited mandate. For very good reasons, the ECB was *not* set up to decide which industries or regions need subsidizing and which should be scaled back, to direct bank investment across Europe, to set the price of bonds, or to print money to subsidize direct lending. These are intensely political acts. In a democracy, only elected representatives can take or commission such intensely political activities. If I take out the word "green," the EU member states, and EU voters, would properly react with shock and outrage at this proposed expansion of the central bank's role.

The main risk to fossil fuel companies? That regulators will destroy them.

That's why this movement goes through the convolutions of pretending that defunding fossil fuels and subsidizing green projects—however desirable—has something to do with systemic risk, which it patently does not.

That's why one must pretend to diagnose "market failures" to justify buying bonds at too high prices. By what objective measure are green bonds "mispriced" and markets "failing"? Why only green bonds? The ECB does not scan all asset markets for "mispriced" securities to buy and sell after determining the "right" prices.

Here are two ways to interpret the ECB's proposal.

One: we looked evenhandedly at all the risks to the financial system, and the most important *financial* risk we came up with just happens to be climate.

Two: we want to get involved with climate policy. How can we shoehorn that desire into our limited mandate to pay attention to financial stability?

POLITICAL, NOT ANALYTICAL

How should we judge the proposal? I think it's pretty obvious that the latter interpretation is correct—or at least that the vast majority of people learning of the proposal will interpret it as such. Feeding this perception is the central omission of this speech: any concrete description of just how carbon sins will be measured.

"Carbon emitting" does not mean just fossil fuel companies but also cement manufacturers, aluminum producers, construction, agriculture,

transport, and everything else. Will the carbon risk and defunding project really extend that far, in any sort of honest quantitative way? Or is "carbon emitting" just code for hounding the politically unpopular fossil fuel companies?

In the disclosure and bond buying project, who will decide what is a green project? Already, cost-benefit analysis—euros spent per ton of carbon, per degrees of temperature reduced, per euros of GDP increased—is sorely lacking. By what process will the ECB avoid past follies such as switchgrass biofuel, corn ethanol, and high-speed trains to nowhere? How will it allow politically unpopular projects such as nuclear power, carbon capture, natural gas via fracking, residential zoning reform, and geoengineering ventures—which all, undeniably, scientifically, lower carbon and global temperatures—as well as adaptation projects that undeniably, scientifically, lower the impact on GDP?

In sum, where is the analysis for this program? I challenge the ECB to calculate how many degrees this bond buying plan would lower global temperatures, and how much it would raise GDP by the year 2100, in any transparent, verifiable, and credible way. Never mind the costs, for now: where are the benefits?

And how would the ECB resist political pressure to subsidize all sorts of boondoggles? If the central bank does not have and disclose neutral technical competence at making this sort of calculation, the project will be perceived as simply made-up numbers to advance a political cause. All of the central bank's activities will then be tainted by association.

This will end badly. Not because these policies are wrong but because they are intensely political, and they make a mockery of the central bank's limited mandates. If this continues, the next ECB presidential appointment will be all about climate policy: who gets the subsidized green lending, who is defunded, and what the next set of causes is to be—not interest rates and financial stability. Board appointments will become champions for each country's desired subsidies. Countries and industries that lose out will object. This is exactly the sort of institutional aggrandizement that prompted Brexit.

This movement pretends that defunding fossil fuels and subsidizing green projects has something to do with systemic risk. It patently does not.

If the ECB crosses this second Rubicon—buying sovereign and corporate debt was the first—be ready for more. The IMF is already pushing

redistribution. The US Federal Reserve, though it has so far stayed away from climate policy, is rushing into "inclusive" employment and racial justice. There are many problems in the world. Once you start trying to shape climate policy and so obviously break all the rules to do it, how can you resist the clamor to defund, disclose, and subsidize the rest? How will you resist demands to take up regional development, prop up dying industries, subsidize politicians' pet projects, and all the other sins that the ECB is explicitly enjoined from committing?

Central banks should provide liquidity. Period.

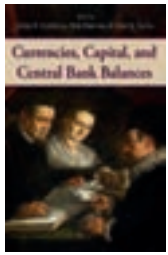
A central bank that so blatantly breaks its mandates must lose its independence, its authority, and people's trust in its objectivity and technical competence to fight inflation and deflation, regulate banks, and stop financial crises.

STEADY ON

Working for a central bank is a bit boring. One may feel a longing to do something that feels more important, that helps the world in its big causes. One may long for the approval of the Davos smart set. How *does* Greta Thunberg get all the attention? But a central bank is not the Gates Foundation, which can spend its money any way it likes. This is taxpayers' money, and regulations use force to transfer wealth between very unwilling people. A central bank is a government agency, and central bankers are public servants, just like the people who run the DMV.

Central banks must be competent, trusted, narrow, independent, and boring. A good strategy review will refocus central banks on their core narrow mission and let the other institutions of society address big political causes. Boring as that may be. ■

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



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Wanted: Informed Patriots

The January riot on Capitol Hill was a shocking example of civic ignorance and disrespect—and proof that **our schools must teach civics again.**

By David Davenport

The United States suffers from a pandemic of civic ignorance and a deep deficit of civic respect. Only one in three Americans can pass the civics portion of the US citizenship test. A mere 24 percent of eighth-graders test "proficient" or better in civics and government, while a pitifully low 15 percent are proficient in US history.

The assault in January on the Capitol and the subsequent response should be a wake-up call to the profound consequences of this civic ignorance and disrespect.

The assault itself, an act of deep disrespect never seen before, was based on the deeply flawed premise that Congress or the vice president could and should change the outcome of the 2020 presidential electoral vote. The fact is that the meeting in Washington on January 6 was not a session of the so-called Electoral College. In fact, what we call the Electoral College does not exist as a formal body or hold meetings, and it is not even mentioned in the Constitution.

Instead, the civic facts are that our presidential election is really fifty-one separate elections run by the states and the District of Columbia under the

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[Taylor Jones—for the *Hoover Digest*]

Constitution. These elections choose electors in each state who, in turn, vote for their candidate. Those results are then sent to Congress and it meets, as it did on January 6, to receive the votes and certify the outcome.

What an act of civic disrespect it was, then, when protesters scaled the walls of the Capitol and barged into chambers and offices to protest electoral votes that are not even under the control of Congress. If people want to violate the law and risk arrest to make a statement, it behooves them to at least understand whose work they are protesting.

Every state should require a full year of civics instruction.

This unfortunate chapter in our current history is riddled with civic ignorance and misunderstanding, among citizens and leaders alike. It would be nice if we could send members of Congress to a civics or constitutional law class before they serve. In fact, a colleague has told me he will introduce a ballot proposition in his state to require that political candidates pass a civics test before they qualify to run for office. His intentions are good, but I doubt his measure will be enacted.

What we can do is redouble our efforts toward better civic education in our schools so young people will develop a better understanding of how our republic works before they are in charge of running it. We need a full year of civic education to be required in every state (only nine states require that now). We need to resume teaching civics in elementary and middle schools, from which it has largely disappeared. We need to spend more than 5 cents per student per year on civic education when we are spending $54 per student annually on STEM education.

If people want to violate the law to make a statement, it behooves them to at least understand what they're protesting.

The Educating for Democracy Act (HR 8295), introduced last September on Constitution Day with bipartisan support, would finally do something about our chronic civic education crisis. This bill would allocate $1 billion per year over the next five years, largely to states and providers of civic education. Another of its commitments is to undertake adequate testing of civic education progress in the schools: at least once in the elementary (fourth grade), middle school (eighth grade), and high school (twelfth grade) years.

The federal government can go only so far in education, however, since K–12 education is still primarily a state and local matter. Therefore, it is left to the states to undertake the single most important effort to improve civic education: require it in the curriculum.

Our recent political circumstances are clearly a problem of hyperpartisanship and division. Yet we have allowed this to occur through the failure of civic education. To build greater resilience and address our civic vulnerabilities, we desperately need to develop, as President Reagan said in his farewell address, "an informed patriotism" among our people. ◼

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The Majority-Minority Myth

Identity politics, which supposedly boost the Democrats' electoral chances, aren't the sure bet they might appear. Why? Because Americans' identities are steadily blending into each other.

By Morris P. Fiorina

In 2002, influential political observers John Judis and Ruy Teixeira published a book that helped craft an enduring narrative. *The Emerging Democratic Majority* postulated that ongoing sociodemographic trends worked to the advantage of the Democratic Party. These trends included a growing percentage of ethnic minorities, along with increasing percentages of younger voters, unmarried working women, and the college-educated. Individually and cumulatively these developments suggested a bright future for Democrats' electoral prospects.

Key points

» Ethnic minorities, younger voters, women, and college graduates were said to be the Democrats' "coalition of the ascendant."

» The "majority of minorities" will not consist of people who are 100 percent any one thing.

» Intermarriage, with its resulting fluid identities, continues to increase.

» An "us vs. them" picture yields to a more variegated picture in which identities and boundaries shift.

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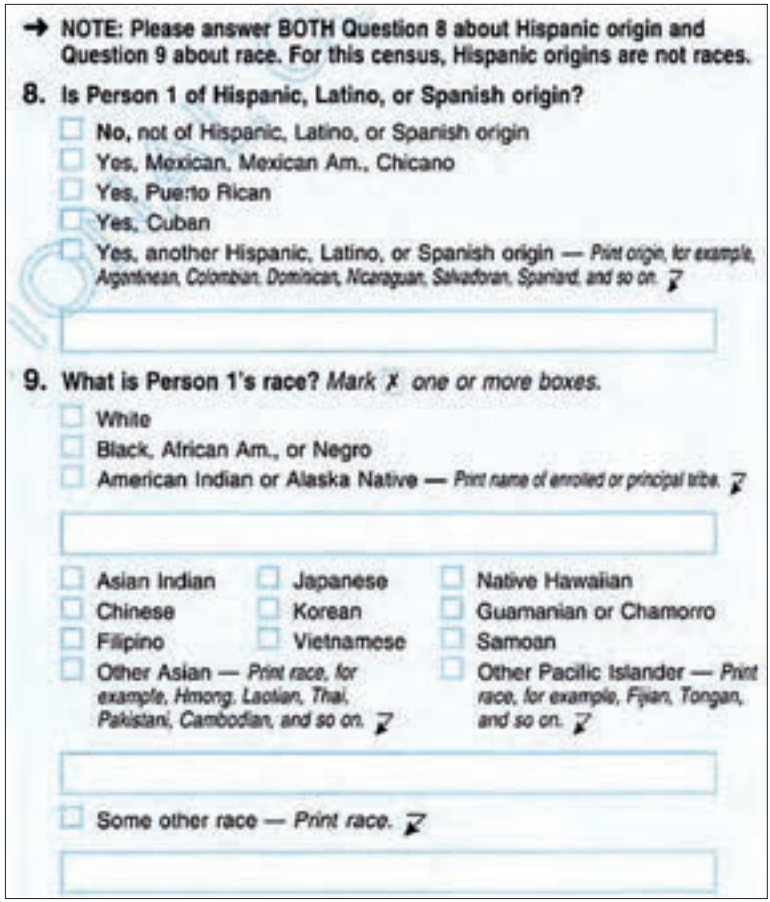


→ NOTE: Please answer BOTH Question 8 about Hispanic origin and Question 9 about race. For this census, Hispanic origins are not races.

8. Is Person 1 of Hispanic, Latino, or Spanish origin?

- ☐ No, not of Hispanic, Latino, or Spanish origin
- ☐ Yes, Mexican, Mexican Am., Chicano
- ☐ Yes, Puerto Rican
- ☐ Yes, Cuban
- ☐ Yes, another Hispanic, Latino, or Spanish origin — *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.*

9. What is Person 1's race? *Mark ✗ one or more boxes.*

- ☐ White
- ☐ Black, African Am., or Negro
- ☐ American Indian or Alaska Native — *Print name of enrolled or principal tribe.*

- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian — *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.*
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander — *Print race, for example, Fijian, Tongan, and so on.*

- ☐ Some other race — *Print race.*

The 2008 presidential election seemed to herald the arrival of this "new American electorate" or "coalition of the ascendant." Four years later, in the aftermath of President Obama's re-election, the Republican National Committee recognized the apparent new order when it issued an "autopsy" of Mitt Romney's loss. In it, the GOP declared that it needed to become more inclusive and increase its appeal to ethnic and racial minorities, women, and young voters. A few years later, the United States Census Bureau put an official stamp on one of the important demographic trends when it reported that "non-Hispanic whites may no longer comprise over 50 percent of the US population by 2044." Most official government reports go unnoticed. Not this one. The idea of a majority-minority country quickly dominated the national political conversation. Other announcements reinforced the 2015 report: in every year since 2013, minority births have exceeded white births. Beginning in 2019, a majority of Americans under sixteen years old are nonwhite.

ONE DROP: Activist and former Cuban prisoner Luis Zuñiga speaks during a Cuban exile association meeting in Miami in January. Descendants of Cuban exiles in the United States—such as Senator Ted Cruz and his children—will appear in census records as Hispanic regardless of intermarriage, as long as the "Hispanic" box is checked. [Giorgio Viera—EFE]

There is no downplaying the political impact of what has been called "the browning of America." The narrative of the majority-minority nation has become a staple of political commentary, especially on the left. Contrary to expectations, however, in the short run—the 2016 elections—many Democrats believe the party suffered from acceptance of the thesis and its apparent support for an electoral emphasis on identities. Although the contributions of ethnocentrism and racism to Donald Trump's vote have arguably been exaggerated, social changes, particularly rapid and cumulative social changes, are certainly unnerving to some elements of the population, with political reaction a natural result.

CRACKS IN THE CONSENSUS

One need not accept dubious notions like "white extinction anxiety" to recognize that a rising American electorate logically entails a corresponding declining American electorate, and one hardly can blame older, white,

married, non-college-educated voters for wondering where they fit in the new Democratic majority. As Judis himself noted in *National Journal* in 2015, *The Emerging Democratic Majority* implicitly made two assumptions. First, rising groups would continue to favor the Democrats in their voting. Second, that increased Democratic support from rising groups would not be offset by falling support among declining groups.

The 2016 election raised doubts about the second assumption. As Teixeira recently pointed out, there are still too many whites in the electorate for the Democrats to win without attracting a goodly share of them. Ironically, an emphasis on racial and ethnic identities may have boomeranged by creating a "white consciousness" where little or none existed before. The increase in Latino support for Trump in the 2020 voting suggests that the first assumption may be questionable as well.

Most people would not view heightened racial and ethnic divisions as a positive political development, especially if such divisions were based on serious misconceptions. So, sadly, some of the divisiveness of contemporary politics might have been avoided if journalists and pundits had paid serious attention to the work of academic demographers who have been criticizing the Census Bureau projections for nearly a decade. Although these critics have challenged the prevailing majority-minority narrative, they have had little apparent success. CUNY Professor Richard Alba, one of the leaders of this group of critics, has tried again with *The Great Demographic Illusion,* a new book that should be required reading for everyone who comments or writes on American elections.

Ted (Rafael Edward) Cruz and his family provide the best short explanation of the Alba critique. Senator Cruz is the son of a Cuban father and Irish mother. The US Census Bureau classifies him as Hispanic, a minority. Cruz's wife, Heidi, is of northern European ancestry. Their two daughters are classified as minority (so long as the parents report their children's Cuban heritage on the Hispanic origin question). Should these girls grow up, marry, say, ethnic Scandinavians, and have one or two children each, Cruz's grandchildren will be classified as minority, again, as long as whoever fills out the census form acknowledges their Hispanic ancestry. So, if he lives until 2044, Senator Cruz could contribute as many as seven people to the projected nonwhite majority: himself, two children who are one-quarter Cuban, and two to four grandchildren who are one-eighth Cuban.

Most people would find such a classification procedure surprising, if not absurd. Alba emphasizes that the Census Bureau operates under legal and political constraints imposed by the Office of Management and Budget, with

close scrutiny from Congress, outside interest groups, and the courts. Its practices, therefore, are not always those that academic researchers would adopt.

A MORE DIVERSE UNION

The projections in the 2015 report are predicated on questions dealing with race and ethnicity that were first included on the 2010 census and carried over to the current census. Consider question 8 on the census form, which asks about Hispanic ancestry. Those who report any Hispanic ancestry on this question move into the minority category, regardless of their responses to question 9. Non-Hispanics who check the "white" box on question 9 go into the white category, of course—unless they write in anything else. Should they wish to claim, say, an American Indian ancestor (a fairly common impulse), they again fall into the minority category despite their white self-categorization. In both cases, descendants stay in the same category—minority—as the parent, if they acknowledge the parent's ancestry.

So, the census projections reflect a "one drop" rule akin to that used in the Jim Crow South. The white category consists only of people who are 100 percent "non-Hispanic white." If one adopts a more expansive definition of white, the projection of a majority-minority nation disappears. Dowell Myers and Morris Levy, for example ("Racial Population Projections and Reactions to Alternative News Accounts of Growing Diversity," *The Annals of the American Academy of Political and Social Science*), calculate what future American populations would look like if anyone who checks the white box on question 9 is classified as white. With this extremely liberal classification, the nation is three-quarters white in 2060.

Some mixed-race individuals choose to identify as white, some as mixed, some as their minority heritage—but their choices differ at different times.

On first hearing about the projected nonwhite majority, many people probably form a mental image that looks roughly like this: 4 whites, 2 Hispanics, 2 Blacks, 1 Asian, and perhaps one "other." As the preceding discussion explains, however, the picture is much more complex. The majority of minorities will not consist of people who are 100 percent Latino, 100 percent Asian, 100 percent black, 100 percent Native American, or 100 percent Hawaiian or Pacific Islander (the official census categories). Rather, the majority of minorities will include people of numerous shadings of color.

The United States is becoming more racially and ethnically diverse, not only because of the changing relative sizes of the five large groups, but also because of the growing internal diversity within each group as the sizes of their mixed portions swell. Diversity is increasing within individuals as well as among groups.

Alba reports numerous analyses using census data, birth certificates, and surveys to describe the increasing occurrence of mixed marriages and the children who are products of such interracial and interethnic unions. Mixed marriage rates have steadily increased and the ongoing census will likely report that nearly one in five new marriages now are mixed. Fully 80 percent of these marriages are between a white American and a minority. About 40 percent of these involve a white and a Hispanic, with Asian-white unions at 15 percent. The upshot is that 40 percent of Americans report having a close relative who is married to someone of another racial group.

The census projections reflect a "one drop" rule akin to that of the Jim Crow South.

Given rising interracial marriage rates, these numbers will continue to grow.

Objective measures of economic success and general well-being show that mixed-race children fall between non-Hispanic white and all minority children (with the exception that Asian-white children do better than all white children on some measures). As Alba notes, "On the whole, mixed individuals remain in between, but the degree to which they resemble whites in social characteristics and in their social integration with them, is striking in a number of ways." Parental education levels are lower for white-minority children than for white children, but higher than for minority children—except for Asian-white children where education levels are higher than in all white families. The proportion of multiracial children who live in two-parent families is lower than that of all-white children, but higher than that of all minority children. Family income levels of multiracial children are lower than those of all white children (except for Asian-whites, whose families have higher levels), but higher than those of all minority children.

America has continually redefined its mainstream, albeit by fits and starts.

On more subjective measures, mixed-race children report more fluid identities than those of single ethnicities, sometimes reporting one part of their parentage and at other times another. Asian-white multiracials provide a striking example: two-thirds of those included in both the 2000 and 2010 censuses did not give identical answers; at one time they chose one identity or mixture and at the other time made a different choice. Some mixed-race individuals choose to identify as white, some as mixed, some as their minority heritage, and their choices differ at different times and in different contexts.

For the most part, Alba's findings are positive: they replace a white vs. minority binary that encourages an "us vs. them" orientation among some Americans with a more variegated picture where racial and ethnic boundaries are far less clear and constantly shifting—even within individuals from day to day. The findings about black-white multiracial children (about 20 percent of mixed white-minority children) provide the one glaring exception to this positive picture: "Multiracials with black and white parentage are the huge exception to this pattern, and their experience is quite distinct," Alba writes. "They grow up in less affluent circumstances and are exposed to much more severe discrimination, as evidenced by their frequent complaints of mistreatment at the hands of the police. They are more comfortable with blacks than with whites and usually identify with the black side of their family heritage."

Diversity is increasing within individuals, not just among groups.

But even here, he finds a positive note: "Yet they too exhibit a level of integration with whites that exceeds that of other African-Americans, as reflected in the relative frequency with which they marry whites. Racism is not an absolute bar to the same processes of integration evident among other mixed minority-white Americans, but it is a major impediment."

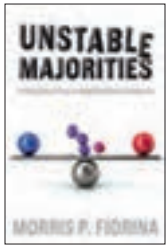
WHAT IT MEANS FOR POLITICS

In addition to the ongoing rise in mixed-race Americans, leaping from Census Bureau projections to assumptions about the electorate equates "residents," the population described by census data, with "voters." A majority of foreign-born residents are not citizens, a discrepancy likely to grow because the foreign-born population will increase, to about 17 percent in 2050. If this proportion does not change markedly, half or more of the foreign born—the vast majority nonwhite or Hispanic—will not be eligible to vote in 2050. All

in all, at midcentury and beyond, whites are virtually certain to remain the effective electoral majority at the national level.

Throughout his book Alba shows great sensitivity in the presentation and discussion of the findings. Ethnic activists and some scholars in the academy are heavily invested in the majority-minority narrative and will not welcome the evidence that the narrative is largely an artifact of questionable data classifications. Alba reminds us that America has continually redefined its mainstream, albeit by fits and starts. Northern European Protestants regarded the Irish as a lesser people (even the earlier Germans were suspect). And the great wave of Southern and Eastern European immigrants at first were widely viewed as well outside the mainstream. (On a personal note, my Italian aunts told me that when they started school in Pennsylvania in the 1920s the locals called them the N-word.) The process of mainstream expansion continues today, although Alba cautions that absent the integrating experience of World War II and the great postwar economic expansion, the redefinition of the mainstream may proceed more slowly than in the past.

Both political parties should recognize the social reality that Alba describes. In embracing the questionable notion of a majority-minority nation, Democrats who advocate identity politics are not placing as good a bet as some of them think, as the 2020 voting by some Latinos and African-Americans suggests. Political appeals to various ethnic and racial groupings will be less effective as those groupings become less distinct and their identities become more diffuse. Meanwhile, on the right, appeals to white consciousness (or worse), are likely to become counterproductive as the proportion of whites with multiracial relatives steadily increases. ◘



The World Is Not Getting Safer

Why the Biden administration needs to recommit the country to the defense of our allies.

By Kori Schake, Jim Mattis, Jim Ellis, and Joe Felter

The world is not getting safer, for the United States or for US interests. Even before the coronavirus pandemic struck, the 2017 National Defense Strategy described an international environment of increased global disorder, long-term strategic competition, rapid dispersion of technologies, and eroding US military advantages. Protecting the United States requires a

Key points

» The United States cannot protect itself or its interests without the help of others.

» "America first" has damaged the ability to address problems before they reach US territory and compounded the danger of emergent threats.

» Basing US diplomats and military forces in Asia, Europe, and the Middle East creates a bulwark against threats, a shock absorber, and an early warning system.

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strategy of defense in depth—that is, of identifying and dealing with global problems where they occur rather than waiting for threats to reach American shores.

To achieve defense in depth, simply strengthening the US military is not enough; nor the even more urgent task of strengthening US diplomacy and other civilian elements of national power. Enhancing national security must start with the fundamental truth that the United States cannot protect itself or its interests without the help of others. International engagement allows the United States to see and act at a distance, as threats are gathering, rather than waiting for them to assume proportions that ultimately make them much costlier and more dangerous to defeat. Defeating emerging threats in particular puts a premium on having visibility far from the homeland to allow for early warning and rapid adaptation to unanticipated developments.

Protecting the United States requires defense in depth.

As capable as the US military is, the United States' principal adversaries are more constrained by its network of alliances than by its military might. Continued failure to adequately invest in relationships with allies and partners and to cooperate with them to shape the international environment risks the erosion of this network—allowing a long-tended garden to become choked with weeds. Even worse, it could result in the emergence of other, competing networks, presaging an international order from which the United States is excluded, unable to influence outcomes because it is simply not present.

The United States today is undermining the foundations of an international order manifestly advantageous to US interests, reflecting a basic ignorance of the extent to which both robust alliances and international institutions provide vital strategic depth. In practice, "America first" has meant "America alone." That has damaged the country's ability to address problems before they reach US territory and has thus compounded the danger emergent threats pose.

THE DANGERS OF "AMERICA ALONE"

Advocates of the previous administration's approach seem to believe that other countries will have no choice but to accede to the United States' wishes and cooperate on its terms. This is delusion. Sovereign countries always have choices: to compromise with aggressors, take actions opposed

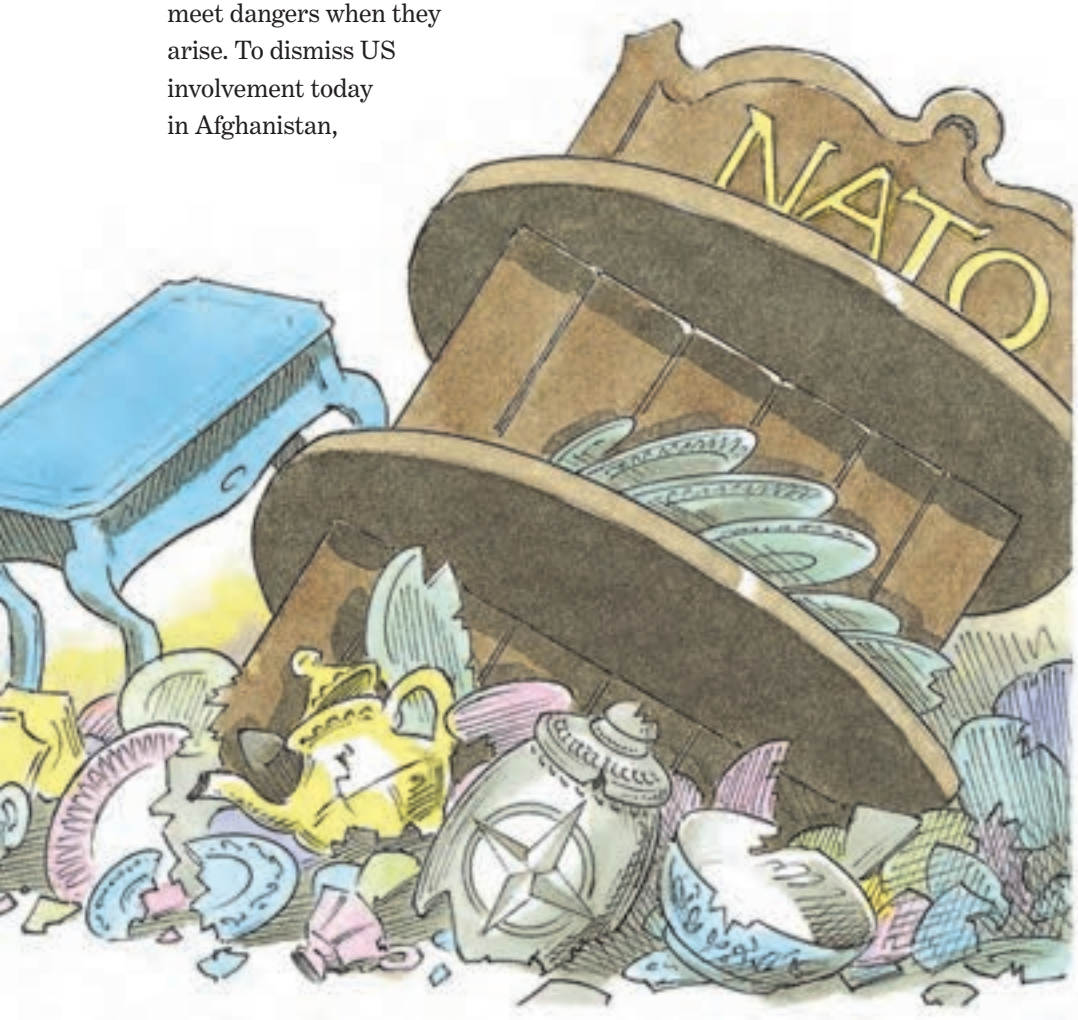
to US interests, opt out of assistance when the United States needs it, or cooperate with one another on activities from which the United States is excluded. Assuming otherwise has the result of emboldening adversaries and encouraging tests of the strength of US commitments.

Not even the United States is strong enough to protect itself on its own. Fundamentally, it needs help to preserve its way of life. Cooperating

[Taylor Jones—for the *Hoover Digest*]

with like-minded nations to sustain an international order of mutual security and prosperity is a cost-effective way of securing that help. But doing so means resisting the temptation to maximize US gains at the expense of countries that share its objectives and instead using the powers of influence and inspiration to enlarge the group of countries that work with the United States to a common purpose.

Those alliance relationships also require a forward strategy—the presence of US diplomats and military forces in Asia, Europe, and the Middle East—to give credence to US commitments. Together, that presence and the relationships it secures create a bulwark against threats, a shock absorber, and an early warning system that gives time and space to meet dangers when they arise. To dismiss US involvement today in Afghanistan,



Iraq, and elsewhere as "endless" or "forever" wars—as both former president Donald Trump and President Joe Biden do—rather than as support to friendly governments struggling to exert control over their own territory misses the point. It is in the United States' interests to build the capacity of such governments to deal with the threats that concern Americans; that work isn't quick or linear, but it is an investment in both greater security and stronger relationships and preferable to the United States' indefinitely having to take care of threats on its own.

Allies also supplement US military strength. The 2017 National Defense Strategy was built on the assumption of 3 to 5 percent real annual increases in defense spending. This assumption has not been borne out by political realities, but a renewed focus on partnerships—on approaching security as a team effort—can reduce what is demanded of US forces. That requires substantial investment to help build capable and willing allies, to negotiate and collectively enforce international rules and practices that restrain adversaries, and to sustain an industrial base that can provide for the defense needs of the United States and help meet those of its most essential allies. In time, such investment will more than pay off, since it enables allies to share more of the burden.

Defense resources cannot substitute for the many nonmilitary elements that go into national security: diplomats at the State Department, economists at the Treasury Department and the Federal Reserve, trade negotiators at the Office of the US Trade Representative, public health experts at the Centers for Disease Control and Prevention, lawyers at the International Court of Arbitration, development finance experts at the Export-Import Bank and the United States Agency for International Development, and technologists at the Federal Communications Commission.

There are many good reasons to invest in such tools. The military becomes both less capable and less legitimate as it moves outward from its essential functions. The Defense Department can serve to strengthen diplomats abroad and support civil authorities at home by providing assistance in areas such as logistics, the handling of biohazardous chemicals, or emergency contracting, but it should remain the supporting rather than the supported organization—and it should actively avoid the perception of being politicized, as was the case in last summer's Lafayette Square incident. Balancing the US security portfolio this way will naturally diminish the prominence of military elements without weakening US defense by providing more diverse and effective contributions from

In practice, "America first" has meant "America alone."

MUTUAL SECURITY: Secretary General Jens Stoltenberg addresses a news conference after a virtual meeting of defense ministers in February at NATO's Brussels headquarters. "America first" has damaged the United States' ability to address problems before they reach US territory and compounded the danger of emergent threats. [Jon Thys—Reuters]

nonmilitary sources. It will also prevent an excessive reliance on the military from eroding the United States' traditions of civic governance and the advantages of a free society.

Such a rebalancing of the US approach to national security is also necessary, however, when it comes to maintaining the country's network of alliances and partnerships. Militarizing US national security can dim the attractiveness of the American model, the appeal of which makes it easier for other countries to support US policies. It also fosters an unhealthy division of labor among allies, with the United States taking on a disproportionate share of risk for military outcomes while its allies focus their contributions on development assistance or governance.

RECKONING WITH CHINA

The principal external threat the United States faces today is an aggressive and revisionist China—the only challenger that could potentially undermine

the American way of life. The US goal, however, should not only be to deter great-power war but to seek great-power peace and cooperation in advancing shared interests. For that, the United States' alliances and partnerships are especially crucial.

Credibly sustaining the United States' forward military strategy in Asia will require changes and improvements on a number of fronts: more effective nuclear deterrence, enhanced capabilities in space and cyberspace, dramatic improvements in the ability to project military power, and a renewed willingness to shift resources from lesser priorities. Since China is utilizing asymmetric strategies and technological innovation, the United States also needs a comprehensive approach to restoring what should be, and typically have been, its comparative advantages.

The nature of competition has changed dramatically since the Cold War: earlier struggles for technological dominance played out in secretive national labs and other classified, government-sponsored domains, but today, state-of-the-art technology with military applications is being developed largely in the commercial sector with advances driven by consumer demand rather than government directive. Such technologies must be rapidly integrated into weapons systems and other defense platforms to empower new operational concepts and doctrines.

It will also be imperative to maintain robust alliances in Asia, especially with Australia, Japan, and South Korea; to strengthen relationships with partners such as India, Indonesia, and Vietnam that share an interest in maintaining a free and open region; and to participate more fully in and work to improve international organizations so that China cannot manipulate them to the United States' disadvantage. Those partnerships are also important when it comes to strengthening and diversifying critical supply chains and reducing the country's dependence on China for critical goods and materials (particularly for rare-earth materials), which the pandemic has highlighted in alarming ways.

To dismiss US involvement in places like Afghanistan as "forever wars" misses the point. Helping such nations is in America's interests.

Not even the United States is strong enough to protect itself on its own.

Crucially, the United States should not press countries to choose outright between the two powers. A "with us or against us" approach plays to China's advantage, because the economic prosperity of US allies and partners hinges

on strong trade and investment relationships with Beijing. Rather than treating countries as pawns in a great-power competition, a better approach would emphasize common codes of behavior and encourage states to publicly promulgate a vision for their country's sovereign future and the types of partnerships they need to pursue it. It would also expand the cooperative space in which all countries supporting a rules-based order can work together to advance shared interests. Cooperation across different ideological systems is difficult but necessary, and there should be opportunities to cooperate with China in areas of overlapping interests such as pandemic response, climate change, and nuclear security.

The goal should be: deter great-power war, seek great-power peace.

We hope that when President Joe Biden and his national security team begin to re-evaluate US foreign policy that they will quickly revise the national security strategy to eliminate "America first" from its contents, restoring in its place the commitment to cooperative security that has served the United States so well for decades. The best strategy for ensuring safety and prosperity is to buttress American military strength with enhanced civilian tools and a restored network of solid alliances—both necessary to achieving defense in depth. The pandemic should serve as a reminder of what grief ensues when we wait for problems to come to us. ■

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Return to Europe

What do Europeans hope to see in Washington in the next four years? An administration willing to make amends—and face its obligations.

By Josef Joffe

Dear Mr. President:

Europe has applauded your election, especially since your predecessor harbored no warm feelings for the Old World. Indeed, he often treated friends worse than foes, flirting alternately with Russia's Vladimir Putin and North Korea's Kim Jong Un. As long as NATO endures, the Europeans won't forget the "obsolete" label Donald Trump stuck on the world's longest-lived alliance. Courtesy goes a long way in the affairs of human beings and nations.

Let me start with principles, then move to the nitty-gritty. It's not going to be all sugar and spice in the next four years because, in the end, states will stress interests over affection. But right now, you can count on good feelings. So let the repair work begin.

Trump's greatest problem was his transactional take on diplomacy. His game was strictly zero-sum: I win if you lose. The smarter way, practiced by previous US administrations since Truman, is to play non-zero-sum games in which both can win. A strategy that upgrades the common interest brightens the future. Trump should have talked religion with his

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Jewish son-in-law. A key Talmudic precept is the mitzvah: one good deed begets another.

Another piece of practical wisdom (not that you need to be tutored after forty years in the foreign policy business) is this: zero-sum games tend to degenerate into negative contests in which both lose. A classic is trade war. Your old boss, former president Barack Obama, slapped punitive tariffs on Chinese tires. China lost out, but so did the United States. Moreover, US tire workers did not gain new jobs, because American importers just shifted to Vietnam, Mexico, and Indonesia. Prices rose in the United States, compressing real income, but the trade deficit did not budge. It was even worse under Trump's punitive tariffs: our deficit in US-China trade has actually grown.

Don't take my word for it: consult a renowned economist by the name of Abba Lerner, who invented the Lerner Symmetry Theorem in 1936. Stripped of the math, it states that an import tariff has the same effects as an export tax. In other words, as you make imports more expensive, you also diminish demand for your own exports. Therefore, your deficit does not budge. Let your experts also plow through Douglas Irwin's 2017 tome, *Clashing Over Commerce: A History of US Trade Policy*. The gist: no matter what the average tariff was, imports and exports moved in tandem.

So, you might counsel the protectionists in your own party that tariffs don't work too well. They hurt the American consumer through higher prices. And they damage producers who have to pay more for imported raw materials like steel. For instance, earthmoving machinery made in the United States from penalized Chinese steel will lose out to excavators manufactured in Japan. The best that import walls can do is to favor coddled industries, but at the expense of the nation as a whole, whose real income suffers.

Zero-sum games, in trade or otherwise, tend to degenerate into contests where both lose.

The Europeans, and the Germans in particular, will also cheer you for planning to rescind the Trump withdrawal of twelve thousand troops from Germany. That would be a win-win, since staying in place is equally good for the United States. Its military infrastructure in Europe is concentrated in the Fatherland: command and control, surveillance, forward-based air power, bridgeheads for reinforcement. Apart from cautioning Putin, these assets support US operations in the Middle East and in Africa. Plus: your predecessor probably did not listen when told that the US Army Corps of Engineers is currently building a five-thousand-room hospital worth a billion

dollars in Weilerbach, Germany. So, sticking it out with those "free riders" is a no-brainer.

Now to the trickier items. It is not likely that Angela Merkel will stop Nord Stream 2 through the Baltic on its last hundred miles, but Washington and Berlin can still hash out a deal. The United States is rightly worried about this Russo-German project, which deliberately circumvents Poland and Ukraine and increases Germany's strategic dependence on Putin's Gazprom. But a compromise can be had: it would integrate the "Easties" into the West European gas grid and nudge Berlin toward diversifying its gas supplies.

Transcending such brawls are the big-ticket items arising from America's sharpening rivalry with a rising China and resurgent Russia. Your more starry-eyed European friends think that harmony and understanding will thrive in your term. They count on your pledge to pursue nuclear disarmament with the Kremlin and return to the Joint Comprehensive Plan of Action with Iran, which your old boss expected would blunt Iran's nuclear ambitions.

But the world's number one also has bigger fish to fry. The imperative is to balance and constrain China, Russia, and Iran. Call it "Containment 2.0." Obama thought Hillary Clinton could simply push the reset button in Geneva in 2009. But the reset was followed by the Crimea grab, the sub rosa absorption of Ukraine's Donbass region, and the expansion into the Levant.

Obama spoke warmly of Islam while cold-shouldering Israel's Benjamin Netanyahu. He thought he could entice Tehran into a deal that would postpone Iran's bomb while moderating its hegemonial aspirations in the Greater Middle East. Since then, these pious revolutionaries have continued to stack up the building blocks for a nuclear armory while extending the reach of their delivery vehicles. Iran has expanded all the way to the Mediterranean.

The United States is the linchpin of the global order. Under your aegis, I presume, the United States would not want to follow in the footsteps of Obama and Trump, who both experimented with the retraction of American power. I do understand the domestic impetus—more welfare, less warfare. As an Obama mantra had it, it was "time for a little nation building at home." Trump followed up with the pledge of a trillion-dollar infrastructure program.

Mr. President, you might counsel the protectionists in your own party that tariffs don't work too well.

Still, great powers can't opt out of the global game, not when China, Russia, and Iran accelerate their expansionist pace. The difference between Trump and you, as your advisers have intimated, is allies—just as during Containment 1.0.

MAKING WAVES: Tugboats cluster alongside the Russian pipe-laying vessel* Fortuna *in the port of Wismar, northern Germany. The ship is being used for construction work on the German-Russian Nord Stream 2 gas pipeline in the Baltic Sea. Washington is concerned because the project deliberately circumvents Poland and Ukraine and increases Germany's strategic dependence on Vladimir Putin's Gazprom. [Jens Büttner—DPA/Picture-Alliance]

The idea is hegemony at a discount that would harness the Europeans and East Asians into a global coalition against China, the mightiest challenger on the economic as well as strategic fronts.

Don't expect too much from the Europeans, Mr. President. The other day, a top German official explained to me, "China is just too powerful to be contained." Translation: count us out as a strategic ally. The same goes for the rest of continental Europe, which is reluctant, if not loath, to commit. The EU's career as a "civilian power" requires staying out of harm's way. And why not? The EU is a global power only in economic terms—number two after the United States and ahead of China. It has neither the will nor the wherewithal to act as a strategic player.

So, be realistic.

On trade and technology, the Europeans are coming around, if ever so fitfully. They worry about Huawei's getting hold of their 5G networks, and they are willing to brake the theft of Western high tech as well as China's

economic penetration along the "Belt and Road." On the European left, which is none too fond of the United States, resentment is building against Xi's heavy totalitarian hand at home and in Hong Kong. In short, interests are tilting toward the United States. So, the stage is set for creative coalition diplomacy.

But please be modest in your expectations of recruiting the Europeans into the hard-power game. In this arena, the United States will have to carry the bulk of the burden, as always, especially now that Britain, a nation with remnants of a warrior culture, is out of the European Union. The Europeans fear an Iranian bomb, but they fear a disarming strike even more. Nor do they like harsher sanctions, especially secondary boycotts imposed by dint of America's sheer market power against EU firms.

Russian influence has expanded into the Levant, and Iran's all the way to the Mediterranean.

Hence, as distasteful as the potentates of Cairo and Riyadh may be, don't go down the road Obama took when he tilted away from Israel and the Sunni states to embrace Iran. Revolutionary powers can't be killed with kindness; they must be met by "long-term, patient but firm and vigilant containment," as George F. Kennan famously counseled in the Soviet case. So, build on the Abraham Accords, the only diplomatic achievement Donald Trump has bequeathed to you. This is precisely the kind of regional synergy you have in mind: Arabs and Israelis serving American interests while they pursue their own.

The progressives in your party bridle at realpolitik. They prefer re-engagement to rearmament. I hope your bows to international amity—such as returning to the Paris Climate Agreement and the WHO—will soothe them. A liberal hegemon should honor international institutions. If you work with them wisely, you will serve American interests along with those of others—and increase the authority as well as the legitimacy of American leadership.

Be modest in your expectations of recruiting Europeans into the hard-power game.

Before the presidential campaign, you wrote that America "will be back at the head of the table" and "lead with the power of our example." But the nation at the head of the table cannot lead by example alone. Nor would the retrenchment of American responsibility pursued softly by Obama

and brutally by Trump serve American interests. In the end, power talks. So, you will have to contain rivals where you must and extend cooperation where you can. Do try to assemble coalitions. But you will have to persuade the reluctant warriors of Europe and your allies in East Asia, who might be tempted to bandwagon with nearby China if the United States proves a fickle protector.

The best part is that you start out under brighter skies. So, as the forty-sixth president you might sing, "America first, but not alone." As a liberal hegemon, you will soften the edge of America's mighty sword and show a friendlier face.

America is open for business again, yet nothing can change certain harsh realities. America occupies the penthouse of power and has interests not necessarily congruent with those of its European and Asian cohorts. As they say, where you sit is where you stand. Nonetheless, we should count our blessings. There will be hard bargaining and disappointment, yet around a common table again. ◘

The China Challenge

Hoover fellow **Elizabeth Economy** and her colleagues seek to deepen our understanding of Chinese ambitions.

By Jonathan Movroydis

Jonathan Movroydis: How did you first become involved with the Hoover Institution after a long, distinguished career at the Council on Foreign Relations?

Elizabeth Economy: I had just published a book, *The Third Revolution* [Oxford University Press, 2018], which explored the transformation of Chinese politics under Xi Jinping. An opportunity arose to be a visiting fellow at Hoover, and I was excited to have access to the library and archives to start thinking about my next project. I spent the winter quarter of 2019 in residence and really enjoyed the Hoover community and the strong emphasis on intellectual collaboration among fellows. In addition, Hoover celebrates translating pathbreaking research into education for a broader audience and policy-relevant recommendations, something I have always aspired to do with my own work. I was thrilled when I was able to join the Hoover fellowship as a full-time senior fellow.

Elizabeth Economy *is a senior fellow at the Hoover Institution, where she participates in the China's Global Sharp Power project and the National Security Task Force. She is also the Senior Fellow for China Studies at the Council on Foreign Relations.* ***Jonathan Movroydis*** *is the senior content writer for the Hoover Institution.*

Movroydis: What do you hope to accomplish in 2021?

Economy: I have a few items that are at the top of my agenda. One is working with senior fellow Larry Diamond and research fellow Glenn Tiffert to build up the project on China's Global Sharp Power. It is an important initiative that looks at how the United States can most effectively respond to Chinese efforts to bolster authoritarianism and undermine democratic values globally. The three of us, along with Stanford Graduate School of Business Professor Darrell Duffie, are launching a new yearlong project on digital currency. Darrell and I will co-chair a working group that will assess the options for the United States and look at the financial and national security implications of China's digital currency initiative, DCEP [Digital Currency Electronic Payment].

I am also planning to launch a podcast that will feature scholars and experts from the United States and around the world who are conducting cutting-edge research on issues related to China and Asia. My objective is to help these scholars bring their research to light in ways that will inform the thinking of US policy makers. For example, in considering whether China is likely to escape the middle-income trap, Stanford economist Scott Rozelle's work on the urban-rural divide would open an entirely new world of understanding for most US policy makers.

I also feel strongly that US policy should be informed by perspectives from outside the United States. The United States has a uniquely challenging relationship with China, born in part of the US position as the world's superpower and China's aspiration to be on par with, or even surpass, the United States. Other countries often relate to China differently. Many, for example, do not share Washington's concerns over Huawei 5G technology and the potential for Chinese cybereconomic espionage. We need to understand why that is if we are going to build an effective coalition around a clean network. And if the United States wants to bring real international pressure to bear on China over its repressive policies in Xinjiang and Hong Kong, it needs to find ways to engage the forty-odd countries from the Middle East and Africa that typically support China's policies. So part of my podcast will be dedicated to increasing our access to the voices from these regions.

"US policy should be informed by perspectives from outside the United States."

Movroydis: Will you tell us about the book you have been writing?

Economy: *The World According to China* paints a picture of China's vision for the future international order and outlines the strategies Beijing is adopting to realize that vision. It directly addresses the debates that currently occupy the China policy community, such as: Is China trying to supplant the United States as the world's superpower? Does China want to export its model to the rest of the world? How does China envision its

[Taylor Jones—for the *Hoover Digest*]

role on the global stage? Is China trying to support, reform, or subvert the current rules-based order?

The book traces Chinese leaders' foreign policy statements and experts' debates to understand the country's broad strategic intentions. For me, however, the most fun is delving into actual Chinese foreign policy behavior across different issue areas to identify patterns in that behavior and ultimately to reveal a type of Chinese foreign policy playbook. I hope that demystifying Chinese foreign policy in this way will help US officials develop more effective policy responses.

STARTING AT A LOW POINT

Movroydis: In your view, what is the current state of US-China relations?

Economy: The relationship is at its lowest point since I started working on US-China relations about twenty-five years ago. There have been conflicts, spats, and even brief ruptures between the two countries in the past, but the nature of the competition—not just in trade but now also in security and values—is new. And the type of sustained effort to constrain and contain each other is also unprecedented. Finally, this period is unusual because the diplomatic framework for negotiation between the two countries—with the exception of trade—has almost entirely disappeared. Nothing in the bilateral relationship is moving in a positive direction.

Movroydis: How do you view the former Trump administration's China policy?

Economy: I think the Trump administration's Asia team did a terrific job of identifying and attempting to respond to the full range of challenges that China presents to US interests. The administration really did reset the relationship. Where the Trump administration fell short—and here I would say this is primarily about President Trump's leadership rather than that of his administration—was in articulating a proactive and positive message of US leadership on the global stage. It's not enough simply to say, "We're not going to let China lead in the United Nations, so we are going to defeat Beijing's candidate for the World Intellectual Property Organization and prevent it from including Belt and Road language in UN agencies and programs." The United States also needs to step up itself to bolster and, when necessary, reform the current rules-based order. If the United States simply picks up all its marbles and goes home, it can't compete effectively, and it certainly can't win the competition.

The Trump administration also used a sledgehammer and not a scalpel in pursuing its China policy. Sometimes this is appropriate. But the trade war certainly did not accomplish its objectives and, in fact, ultimately harmed US economic interests. In addition, the rhetoric and tactics in pushing back against Chinese influence activities and its insistence on calling COVID-19 the "China virus" contributed to a significant and unacceptable uptick in racial attacks against Chinese- and other Asian-Americans.

"The United States should focus on thinking creatively about what it does best and bring that to the world."

I think the Biden administration will improve the tenor of domestic-related China policy and reassert US leadership on the global stage. It will, for example, recommit to membership and leadership in the Paris Climate Agreement, the World Health Organization, and the UN Human Rights Council, among other international agreements and organizations. At the same time, I hope that the new administration will not lose the comprehensive approach that the Trump administration adopted in its consideration of China policy.

Movroydis: The new national security advisor, Jake Sullivan, was quoted as saying, "China always saw an escape hatch through their economic relations with others," as a result of what Sullivan views as the Trump administration's unilateral approach to Beijing. Biden has reportedly indicated that he would like to create a grand alliance to counter Beijing's aggressive actions. Do you think he can convince other countries to cooperate, especially those that have lucrative commercial arrangements with Beijing?

Economy: Certainly I hope that the United States and Europe, as well as the US partners in Asia and elsewhere, can find common ground and purpose in developing a coordinated China policy. However, it will not be easy. The Europeans just agreed to a new investment treaty with China, despite the fact that the incoming Biden administration was quietly suggesting that the European Union first consult with the United States. It is easy to talk about cooperation but much more difficult to effect it.

"If the United States simply picks up all its marbles and goes home, it can't compete."

The good news is that our Asian partners such as Japan, Australia, and India don't need much persuasion to get on board. Oftentimes they are ahead

of the United States in identifying new challenges posed by Chinese policies. Increasingly, too, significant groups of European policy makers and societies are pressing their leaders to adopt tougher measures around Chinese human rights and governance issues, as well as influence activities. I think there is significant scope for cooperation on these issues, as well as on issues such as standard setting for the next generation of information technologies.

Movroydis: Does the United States have an answer to China's Belt and Road Initiative (BRI)?

Economy: The United States shouldn't think in terms of creating its own version of the Belt and Road. Instead, the United States and its allies should focus on what they do best. For example, as the economies of Africa, Latin America, and Southeast Asia move forward with their development and urbanization processes, why not support a global initiative around smart cities that includes support for technological innovation, environmental sustainability, and good governance?

"The diplomatic framework for negotiation between the two countries—with the exception of trade—has almost entirely disappeared."

US policy should not be about competing with China on China's terms. Frankly, there is already a lot of pushback against the Belt and Road from within the host countries. China has overreached and, to a significant extent, the BRI carries within it the seeds of its own destruction. The United States should focus on thinking creatively about what it does best and bring that to the world.

WHAT WILL BEIJING DO NOW?

Movroydis: Earlier this year, fifty pro-democracy dissidents were arrested in Hong Kong. Do you expect any action on the part of the United States, and what tools do we have to counter Beijing's crackdown on democracy?

Economy: I am fairly pessimistic about the United States' ability to influence Chinese policy in Hong Kong. The United States has already taken a number of punitive actions against Hong Kong officials, including Chief Executive Carrie Lam. No level of economic sanctions, however, is going to result in China changing its behavior in Hong Kong. The Chinese Communist Party will sacrifice Hong Kong's economy on the altar of political control

and sovereignty. It is perfectly comfortable making Hong Kong just another Chinese city.

In terms of what more the United States and the rest of the international community might do, the United States should open the door to Hong Kong immigrants, whether by granting asylum or through a special visa process. Washington could also place some pressure around the 2022 Winter Olympics [in Beijing]. Several countries are holding debates within their legislatures and parliaments over whether to boycott the Olympics because of Chinese policies in Xinjiang and Hong Kong. There is the potential to broadcast just the games themselves, with no additional positive programming around the opening ceremony or life in China. Even so, I doubt that Beijing will change its behavior.

Movroydis: Do you expect any bold moves by Beijing in 2021?

Economy: I think China will continue to press its sovereignty claims in the South and East China Seas in ways that will challenge US efforts to protect freedom of navigation. I am increasingly concerned that Beijing might pursue a serious cyberattack or some military action against Taiwan. Although the Trump administration dramatically ratcheted up diplomatic ties between the United States and Taiwan and worked hard to enhance the island's international space, it didn't simultaneously strengthen the island's security. The United States needs to bear in mind how central the sovereignty issue is to Beijing. Many analysts seem to assume that Beijing would be deterred by the likely international backlash that would ensue from a mainland invasion of Taiwan. However, I think China is willing to bear much higher reputational costs than people assume, especially because Beijing will assume that countries will eventually return to working with China given the lure of its market.

"The Chinese Communist Party . . . is perfectly comfortable making Hong Kong just another Chinese city."

Movroydis: How do you think the COVID-19 pandemic will continue to affect relations between the United States and China?

Economy: COVID-19 adds to the long list of challenges that the US-China relationship confronts. The Trump administration entrenched in the minds of many Americans that China is to blame for the pandemic. Beijing is indeed responsible for the initial coverup and spread of the virus globally. However,

the United States has to own its own chaotic response. No other country is to blame for the fact that so many more Americans have died than citizens in other countries. The priority in both countries now is bringing the virus under control through the deployment of effective vaccines. I would hope that once that happens, both countries will work together with others to think through how best to manage the next such potential pandemic.

Special to the* Hoover Digest. *For additional background, read a wide-ranging new report from the Hoover Institution Press,* Chinese Technology Platforms Operating in the United States. *To download this report, go to https://www.hoover.org/research/chinese-technology-platforms-operating-united-states.

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Détente Redux

A new cold war, this time with China, calls for a new look at a doctrine that embraced both competition and cooperation.

By Niall Ferguson

A little French word that used to play a big role in global politics is poised for a comeback: *détente*. The word was first used as a diplomatic term in the early 1900s, for example when the French ambassador in Berlin attempted—in vain, as it proved—to improve his country's strained relationship with the German Reich, or when British diplomats attempted the same thing in 1912. But détente became familiar to Americans in the late 1960s and 1970s, when it was used to describe a thawing in the Cold War between the United States and the Soviet Union.

I have argued since 2019 that the United States and the People's Republic of China are already embroiled in Cold War II. Former president Trump did not start that war. Rather, his

Key points

» Détente doesn't mean amity. It means reducing tensions and the risk of an outright clash.

» China is among the few subjects about which there is a genuine bipartisan consensus within the American political elite.

» Previous US administrations underestimated the global ambition of China's leaders and their resolve to resist liberalization.

» Détente can't mean giving China something for nothing.

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election represented a belated American reaction to a Chinese challenge—economic, strategic, and ideological—that had been growing since Xi Jinping became general secretary of the Chinese Communist Party in 2012.

Now, Joe Biden's victory creates an opportunity to go from confrontation to détente much sooner than was possible in Cold War I.

During the recent presidential campaign, Chinese leader Xi Jinping and his advisers strove not to provoke Trump, for whom they had come to feel a mixture of contempt and fear. But a few unofficial voices have ventured to express what Xi doubtless thinks. Wang Huiyao, the president of the Beijing-based Center for China and Globalization, said last November that he hoped a Biden administration would provide China and the United States "with more dialogue and cooperation channels concerning energy saving and emission reduction, economic and trade cooperation, epidemic prevention and control." Speaking at the same event, the former foreign vice minister He Yafei talked in similar terms.

Such language might be expected to a ring a bell with the Democratic Party's throng of foreign policy experts, who have spent the past four years bemoaning Trump's assault on their beloved liberal international order. It seems pretty clear that Biden himself would gladly return to the days of the Obama administration, when his meetings with Xi, Premier Li Keqiang, and other Chinese leaders were all about the "win-win partnership" that I used to call "Chimerica." Eight years ago, he was pictured beside Xi holding up a T-shirt with the slogan "Fostering Goodwill Between America and China."

The only surprising thing about Cold War II is that it took Americans so long to realize that they were in it.

Last year's election campaign—including both presidential debates—scarcely touched on foreign policy, depriving Trump of the opportunity to point out how much more in touch he is with public sentiment, which has grown increasingly hostile to China since Biden left office as vice president four years ago.

COLD COMFORT

Détente should not be confused with amity. Whatever comes of the diplomacy of the new presidency, it is unlikely to be a new era of Sino-American friendship. Détente means reducing the tensions inherent in a cold war and reducing the risk of its becoming a hot one.

"The United States and the Soviet Union are ideological rivals," wrote Henry Kissinger, who was in many ways the architect of détente in the 1970s. "Détente cannot change that. The nuclear age compels us to coexist. Rhetorical crusades cannot change that, either."

For Kissinger, détente was a middle way between the appeasement that he believed had led to World War II, "when the democracies failed to understand the designs of a totalitarian aggressor," and the aggression that had led to World War I, "when Europe, despite the existence of a military balance, drifted into a war no one wanted and a catastrophe that no one could have imagined."

Détente, Kissinger wrote in his memoir, *The White House Years*—published in 1979, ten years before the effective end of the first Cold War—meant embracing "both deterrence and coexistence, both containment and an effort to relax tensions."

Today, it is the United States and China who find themselves—as Kissinger observed in an interview with me in Beijing recently—"in the foothills of a cold war." As I said, this cold war was not started by Trump. It grew out of China's ambition, under Xi's leadership, to achieve something like parity with the United States not only in economics but also in great-power politics. The only surprising thing about Cold War II is that it took Americans so long to realize that they were in it. Even more surprising, it took a maverick real estate developer turned reality TV star turned populist demagogue to waken them up to the magnitude of the Chinese challenge.

When Trump first threatened to impose tariffs on Chinese goods in the 2016 election campaign, the foreign policy establishment scoffed. They no longer scoff. Not only has American public sentiment toward China become markedly more hawkish since 2017; China is one of few subjects these days about which there is also a genuine bipartisan consensus within the country's political elite.

Unlike the new president himself, the members of Biden's incoming national security team have spent the past four years toughening up their stance on China. Last summer in *Foreign Affairs,* Michele Flournoy, who had been considered for secretary of defense in the new administration but ultimately was passed over, argued that "if the US military had the capability to credibly threaten to sink all of China's military vessels, submarines, and merchant ships in the South China Sea within seventy-two hours, Chinese leaders might think twice before, say, launching a blockade or invasion of Taiwan."

Flournoy wants the Pentagon to invest more in cyberwarfare, hypersonic missiles, robotics, and drones—arguments indistinguishable from those put

RED FLAG: President Richard Nixon toasts Chinese Premier Zhou Enlai in February 1972. The leverage behind Nixon's visit was crucial to the Soviet Union's pursuit of détente with the United States. Today's China is much more formidable than that of 1972, but there may still be a role for détente. [Richard Nixon Presidential Library and Museum]

forward by Christian Brose, a top adviser to the late senator John McCain, in his book *The Kill Chain*.

CAUTION ON CONCESSIONS

Biden's key Asia advisers, Ely Ratner and Kurt Campbell, have also acknowledged that the Obama administration, like its predecessors, underestimated the global ambition of China's leaders and their resolve to resist political liberalization. In 2019, Campbell and Jake Sullivan (who was Vice President Biden's national security adviser in 2013-14 and advises President Biden today) made what seemed like an explicit argument for détente in Kissinger's sense of the term. "Despite the many divides between the two countries," they wrote, "each will need to be prepared to live with the other as a major power." US policy toward China should combine "elements of competition and cooperation" rather than pursuing "competition for competition's sake," which could lead to a "dangerous cycle of confrontation." Campbell and

Sullivan may insist that Cold War analogies are inappropriate, but what they are proposing comes straight out of Kissinger's 1970s playbook.

Yet the lesson of détente is surely that a superpower ruled by a Communist Party does not regard peaceful coexistence as an end in itself. Rather, the Soviet Union negotiated the 1972 Strategic Arms Limitation Talks agreement with the United States for tactical reasons, without deviating from its long-term aims of achieving nuclear superiority and supporting pro-Soviet forces opportunistically throughout the Third World.

The crucial leverage that forced Moscow to pursue détente was the US opening to China in February 1972, when President Nixon and Kissinger flew to Beijing to lay the foundations of what, thirty years later, had grown into Chimerica. Yet the compulsive revolutionary Mao Zedong was never entirely at ease with his own opening to America. At one point in late 1973, when the United States offered China the shelter of its nuclear umbrella from a possible Soviet attack, Mao became indignant and accused Premier Zhou Enlai of having forgotten "about the principle of preventing 'rightism.' "

The ultimate test of any national security policy is its first crisis.

For all its achievements, détente came to be a pejorative term in the United States, too. It is often forgotten how much of Ronald Reagan's rise as the standard-bearer of the Republican right was based on his argument that détente was a "one-way street that the Soviet Union has used to pursue its aims."

The danger of détente 2.0 is that Biden will be Jimmy Carter 2.0. Throughout his four years in the White House, Carter was torn between the "progressive" left wing of his own party and hawkish national security advisers. He ended up humiliated when the Soviet Union tore up détente by invading Afghanistan.

Consider how China will approach the new administration. Beijing would like nothing more than an end to both the trade war and the tech war that the Trump administration waged. In particular, Beijing wants to get rid of the measures introduced by the US Commerce Department in September, which effectively cut off Huawei and other Chinese firms from the high-end semiconductors manufactured not only by US companies but also by European and Asian companies that use US technology or intellectual property.

In the tech war, Team Biden seems ready to make concessions. Some of the president's advisers want to offer wider exemptions for the foreign

chipmakers who supply Huawei and to drop Trump's executive actions against the Chinese Internet companies TikTok and Tencent. But in return for what? Is China about to halt its dismantling of what remains of Hong Kong's semiautonomy? Clearly not. Is China going to suspend its policies of incarceration and "re-education" of Uighurs in Xinjiang? Not a chance. Will China stop exporting its surveillance technology to any authoritarian government that wants to buy it? Dream on.

If China's quid pro quo is nothing more than Xi's recent commitment to be "carbon neutral" by the distant year 2060, then the Biden administration would be nuts to do détente. China is currently building coal-burning power stations with a capacity of 250 gigawatts. The country accounts for roughly half of all the new carbon dioxide emissions since the Paris Agreement on climate change was signed. Biden needs to say explicitly that the Paris accord will soon be a dead letter without meaningful Chinese actions.

The microchip race is a bit like the nuclear arms race in Kissinger's time. Beijing lags behind qualitatively, as the Soviet Union did, though it can win in terms of quantity. China cannot yet match the sophistication of the chips made by Taiwan's TSMC. Its goal is to buy time while catching up and achieving "technological self-reliance." The obvious US response is to try to stay ahead. Biden may well work with the GOP to pass the CHIPS Act, which aims to promote domestic semiconductor production.

Joe Biden's victory creates an opportunity to go from confrontation to détente much sooner than was possible in Cold War I.

Such technological races can go on for years. Similar races are under way in the fields of artificial intelligence, digital currency and even COVID vaccines. But the lesson of Cold War I is that the ultimate test of any national security policy is its first crisis. This year there is a significant chance that North Korea will provide the Biden administration with its earliest foreign policy challenge in the form of new missile or nuclear tests.

CLARITY

There is another scenario: a Taiwan crisis. Biden should have no illusions about Xi. The Chinese leader's ultimate goal is to bring to an end Taiwan's de facto autonomy and democracy and bring it fully under Beijing's control. This is not just about asserting the principle of "One China, One System."

There is the eminently practical argument that China would no longer need to play catch-up in the chip race if it directly controlled Taiwan. Earlier this year, one Chinese nationalist blogger proposed a simple solution: "Reunification of the two sides, take TSMC!"

Meanwhile, as we have seen, there has been a bipartisan upgrade of the US commitment to Taiwan, which dates back to the 1979 Taiwan Relations Act. Not long after Flournoy's pledge to increase America's capacity to deter Beijing from invading the island, Richard Haass of the Council on Foreign Relations argued for an end to the "ambiguity" of the US commitment to defend Taiwan. "Waiting for China to make a move on Taiwan before deciding whether to intervene," he wrote last September, "is a recipe for disaster." But another recipe for disaster would be a showdown over Taiwan before a Biden administration had even begun beefing up deterrence.

In many ways, the United States and China remain interdependent.

Relations between Washington and Beijing reached an impasse last year. Strategic dialogue gave way to Twitter abuse. Détente 2.0 would be an improvement, if only at the level of superpower communication.

The rationale for détente, as Kissinger often argued in the 1970s, was the world's growing interdependence. That argument has even more force today. The COVID pandemic has revealed the immense extent of our interdependence and the impossibility of a world order based on—to use French again—*sauve qui peut* ("every man for himself") and *chacun à son gout* ("to each his own").

A novel virus that surfaced in Wuhan caused a global plague and the deaths of hundreds of thousands of Americans. Similar interdependence will be revealed if global warming has the dire consequences projected by the Intergovernmental Panel on Climate Change. Economically, too, the United States and China remain interdependent. Trump's tariffs did nothing whatever to reduce the bilateral trade deficit.

For Henry Kissinger, détente is the middle way between appeasement and aggression.

Yes, the United States and China are in the foothills of a Cold War. But there is no good reason to go through decades of brinkmanship before

entering the détente phase of this cold war. Let Taiwan in 2021 not be Cuba in 1962, with semiconductors playing the role of missiles.

Nevertheless, as in Kissinger's time, détente cannot mean that the United States gives China something for nothing. If the Biden administration makes that mistake, the heirs of Ronald Reagan in the Republican Party will not be slow to remind them that détente—diplomatic French for "let's not fight"—was once a dirty word in American English.

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China without Illusions

On China, the Trump administration wasn't wrong. The Biden administration should consolidate and expand on its predecessor's strategic conclusions.

By H. R. McMaster

The Biden administration understandably may be tempted to repudiate the policies of the Trump administration. But a wholesale rejection would be a mistake. Elements of former president Trump's policies toward China, for example, are eminently worth preserving.

Little noticed in early January during a week when the House of Representatives voted again for impeachment, the Trump

Key points

» The Chinese Communist Party exploited the United States' policy of cooperation and engagement.

» The Chinese Communist Party is a threat to the free world.

» The United States should gravitate toward neither confrontation nor passive accommodation.

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administration released a partially declassified document from February 2018 titled *US Strategic Framework for the Indo-Pacific*. That document, and the collaborative work across the US government during the year that preceded it, effected the most significant shift in US foreign policy since the end of the Cold War.

The shift was long overdue, because US policy between the end of the Cold War and 2017 was based on a flawed assumption: that China, having been welcomed into the international order, would play by the rules and, as it prospered, liberalize its economy and ultimately its form of governance.

Instead, the Chinese Communist Party (CCP) pursued an increasingly aggressive agenda, exploiting the United States' policy of cooperation and engagement. As national security adviser at the time, I was among those who worked on the policy underpinning the strategic framework. Foremost among our new, more realistic assumptions about the Chinese Communist Party's aims was our belief that "strategic competition between the United States and China will persist, owing to the divergent nature and goals of our political and economic systems."

The Biden administration should start by recognizing that the United States did not cause Chinese aggression and that this aggression is not just a US problem.

As China has continued its aggressive economic and military policies, the accuracy of that assessment has been confirmed. No doubt the Biden administration will see ways to improve the strategic framework we devised, but continuity with the approach is essential. President Biden's policy advisers can strengthen the framework by correcting three common misunderstandings about it.

The first is that current Chinese aggression has resulted from US-China tensions or is a response to the Trump administration's description of China as a US rival. That's a misreading, resulting from strategic narcissism—an arrogant conceit that CCP leaders have no aspirations, no volition except in reaction to the United States. Even a cursory survey of recent CCP actions shows how mistaken that view is.

Consider China's deliberate suppression of information about the coronavirus outbreak and its persecution of doctors and journalists who tried to warn the world. More recently, the CCP has tried to cast its response to the pandemic in a heroic light—even as Beijing inflicted economic punishment

on Australia for having the temerity to propose an inquiry into the origins of the virus.

Outside its borders, the Chinese military in the past year has bludgeoned Indian soldiers to death along the Himalayan frontier, rammed and sunk a Vietnamese fishing boat in the South China Sea, and menaced Taiwan with its aircraft and naval vessels. Internally, the CCP also has raced to perfect its technologically enabled police state, extend its repression of Hong Kong's beleaguered democratic movement, and continue its campaign of cultural genocide against the Uighurs in Xinjiang.

The Biden administration should begin its China policy review by recognizing that the United States did not cause CCP aggression and that this aggression is not just a US problem. The Chinese Communist Party is a threat to the free world: the choice for other nations is not between Washington and Beijing but between sovereignty and servitude.

The second misunderstanding is that the United States has eschewed international cooperation to counter CCP aggression in favor of an "America alone" approach. Yet the strategic framework cited alliances and partnerships as essential, with an emphasis on a "shared vision for a free and open Indo-Pacific." Cooperation has grown since 2017, as can be seen in the

[Taylor Jones—for the *Hoover Digest*]

invigoration of "the Quad" format (India, Japan, Australia, and the United States), and growing law enforcement and intelligence cooperation against Chinese cyberwarfare and cyberespionage.

The third misunderstanding is that US competition with China is dangerous or even irresponsible because of "Thucydides's trap," a term coined to express the likelihood of conflict between a rising power (China) and an allegedly declining power (the United States). The CCP exploits perceptions of the trap by accusing the United States of trying to keep China down. Beijing isn't aggressive in this fairy tale, it is simply standing up for the Chinese people.

US policy was long based on a flawed assumption that China, having been welcomed into the international order, would play by the rules.

The way for the United States to avoid the trap is to gravitate toward neither confrontation nor passive accommodation. Transparent competition, as described in the Indo-Pacific strategy, can prevent unnecessary escalation—and it can foster cooperation with China, not foreclose on it.

The Biden administration should be confident in the free world's ability to compete effectively with the CCP and its authoritarian, mercantilist model. In the past year, the United States has been sorely tested by pandemic, recession, social division, and political strife, but our republic has proved resilient. It is up to the task of working with partners to defend the free world from Chinese Communist Party aggression. ◼

Courting Tehran? Not So Fast

Iran must be **held to account.**

By Russell A. Berman

During the recent presidential campaign, candidate Joe Biden never spared his words criticizing the Trump administration's Iran policy, in particular the decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA). This so-called "Iran deal" was the signature foreign policy accomplishment of the Obama administration, which Obama's successor then revoked in May 2018. In its place, the United States has been pursuing a "maximum pressure campaign"—if not always consistently—through sanctions, with the goal of forcing Iran back to the negotiating table.

The prospect of a return to the JCPOA fit into the Biden campaign's general political narrative of returning to the policies of the Obama era. Re-establishing the status quo ante Trump as far as Iran is concerned could

Key points

» US credibility depends on emphasizing human rights in any new Iran deal.

» Multiple reports detail Iran's abuse of political prisoners, refugees, migrants, and others.

» The United States should insist that Iran comply with international human rights norms.

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additionally contribute to rebuilding trans-Atlantic ties, since the European allies are eager to see the United States back in the JCPOA. More broadly, a return would amplify Biden's stated goal of reasserting an American commitment to multilateralism, by drawing a clean line separating him from the Trump-era unilateralism associated with the program of "America First." Getting back into the Iran deal is likely to be a priority under a Biden agenda.

However, instead of a straightforward return to the JCPOA, there have been suggestions of the need for an alternative to it. Biden has said as much, although sometimes in the form of a two-phase process: a return and then a more expansive agreement, or a "better deal." Many view the JCPOA in its current form as insufficient, failing to address a range of contentious points. Former secretary of state Mike Pompeo enumerated twelve terms for an improved agreement in May 2018, including the return of all American prisoners, ending Iran's missile program, and terminating Tehran's destabilizing regional foreign policy.

Yet for the credibility of American foreign policy broadly—with Iran, in the Middle East, and globally—it would be a grievous mistake to pursue any agreement that fails to give significant attention to an issue the Obama-Biden administration largely disregarded: human rights. Iran is a major violator of international human rights norms. This is no secret, certainly not to the US government. On the contrary, the United States reports on human rights abuses regularly. Leaving human rights out of the prospective negotiations with Iran would be an indefensible betrayal of the Iranian people as well as American ideals.

Rights have been looming larger in American foreign policy recently. The Trump administration's treatment of China increasingly called out human rights abuses, while the Department of State under Pompeo underscored the importance of human rights, including with its Report on Unalienable Rights. The Biden administration will have to decide whether to continue this emphasis on rights or revert to the ignoring of human rights, which then–secretary of state John Kerry excluded from the so-called "comprehensive" Iran negotiations.

MULTIPLE ACCUSATIONS

It is important to highlight the egregiousness of Iran's human rights violations, even if space permits only the shortest of summaries, drawing on US government sources.

The Bureau of Democracy, Human Rights, and Labor in the State Department issues annual reports on human rights in all countries. The 2019 report on Iran gave prominent attention to the violent suppression of that year's protest movement:

> In response to widespread protests that began November 15 after a fuel price increase, the government blocked almost all international and local Internet connections for most of a week, and security forces used lethal force to end the protests, killing approximately 1,500 persons and detaining 8,600, according to international media reports. There was no indication government entities were pursuing independent or impartial investigations into protester deaths.

Astonishingly, this is only the tip of the iceberg; the report also describes systematic abuse of human rights by the Iranian regime, including—but not limited to—the use of torture and other degrading punishments, arbitrary arrests, unfair trial procedures, inhumane conditions in prisons, politically motivated arrests and punishments, and a systematic abuse of migrants, refugees, and stateless persons.

A separate report by the Office of International Religious Freedom treats Iran's parlous record in this arena. The Iranian constitution defines the country as an "Islamic Republic," with special privileges reserved for Islam; the only other faiths allowed are Judaism, Christianity, and Zoroastrianism, but with strict limitations on their practice. There is no genuine religious freedom. Conversion by Muslims to other faiths is prohibited, and proselytism of Muslims is a capital crime. Non-Shia Muslims, especially Sunni, face discrimination, as do members of the Baha'i community in particular. Non-Muslims are excluded from serving in parliament, except for five (out of 290) seats reserved for the permitted minorities.

Omitting human rights from future negotiations would be an indefensible betrayal of the Iranian people.

The mandatory prioritization of Islam plays out as well with regard to clothing rules for women:

> The government continued to require women of all religious groups to adhere to "Islamic dress" standards in public, including covering their hair and fully covering their bodies in loose clothing—an overcoat and a hijab or, alternatively, a *chador* (full body length semicircle of fabric worn over both the head and clothes). Although the government, at times, eased enforcement of rules for such dress, it also punished "un-Islamic dress" with arrests, lashings, fines, and dismissal from employment. The government continued to crack down on public protests against

> the compulsory hijab and Islamic dress requirements for women. International media and various human rights NGOs reported the twenty-four-year prison sentence on August 27 of women's rights activist Saba Kord Afshari for her involvement in protests against the compulsory hijab. . . . In April authorities arrested three anti-forced-hijab activists, Mojgan Keshavarz, Monireh Arabshahi, and her daughter Yasaman Ariyani, for their widely shared video via various social media networks on March 8, International Women's Day, depicting the women handing out flowers in the Tehran metro while suggesting to passengers that the hijab should be a choice. According to Human Rights Watch, on July 31, branch 31 of Tehran's revolutionary court sentenced each of them to five years in prison for "assembly and collusion to act against national security," one year for "propaganda against the state," and ten years for "encouraging and enabling [moral] corruption and prostitution."

In addition, the State Department's annual report on Trafficking in Persons details Iran's shameful record, at odds with international norms, involving human trafficking for labor, prostitution, and participation in Iran's foreign military forays. It describes "a government policy or pattern of recruiting and using child soldiers, and a pattern of government officials perpetrating sex trafficking of adults and children with impunity. . . . In addition, the government failed to identify and protect trafficking victims among vulnerable populations and continued to treat trafficking victims as criminals, including child sex trafficking victims. Victims continued to face severe punishment, including death, for unlawful acts traffickers compelled them to commit, such as prostitution and immigration violations."

These three government reports provide more details, as do the accounts provided by nongovernmental organizations, especially Human Rights Watch and Amnesty International. Some of the accounts are graphic and heart-wrenching, particularly with regard to the mistreatment of political prisoners and Iran's use of torture.

REASONABLE, HUMANE GOALS

There is no doubt that Iran is an egregious human rights violator, and it is equally certain that the US government is well aware of this. If the Biden administration insists on reopening negotiations with Tehran, it must reject sanctions relief without human rights reform. In addition to pursuing an end to Iran's ambitions for nuclear weapons, the United States should insist that

Iran comply with international human rights norms. If Washington does not do this, no one else will. A reasonable program could include points such as these:

» Banning torture and opening prisons to international inspections.

» Granting religious freedom and ending discrimination against minority faiths.

» Ceasing mandatory dress codes for women (imposition of the veil, etc.).

» Terminating coercion into military service, especially for children.

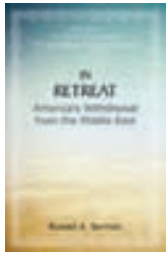
» Prosecuting government officials engaged in sex trafficking and forced labor.

» Ending press and Internet censorship.

» Releasing all political prisoners, prisoners convicted of gender dress code violations, and anyone convicted without due process.

These are all reasonable policy goals, consistent with internationally recognized norms. Others could surely be added. Achieving these goals would represent a profound improvement of the lives of the Iranian people. Existing sanctions provide the leverage to pursue them.

If Washington fails to raise human rights concerns with Iran, it will squander this leverage and lose credibility to raise the question of rights with any other regime, in the Middle East or beyond. Cynics, realists, and pro-regime Iran lobbyists will dismiss these human rights concerns as fabricated, marginal to disarmament concerns, or matters of legitimate "cultural difference." Yet an American administration intent on laying claim to global leadership should integrate them firmly into its foreign policy agenda. ◘



Keep Spies out in the Cold

How to respond to the recent Russia hacking scare? Not by talking tough but by erecting tough barriers to further espionage.

By Amy B. Zegart

The recently revealed SolarWinds hack unfolded like a scene from a horror movie: victims frantically barricaded the doors, only to discover that the enemy had been hiding inside the house the whole time. For months, intruders have been roaming wild inside the nation's government networks, nearly all of the Fortune 500, and thousands of other companies and organizations. The breach—believed to be the work of an elite Russian spy

Key points

» It's a mistake to assume that punishing Russia now will stop Russia later.

» Espionage is nearly impossible to deter in cyberspace for the same reason it can't be deterred anywhere else: everyone does it.

» Cybersecurity efforts are still underpowered, underresourced, and fragmented.

» Humans created the malware. And wherever there are humans, human intelligence can make a difference.

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agency—penetrated the Pentagon, nuclear labs, the State Department, the Department of Homeland Security (DHS), and other offices that used network-monitoring software made by Texas-based SolarWinds. America's intelligence agencies and cyberwarriors never detected a problem. Instead, the breach was caught by the cybersecurity firm FireEye, which itself was a victim.

The full extent of the damage won't be known for months, perhaps years. What's clear is that it's massive—"a grave risk to the federal government . . . as well as critical infrastructure entities and other private sector organizations," declared DHS's Cybersecurity and Infrastructure Security Agency, an organization not known for hyperbole.

If you're figuring out what sanctions to impose or how many diplomats you might expel, you're not deterring. You're just reacting.

The immediate question is how to respond. President Joe Biden issued a statement vowing to "disrupt and deter our adversaries from undertaking significant cyberattacks in the first place" by "imposing substantial costs." Members of Congress were far less measured, issuing ever more forceful threats of retaliation. It was a weird bipartisan moment in which liberal Senate Democrats sounded like hawkish House Republicans, issuing statements about "virtually a declaration of war" and the need for a "massive response."

SECOND-OLDEST PROFESSION

All this tough talk feels reassuring. But to assume that punishing Russia now will stop Russia later would be a mistake. Cyberdeterrence is likely to fail.

The only thing universal about deterrence is the misguided faith in its applicability. In reality, deterrence works in very limited circumstances: when the culprit can be identified quickly, when the behavior has crossed clear red lines defining unacceptable behavior, and when the punishment for crossing them is credible and known in advance to would-be attackers. These conditions are rare in cyberspace.

Breach attribution is often difficult and time-consuming. Defining red lines is vexing: when a North Korean cyberattack on a Hollywood movie studio is called an act of war but Russian meddling in a presidential election doesn't trigger much of anything, it's fair to say red lines aren't nearly clear enough. And because America's arsenal of cyberweapons—hacks, viruses, and other ways of targeting network vulnerabilities—can become useless if they're

revealed, credibly threatening tit-for-tat punishment to strike fear into the hearts of hackers isn't feasible. To be sure, a country can respond to cyberattacks in other ways. But if you're figuring out what sanctions you might impose or how many diplomats you might expel after the fact, you're not deterring. You're just responding. For deterrence to work, bad actors have to know what punishment is coming—and fear it—before they act.

What's more, so far the recent hack looks like the least deterrable type of breach: cyberespionage. Although some spying in cyberspace is the opening act for more aggressive behavior, early indications are that the SolarWinds operation was an intelligence-gathering effort, not a cyberattack meant to disrupt, corrupt, or destroy. Espionage is nearly impossible to deter in cyberspace for the same reason it can't be deterred anywhere else: everyone does it. All nations spy. Espionage has never been prohibited by international law. For 3,300 years, ever since people in the Near East chiseled the first known intelligence reports on clay tablets, spying has been considered fair game.

The United States engages in cyberespionage on a massive scale all the time. In 2015, after China hacked the Office of Personnel Management and stole twenty-two million highly classified security-clearance records, James Clapper, then the director of national intelligence, declared, "You have to kind of salute the Chinese for what they did. If we had the opportunity to do that, I don't think we'd hesitate for a minute." It's hard to set convincing red lines against espionage when every country has been crossing them forever.

Understandably, American officials face intense domestic political pressures to talk tough now and figure out the details later. But hollow threats can undermine credibility with adversaries in the future.

BULK UP THE BULWARKS

A more effective approach for the Biden administration is to get back to basics and focus on preventing intrusions and bouncing back more easily from the ones that inevitably get through. Although cybersecurity efforts have gotten much better in the past decade, they're still underpowered, underresourced, and overly fragmented. Many government agencies are still struggling to meet basic online hygiene and risk-management standards. The fledgling Cybersecurity and Infrastructure Security Agency has enhanced the coordination of public- and private-sector cybersecurity (including protecting the 2020 election). But the agency is just two years old and has only 2,200 employees to help secure vital American networks. The National Park Service, by contrast, has nearly ten times as many people to secure America's vacation destinations. Perhaps most important, the cyberdefense buck

currently stops nowhere: the Trump administration eliminated the White House cyberdirector's office, a move so ill-advised that a bipartisan commission and a recent bipartisan vote of Congress called for re-establishing it.

Better cybersecurity also requires upping America's own intelligence game. This includes prioritizing counterintelligence efforts to penetrate adversary nations' intelligence services and their cyberoperations—to better understand how they work; to hobble their activities; and to make them doubt the trustworthiness of their own people, systems, and information. Success requires not just technology but talent—operatives who can persuade foreigners to betray their country to serve ours. The SolarWinds malware didn't just make itself. Humans created it. And wherever there are humans, human intelligence can make a difference.

Intelligence history also suggests another approach to handling the Russians: creating a version of what the CIA veteran Jack Devine has called "Moscow rules." A product of the Cold War, these were informal,

[Taylor Jones—for the *Hoover Digest*]

mutually accepted norms that Soviet and American spymasters gradually established for dealing with each other. Moscow rules didn't stop spying or conflict. But they kept tensions from escalating and triggering nuclear war.

When CIA officers posing as US diplomats were caught in the Soviet Union, they weren't executed or sentenced to life in the gulag—actions that could have turned the Cold War hot. Instead, they were "PNG'd"—declared persona non grata and forced to leave the country. The same thing happened to Russian intelligence officers posing as diplomats in Washington if they were caught engaging in espionage. Moscow rules also involved occasional spy swaps, in which each side released people it had caught working for the other. The last time this happened was in 2010, when the United States traded ten deep-cover Russian "sleeper agents" discovered in the United States for four American and British assets. Moscow rules certainly weren't perfect and weren't always followed. But over the course of the Cold War, the rules made a difference.

During the Cold War, each side knew that it stood to gain if both observed the rules and stood to lose if they didn't.

Notably, Moscow rules didn't require any formal declarations of norms, treaties, or summits. These were quiet arrangements, not loud pronouncements. They involved just two nations, not multilateral institutions. And they were shaped by hard incentives, not wishful hopes. Each side knew that it stood to gain if both observed the rules and stood to lose if they didn't. Because spying was constant, everyone knew they were playing what decision theorists call a "repeated game"; if one side violated Moscow rules this time, the other could reciprocate in the future, and the whole thing could unravel.

In today's world, Russians and Americans don't share a strong interest in managing all their potential cyberconflicts. But one area stands out: computer systems related to nuclear weapons. Hacks that penetrate any such systems could change how they operate, making nuclear accidents more likely. And even if hacks didn't change anything, the other side could never be sure. Simply finding evidence of a breach might undermine confidence that nuclear systems will work as intended, making miscalculation more likely and giving the breached country stronger

Deterrence works only in very limited circumstances.

incentives to build more weapons and strike first—just in case. A cyber-era Moscow rule to put nuclear-related networks and systems out of bounds for any outside intervention—including cyberespionage—is a promising place to start.

Cyberconflict is here to stay, and policy makers need to be clear-eyed about what steps will actually make us safer. Sounding tough won't. Acting tough will—through stronger defense and resilience, better intelligence, and, where possible, informal rules of engagement to keep tensions from spiraling out of control. ■

Available from the Hoover Institution Press is ***Eyes on Spies: Congress and the United States Intelligence Community,*** *by Amy B. Zegart. To order, call (800) 888-4741 or visit www.hooverpress.org.*

Adapt and Be Adept

Successfully responding to climate change depends on **harnessing market forces.**

By Terry L. Anderson

The globe is warming, ice caps are melting, and sea levels are creeping up. The most convincing evidence to an economist, however, is not measurement with thermometers or yardsticks but the fact that people are reacting to price changes, whether the result of government policies or the result of asset markets. Market forces are causing human beings to adapt to climate change, and that movement is the theme of a new book, *Adapt and Be Adept*.

Adaptation occurs in part because other policies aimed at slowing global warming show little prospect of being implemented or, if implemented, of having much effect.

Key points

» Market forces are causing human beings to adapt to climate change.

» Policies aimed at slowing global warming show little prospect of being implemented or of having much effect.

» Politics, far more than efficiency, drive climate policy.

» We need greater reliance on private action using asset, finance, and risk markets to offer incentives to adapt.

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First, the most common policy proposed for reducing global warming is regulation to reduce greenhouse gas (GHG) emissions. These are the basis for most international agreements, such as the Paris Accord. Not surprisingly, not all countries sign on to such agreements, and not all that do abide by them, especially those wanting more development, such as China and India. Moreover, because so much carbon is already stored in the atmosphere, these agreements are unlikely to have much effect on global temperatures. In the case of the Paris Accord, even if all countries met the targets, projected temperatures by 2100 would be reduced by only 0.05 degrees Celsius, as Bjorn Lomborg showed in *Global Policy* in 2015.

Human response to climate change depends critically on the quantity and quality of information we have about the consequences.

Second, the alternative energy forms necessary to drive the global economy have inherent limits that, for the foreseeable future, will make a transition that eliminates hydrocarbons unlikely. Hydrocarbons are here to stay as a major share of the global energy supply, and therefore far more severe greenhouse gas regulations are unlikely to gain traction.

Third, and perhaps most important, politics, more than efficiency, drive climate policy. As Jeffrey Immelt said in answer to a question I posed at the 2008 ECO-nomics Conference sponsored by the *Wall Street Journal,* "If you're not at the table, you're on the menu." Being at the table means having lobbyists who influence policy. This is why climate change policies promoted by economists as efficient are seldom adopted. Special-interest groups seek subsidies, taxes, or regulations that make their products or services more profitable than they would be otherwise. Economists refer to this as rent seeking, meaning that political outcomes have little resemblance to theoretical efficiency depicted in economic models.

Most current policies proposed for reducing global warming or mitigating its effects require collective action. International agreements to reduce greenhouse emissions require global agreements that are difficult to enforce, even if agreed to. National and regional greenhouse gas reduction is easier to enforce but has little hope of reducing global warming because the GHG emissions immediately mix in the global atmosphere; any effect they have cannot be separated from other GHG emissions. Hence, local economies bear costs with few identifiable benefits locally or globally. Moreover, greenhouse gas limits placed on a local economy most often

SEA CHANGE: Women wade through waters near their homes to catch fish in the flooded inlets of Mousuni island, West Bengal, India. Mousuni is experiencing increasingly violent storms, coastal erosion, and devastating floods. Humans continually respond to changing environmental conditions (rising sea levels or storm surges, for example) and resource prices will reflect those conditions if markets are allowed to work. [Supratim Bhattacharjee/ZUMA Press]

result in "leakage," meaning emissions are shifted to economies without such regulations.

The policy that receives the most support from economists involves market-like mechanisms that incentivize individuals and corporations to reduce emissions. The two best known are carbon taxes and cap and trade. Even conservative economists, such as the late George Shultz, former secretary of treasury and state, and the late Gary Becker, a Nobel laureate, have called for carbon taxes on the grounds that they will promote an efficient solution to climate change. They argue that energy producers and consumers create *externalities,* meaning they impose costs on others for which they are not liable. Shultz and Becker conclude that those who generate greenhouse gases "should bear the full costs of the use of the energy they provide," including the costs "imposed on society by the pollution they emit." Such a tax "would encourage producers and consumers to shift toward energy sources that emit less carbon." Indeed, price changes resulting from a carbon tax will

influence producer and consumer behavior, but they are not the result of a market. It is easy to draw "blackboard" graphs making the case for carbon taxes but much harder to implement them as they are drawn.

Cap-and-trade policies are another example of the efficient blackboard economics favored by economists. Under cap and trade, the government places a cap on carbon emissions, allocates shares in the cap to carbon emitters, and allows the shares to be traded. This creates a market in the cap, the price of which is determined by willing buyers and willing sellers. As with a carbon tax, the price of the cap will affect producer and consumer behavior, but the quantity and its allocation are set through a political process, not through market forces.

Public investment in infrastructure is an effective way of mitigating, accommodating, or recovering from the effects of climate change. For example, seawalls can protect the coastline, flood control systems can reduce the effects of storm surge, and carbon capture or sequestration can lower atmospheric greenhouse gases. Unfortunately, these public expenditures face the ever-present collective action problem: costs are generally spread among the many and benefits accrue to the few.

This creates two problems. First, with benefits concentrated and costs diffuse, political rent seeking can promote investments that do not pass cost-benefit muster. Second, if the costs are not borne directly by asset owners who benefit, public investment in mitigation creates the potential for a moral hazard response, meaning people will take greater risks than they might otherwise because they are protected from the consequences. If seawalls reduce the risk of building in coastal areas and the increased risk is not priced—perhaps because of tax subsidies in construction of the seawalls or subsidized insurance—developers will have an incentive to build in places where climate change exacerbates risks.

Hydrocarbons are here to stay as a major share of the global energy supply.

WHO ADAPTS, AND HOW?

Because the typical policy proposals for addressing climate change are costly and have been slow to materialize, they have inherent collective action problems, and they often have adverse consequences. *Adapt and Be Adept* makes the case for more reliance on private action using asset, finance, and risk markets to give individuals and groups the incentive to adapt to the effects of climate change.

DARK DAYS: During the Depression, harsh climate changes forced farmers out of the region in the southern Plains that would be dubbed the Dust Bowl. This postcard shows a dust storm looming over Rolla, Kansas, on May 6, 1935. Today's climate changes also can and will be incorporated into market prices and individual decisions. [Everett Collection—Newscom]

To understand how this form of adaptation works its way through markets—especially land, capital, and other fixed asset values—assume for a moment that climate changes are not caused by anthropogenic greenhouse gas emissions but rather are the result of some force of nature beyond the control of human beings. Hence, climate change is not a result of private costs being less than social costs, because it is not human action causing the changes. Under this assumption, assets whose values are affected by climate will adjust, and asset owners will adjust, or adapt, how those assets are used. Beachfront properties subject to rising sea levels would be less valuable, inducing people to build differently or move to other locations. Agricultural land with more precipitation would be more valuable, inducing producers to use different crops or move production to different locations.

Relaxing the assumption that almost none of climate change is due to natural causes and assuming instead that climate change is due to anthropogenic GHG emissions yields the same conclusion about asset values. This conclusion follows the reasoning of Ronald Coase in his seminal article, "The

Problem of Social Cost." He explained that competition for resources—the use of the atmosphere as a disposal medium for GHG or a medium for stabilizing climate—generates costs that are reciprocal: greenhouse gas emitters impose costs on people whose asset values are affected by climate change, or those asset owners impose costs on GHG emitters by regulating GHG emissions.

Who gets to impose costs on whom depends on who has the right to emit or the right to have stable property values. Coase explains that parties can bargain to account for the costs, provided the property rights are clear and the costs of bargaining are low. Of course, neither of these conditions holds for the global atmosphere, because there are millions of GHG emitters and millions of asset owners spread across multiple political jurisdictions.

Politics, more than efficiency, drive climate policy.

Who adapts and how they adapt depends on how atmospheric rents are allocated and how they change—that is, who captures the value of using the atmosphere as a GHG dump and who adapts in what ways to the consequences. Do owners of fossil fuel or generation facilities capture rents from using the atmosphere as a medium for the disposal of carbon, or do beachfront property owners capture the value of stable sea levels? It is not surprising that owners of beachfront property would rather continue receiving their rents from the beach, with waves lapping at their feet, and that coal-burning power plant owners would rather continue receiving rents from disposing of GHG in the atmosphere. To date, however, neither party has attained a political resolution to the question of who gets the rents, and without that resolution, the status quo seems to prevail, with the emitters capturing benefits of atmospheric carbon disposal and the owners of land and capital adversely affected by climate change suffering reductions in asset values.

By focusing on market prices of land and capital that reflect the status quo, we begin to see how these prices induce market adaptation to climate change. Human beings are continually responding to changing environmental conditions (for example, rising sea levels or storm surges) and resource prices that reflect those conditions (such as falling recreational property values in the face of wildfires). As a result, the prospects of catastrophic climate change are reduced by human adaptation through market processes, entrepreneurial activities, and institutional evolution.

The extent to which human beings react to climate change depends critically on the quantity and quality of information they have about the

consequences. As Nobel laureate Friedrich Hayek noted in 1945, prices provide condensed information about the costs of production and the value of goods and services produced, appropriately discounted by uncertainty about technology and resource scarcity. How good that information is depends crucially on how complete markets are. If there are missing markets—meaning some inputs or outputs are not priced—the incentive to adapt is truncated. Tied to missing markets are the authority and the wherewithal (wealth) to take action.

Given the uncertainty of climate's effect on property values—including possibly warmer temperatures, lower temperatures, more precipitation, less precipitation, more humidity, or less humidity—it is difficult to measure the climate effects with much precision. Even having measures of the averages is of little help without knowing the variance, and the latter requires longer time trends. And knowing the means and variance of climate variables is useful only if those data can be translated into consequences. Will crop yields be lower or higher? Will new plant varieties mitigate the consequences? Will building techniques reduce the effects of climate change?

FIND THE MISSING MARKETS

Information on risks and consequences is crucial if missing markets are to be filled. More and better information on how climate change affects assets will provide a foundation for the development of many products and services to facilitate adaptation. However, raw information related to climate change, including data related to natural phenomena, including sea level, precipitation, and temperature, is often not enough by itself to drive adaptation. Understanding the effects of climate change requires an understanding of how these natural systems interact with engineered and economic systems. Simply presenting hydropower producers, for example, with data on reduced stream flows will not inform them about the revenue losses they will experience from reduced electricity sales (the economic system) or how to optimize production (the engineered system). Only by accounting for all three systems—natural, engineered, and economic—will the information be available to allow asset owners, financial institutions, and risk arbitrageurs to price resources, products, and services that will incentivize people to adapt.

When humans experience changes in their environment and are not prevented from adapting to them, they have shown a remarkable ability to do so.

In short, climate change is about dealing with new averages and greater variation in climate measures and about providing the information and improved institutions that will incentivize adaptive measures. Doing so, however, also requires an understanding of the complex and interacting systems that determine climate change effects, all of which are time and place specific.

When humans experience changes in their environment and are not prevented from adapting to the changes, they have shown a remarkable ability to do so. There are many ways climate change can and will be incorporated into market prices and individual decisions, and there is some evidence that people are already adapting. How soon and how far adaptation progresses will depend importantly on implementing policies that produce clear price signals regarding the effect of climate change on asset prices. Development of the missing markets will lead to more adaptation, unless the prices are distorted by political intervention. ◘

Information on risks and consequences is crucial if missing markets are to be filled.

Gridlock on Electric Avenue

Electric cars aren't climate-change heroes. They do little to reduce carbon pollution and in some ways even increase it.

By Bjorn Lomborg

In a move to jump-start the market for electric cars in Quebec, the government of Premier François Legault announced a ban on the sale of new gasoline-powered cars starting in 2035. Similarly, leaders across the rich world, including US President Joe Biden and British Prime Minister Boris Johnson, who just announced an even more ambitious deadline of 2030, promise lavish carrots along with sticks to outlaw gasoline cars. Unfortunately, electric cars will achieve only tiny emissions savings at a very high price.

Electric cars are certainly fun, but almost everywhere they cost more across their

Key points

» Almost all US subsidies for electric cars go to the rich.

» Most electric cars are recharged by fossil fuels.

» Making the battery for an electric car can emit almost a quarter as much of the greenhouse gases that a gasoline car emits during its entire lifetime.

» Biden's proposed car subsidies could cut 125 times more carbon dioxide if spent directly on cutting emissions.

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lifetime than their gasoline counterparts. That is why large subsidies are needed. And consumers are still anxious because of the vehicles' short range and long recharging times.

Despite the United States handing out up to $10,000 for each electric car, fewer than 0.5 percent of its cars are battery powered. Almost all the support goes to the rich. And 90 percent of electric-car owners also have a fossil-fuel car that they drive farther. Indeed, electric vehicles are mostly a "second car" used for shorter trips.

WASTED MONEY

If you subsidize electric cars enough, people will buy them. Almost 10 percent of all Norway's passenger cars are now electric because of incredibly generous policies that waive most costs, including taxes, tolls, parking, and congestion surcharges. Over its lifetime, a $30,000 car might receive benefits worth more than $26,000. But this approach is unsustainable for most nations. Even super-rich Norway is starting to worry, as it loses more than a billion dollars every year from exempt drivers.

Though technological innovation will eventually make electric cars economical even without subsidies, concerns over range and slow recharging will remain. That is why most scientific prognoses show that electric cars will increase in sales but not take over the world. A new study shows that by 2030, just 13 percent of new cars will be battery-electric. Governments that ban new fossil-fuel cars would essentially be forbidding 87 percent of consumers from buying the cars they want. It is hard to imagine that could be politically viable.

The International Energy Agency (IEA) estimates that by 2030, if all countries live up to their promises, the world will have 140 million electric cars on the road, about 7 percent of the global vehicle fleet. Yet this would not make a significant impact on emissions, for two reasons. First, electric cars require large batteries, which are often produced in China using coal power. According to the IEA, just producing the battery for an electric car can emit almost a quarter as much of the greenhouse gases that a gasoline car emits across its entire lifetime.

Second, the electric car is recharged using electricity that almost everywhere is significantly fossil-fuel-based (though, in fairness, Quebec is an exception, with its almost entirely hydro-produced electricity).

Together, these two factors mean that over its first 60,000 kilometers (37,282 miles), a long-range electric car will emit more carbon dioxide than a gas car. Owning that second electric car for short trips could actually mean higher overall emissions.

FUTURE SHOCK: A car charger stands ready on a street in West London. A new study shows that by 2030, just 13 percent of new cars will be battery powered. Governments that ban new fossil-fuel cars would essentially be forbidding 87 percent of consumers from buying the cars they want. [JGIS/WENN]

Comparing electric with gasoline cars, the International Energy Agency estimates the electric car will save six tons of carbon dioxide over its lifetime, assuming global average electricity emissions. Even if the electric car has a battery made in Europe using mostly renewable energy, its savings will be at most ten tons.

President Biden wants to restore the full electric-car tax credit, which means he will essentially pay $7,500 to reduce emissions by at most ten tons. Yet, he can get American power producers to cut ten tons for just $60. What he plans to spend on electric-car subsidies could cut 125 times more carbon dioxide if he spent the money directly on emission reductions.

If the whole world follows through and gets to 140 million electric cars by 2030, the IEA estimates that will reduce emissions by just 190 million tons of carbon dioxide—a mere 0.4 percent of global emissions. In the words of Fatih

Birol, head of IEA, "If you think you can save the climate with electric cars, you're completely wrong."

BETTER DEALS TO BE HAD

We need a reality check. First, politicians should stop writing huge checks in the mistaken belief that electric cars are a major climate solution.

Second, there is a much better and simpler solution. Again, according to the IEA, hybrid cars, such as the Toyota Prius, save about the same amount of carbon dioxide as electric cars over their lifetime. Moreover, they are already competitive with gasoline-driven cars—even without subsidies. And, crucially, they have none of the electric car downsides, with no need for new infrastructure, no range anxiety, and quick refill.

Third, climate change doesn't care where carbon dioxide comes from. Personal cars are only about 7 percent of global emissions, and electric cars will help only a little. Instead, we should focus on the big emitters of heating and electricity production. If research and development could make green energy cheaper than fossil fuels in these uses, that would be a game changer.

Right now, electric car subsidies are something wealthy countries can afford to give to rich elites to show virtue. But if we want to fix climate, we need to focus on the big emitters and drive innovation to create better low-carbon energy from fusion, fission, geothermal, wind, solar, and many other possible ways forward. Innovations that will make just one of them cheaper than fossil fuels mean not just well-meaning rich people changing a bit. It will mean everybody—including China, India, and nations in Africa and Latin America—switching large parts of their energy consumption toward zero emissions. ■

In Search of a Breakthrough

Schools need top-to-bottom transformation—now.

By Clint Bolick and Kate J. Hardiman

Take a moment for a thought experiment.

If you were creating the ideal American elementary and secondary education system from scratch, with absolutely no preconceptions derived from the current system and with the full range of technological tools at your disposal, what would it look like?

If you give this exercise even a modicum of thought, chances are that the model you come up with would look little like the ossified, monopolistic, monolithic, top-down, bureaucratic, command-and-control, hidebound, wasteful, inefficient, brick-and-mortar, one-size-fits-all, special-interest-dominated system to which most of America's children are consigned.

Key points

» Despite waves of reform, education's structure and outcomes have remained largely the same since the early 1900s.

» The American education system doesn't just fail our national commitments; it rejects them.

» The solution? Facilitating innovation, rewarding excellence, increasing parental choice, and promoting accountability.

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Education is America's great conundrum. Its structure and outcomes have remained largely the same since the early 1900s despite waves of "reform" and a rapidly evolving society. We are the greatest, freest, most productive nation in the world, yet our primary and secondary educational system is mediocre compared to those of other industrialized nations. Though there is seemingly little that anyone agrees on in American public life these days, the general consensus is (and has been for decades) that something is wrong with our public education system.

The best and brightest students from the entire globe flock to our nation's colleges and universities, yet our K–12 schools are so feeble that most high school graduates need remedial courses when they get to college. We remain the most cutting-edge nation in terms of technological innovation, yet our educational institutions are largely untouched, and certainly untransformed, by the breathtaking advances that have profoundly affected and improved almost every other aspect of our lives. We spend more on K–12 education than almost every other nation, yet our fiercest international competitors produce far-better-educated students for less money. Our educational system produces only a fraction of the skilled workers needed for high-tech jobs. We cannot continue to compete effectively in a global economy if our educational system continues to produce such dismal results.

Our education system not only fails to reflect our national commitments; it rejects them.

We measure educational quality in terms of dollars spent rather than results obtained, with little accountability for the allocation of billions in taxpayer funds.

We believe in merit-based compensation, yet we pay teachers based largely on seniority, not for how much students learn.

We are averse to bureaucracies, yet we spend lavishly on administrators who contribute little to the educational enterprise, and they are paid far higher salaries than our best teachers.

We have well-intentioned philanthropic funders from the technology sector who invest in the stagnant status quo rather than in bringing disruptive innovation to the educational marketplace in ways that fueled their own entrepreneurial success.

We made a solemn commitment more than sixty years ago to provide equal educational opportunities for all American children regardless of race; yet despite enormous investments, the vast majority of students trapped in failing public schools are those who need education improvements the most, including low-income and minority schoolchildren.

We embrace choice and competition for virtually every important product and service in our lives, but we resist choice and competition for the service most central to our children's future.

If someone who lived in the late 1800s were to teleport to the present day, that person would recognize almost nothing about life in America. Nothing, that is, except our schools, which have changed remarkably little in the past 125 years. Most students still attend the brick-and-mortar school assigned based on their zip code (though these schools are now far larger). They sit in rows focused (or not) on one teacher in the front of the classroom. The schools are organized into districts whose boundaries are usually unchanged, despite shifting demographics. That nineteenth-century factory model adequately served generations of American students (less so those who were segregated into inferior schools) through much of the twentieth century. Yet it works poorly for most children in the twenty-first century. Sadly, we are bound to that system by nostalgia, inertia, lack of imagination, and the political muscle of some of the nation's most powerful special-interest groups.

Were we to loosen those bonds, we would enable our largely untapped capacity to deliver a personalized, high-quality education to every student. Education that reflects the values, abilities, needs, interests, and aspirations of children and their families. Education that harnesses our technological power and can be accessed in traditional settings, at home, or in a blended experience. Education that equips American students for the ever-evolving challenges that will determine our nation's future freedom and prosperity on the world stage.

Our new book is primarily about the policy changes necessary to bring our educational system, perhaps kicking and screaming, into the twenty-first century. Although we highlight many effective educational models and innovations, we do not prescribe all of them for all students. We have had far too many prescriptions from self-styled experts who "know what works," and we have wasted precious resources in pursuit of educational conformity. Instead, we propose policies to facilitate innovation, reward excellence, increase parental choice, and promote accountability. With enough options and the power to choose among them, families can determine what works best for their children, those who contribute most to the educational process will be rewarded, and success can be replicated.

Creating a twenty-first-century educational system requires a willingness to embrace fundamental change, which in turn calls upon us to diagnose the current system's failures and learn from several decades of failed or low-impact reforms. As we develop further in our book, a clear-eyed assessment

of the status quo yields at least ten basic principles, all of them interrelated and mutually reinforcing, that should guide a transformative education policy agenda. We should measure *every* education policy by these principles:

» **The school system is a means to an end, not an end in itself.** We are mired in educational mediocrity and dysfunction in large part because we confuse means and ends. Schools were created because they were an efficient and effective way to educate students. Often, they still are. But if they ever cease to be the optimal way to educate children, or if they are not the best means of educating a particular child, the system should not be exalted to the detriment of each child's learning and development.

The most frequent and effective accusation hurled against any type of meaningful education reform is that it will hurt public schools. In nearly all instances, those challenges arise when a proposal permits public funds to flow to schools other than traditional public schools, which is conflated with hurting public schools. If traditional public schools provided an optimal education to every child, then as a matter of public policy we should support them exclusively. But they don't, which means we face a choice between supporting schools as ends in themselves, regardless of how well or poorly they perform, or enabling students to pursue educational opportunities in some other fashion. Those who genuinely care about our children's future should focus less on defending systems, whatever they are, and instead dedicate themselves to enabling students to achieve their full potential.

» **Public education should be concerned about whether, not where, kids are learning.** Related to the first principle is the crucial conceptual difference between public *schools* and public *education*. Education can take place in a public school, some other type of school, at home, in front of a computer screen, or in some hybrid experience. When a student sits in a public school learning little, the obligation (guaranteed in every state's constitution) of providing a public education is not advanced. Children learning in a private school or at home advance the goals of public education, even though they are not in a public school.

Much of the energy against education reform is directed toward preventing children from pursuing options outside traditional public schools, even where many of those schools are failing and alternatives exist. When such efforts deprive children of high-quality educational opportunities, they do not advance the goals of public education; they defeat them.

» **Education policy should be about kids, not adults.** Too often debates over education policy are driven by what benefits the grown-ups in the system rather than what tangibly benefits children. That gets the public

education equation exactly backward: decisions should be made based on what benefits students.

No one in our society provides a more important service than the men and women educating our children. Those who do so effectively should be rewarded commensurately (we do explore ways to do that far more generously and effectively than we do today). But public schools are not a jobs program. We need to attract the best and the brightest to the vital task of education while refusing to subsidize mediocrity and unnecessary bureaucracy. Every education policy should be assessed on how and whether it will benefit students.

» **We should recognize that every child is different.** All children have unique needs, talents, aspirations, and personalities, yet most schools are not organized to effectively teach children as individuals. For the past century and a half, K–12 education has been about grouping children: into grades based on their age; into schools according to their zip code; into school districts according to arbitrary and obsolete (and sometimes impenetrable) boundaries; into classes according to their perceived abilities. Teachers often teach to the middle, leaving brighter students bored and more challenged students behind.

Traditional public schools are remarkably inflexible. Try getting an advanced middle school student into high school classes—a nearly impossible feat in most districts. Try getting extra help or resources for a student who has difficulty with certain tasks without going through the painstaking process of having your child declared learning-disabled (even if the student does not have a disability) and obtaining an individualized education plan. Imagine how difficult it is for parents who themselves lack education or resources to obtain individualized services for their children, especially in a massive, impersonal school district.

Technology makes "groupified" learning obsolete. Integrating computers as an important part of the learning environment allows students to proceed at their own pace in every subject. One child may have a talent or passion for math, another for language or science or writing. Frequent testing indicates when students have achieved mastery or need extra help. Customized instruction is highly flexible and efficient, providing education tailored to each child's unique needs and abilities.

» **Schools should operate like businesses.** Another effective reform opposition tactic is to decry proposed changes as "privatization" that would turn public schools into the likes of McDonald's. We should ask ourselves why those arguments are persuasive. We rely on private businesses to provide the

vast majority of goods and services. They generally do a good job, and those that don't go out of business. And at Burger King, you can "have it your way," whereas at most public schools (or other government service providers), you emphatically cannot.

Many of our reform proposals involve injecting greater choice, competition, and business principles into the education enterprise. We recognize that at least for the foreseeable future, most education will be provided by government actors. But the rules of economics are not suspended at the schoolhouse doors: public schools can and do respond to market forces like consumer choice. Whether as taxpayers, parents, or even teachers employed in public schools, we should welcome and not fear this development. For those who champion educational opportunities for children, the fact that they may be provided by someone outside the public sector does not discount the possibility that they may provide excellent services. And it's important that such providers face consequences for failure.

» **Power over education should be allocated to those who have the greatest stake in children's success.** Many debates over education policy focus on money, specifically how much is spent and whether it is equally distributed. To stoke systemic change, we need to worry less about money and focus more on power (including who controls the vast amounts of money spent on public education). In our public schools today, politicians have power. School boards have power. Bureaucrats have power. Unions have power. Principals, who are answerable to superintendents, who are answerable to politicians, who are answerable to those who supported their campaigns, do not have power commensurate with the central role they play in the effective delivery of educational services. Teachers, at least individually, do not have power, even though they affect educational outcomes much more than anyone else. Most unfortunately, many parents, especially those who are poor, do not have power, despite the fact that they have the greatest stake in their children's opportunities and success.

We need to reverse that perverse misallocation of power. Those with the greatest stake in and responsibility for children's educational success lack the essential power to control outcomes. They are subject to the whims, caprice, self-interest, and misguided best intentions of those who are not directly responsible for children's success. Schools themselves should have authority to direct resources as their needs dictate, as well as control over personnel decisions. Public policy should be measured by how much power it provides to those on the educational front lines: principals, teachers, and especially parents.

» **Funds should be allocated toward students, not schools.** The most effective way to transfer power over education is through the purse strings. Private businesses must attract and satisfy customers to survive. Most governmental entities do not. Funding for government entities is a *political* decision, meaning that those who desire increased funding apply pressure to elected officials rather than appealing to consumers. This is not entirely true for public schools—many are funded partly on a per-capita basis, that is, based on the number of students—but funding is primarily a decision made by state legislators or school district officials.

Imagine the transformation if students were the primary source of public school funding. Schools would be focused on attracting and retaining students by offering a distinctive, high-quality, responsive educational product. The power of politicians and special-interest groups would be reduced. The biggest beneficiaries would be low- to middle-income parents, who lack any real power in the current system. Placing at their disposal the significant resources expended on their education would shift power with great consequence. "Backpack funding," where the money follows the children to their school of choice, must be a central feature of systemic education reform.

» **Variety should be the spice of education.** Public schools are, by and large, remarkably homogenous. Chances are that on any given day, most schools in a district—or an entire state—will be teaching the same thing at the same time in the same way. Common Core (though many states have rejected it and some never implemented it) arguably exacerbated this standardization.

Educational options should be as numerous and varied as the students who pursue them. Families should be able to choose from a menu of alternatives, even combining public and nonpublic education. Schools should be free to break the mold to serve their students and control their own budgets, unleashing their untapped potential. We should encourage innovation both inside and outside the public schools and allow students to mix and match options that best match their needs and abilities.

» **Education providers should be held responsible for outcomes.** For the freest nation on earth, our K–12 school system is amazingly prescriptive. The government tells public schools what they must teach, when they must teach it, whom they can hire, what salaries they must pay, and so on. Public education focuses on inputs, not outcomes. Who cares if teachers who can't teach are certified? Who cares if the best teachers have never spent a day in education school?

We should worry less about how schools operate and more about whether they are effective. That doesn't necessarily translate into a standardized testing regime, but it does require us to effectively measure progress and achievement. Vast strides have been made in measuring value added—that is, how much a student progresses in light of where that student started. We should generously reward schools and teachers that take underperforming students and move them to grade level. Bad teachers should be fired and bad schools closed; good teachers should be well compensated, and effective educational providers rewarded.

» **Reforms should be adopted with an urgency that reflects the reality.** How many times have we embraced broad, sweeping national or state-level reforms that promise results over the long term? They have rarely fulfilled their great promise, despite consuming large sums of taxpayer and philanthropic dollars. Worst of all, they provide false promise to families and students who need results not at some point in the future but *today*. Our policy agenda should reflect the short time horizon that students have: a child who cannot read after third grade may never remediate; a student who lacks basic skills in high school has little hope of graduation, college, or a productive livelihood.

If we cannot produce a school system that provides a high-quality education to the vast majority of students, we should at least have an exit strategy for families to pursue different options. Whatever we do, we must realize that the one commodity in the shortest supply is *time*. ◘

"Michael Brown Was Not Killed by Racism"

Hoover fellow **Shelby Steele's** documentary laments the tragedy of a young black man whose death far too many seized upon as a means to power.

Glenn Loury: *What Killed Michael Brown?* has already produced a lot of controversy. I hear that Amazon was a little bit reluctant to let you guys put your film up at their streaming service. Where did the idea for making this film come from?

Shelby Steele: This film came from the realization that we had a body dead in the street. We felt the whole American racial situation was somehow concretized, brought to life, by the presence of this body in the street. So that's what got us going. Then what was the reaction [to this death]? The reaction was hysterical—riots, and they burned down this little nowhereville suburb of St. Louis, and people from all over the world descended on Ferguson, Missouri. So it was a very rich platform to work from.

Shelby Steele *is the Robert J. and Marion E. Oster Senior Fellow at the Hoover Institution and the writer and narrator of the film* ***"What Killed Michael Brown?"*** ***Glenn Loury*** *is the Merton P. Stoltz Professor of the Social Sciences and professor of economics at Brown University.* ***John McWhorter*** *is an associate professor of English and comparative literature at Columbia University.* ***Eli Steele*** *is the producer and director of the film.*

Eli Steele: We started talking about an idea for the film and we kept returning to Ferguson and the reason people were calling it the new Selma. They were saying that this was a landmark in American history, but the difference between Ferguson and Selma could not be bigger. We felt we could do a deeper dive than [former attorney general] Eric Holder had done to try to get to the root of the problem. We thought there was much more behind the curtain.

Loury: It started a movement, didn't it? The events that happened in Ferguson, Missouri, had deep political resonance for the country as a whole. If it wasn't Selma, what was it then? What exactly is the difference in your minds between the classic—the iconic—narrative of African-American struggle against oppression on the one hand, and what unfolded in the wake of Ferguson on the other?

Shelby Steele: It's not like Selma. You and I grew up in segregation. I know about segregation. I lived the civil rights movement, saw those noble fights against an enemy that was everywhere in the world I grew up in. So no one had any doubt about the moral integrity of Selma's protests. But in Ferguson, Missouri, what was the argument? That because one cop killed a black that somehow racism is systemic? It seems to me that the elephant in the room is that racism is so minimal now, that it couldn't really, in and of itself, get any movement off the ground. There's not enough of it around. There's not enough injustice. And what we had instead was a generation looking for power and looking to see how guilty white America would respond.

"The power is in the lie, and so the lie went on and on."

And, in that sense, the movement was cynical. It mimicked the real movement—Selma and the civil rights movement in the Fifties and the Sixties. It was mimicry. It was theater. It wasn't real.

Loury: And yet there lay Michael Brown for four and a half hours on the street.

Shelby Steele: That's right. In the name of an illusion. There was a real death.

John McWhorter: I've always been struck with Ferguson by the hard-core resistance to acknowledging the truth. So, there's the original "hands up,

FIRES THIS TIME: Buildings burn after a grand jury returned no indictment in the shooting of Michael Brown in Ferguson, Missouri, in 2014. Shelby Steele says of the genesis of his new film: "We felt the whole American racial situation was somehow concretized, brought to life, by the presence of this body in the street." [Jim Young/Reuters]

don't shoot" story, and that was taken as having a certain meaning. And then it became unassailably clear that Michael Brown's friend lied. What actually happened is that Michael Brown attacked [police officer] Darren Wilson several times, to the point that Wilson felt that he had no choice but to shoot him. That's simply the truth. And yet there's almost a religious approach to the whole thing, and not only among a few hard-core black protesters in Ferguson, but in general. The thinking person is not supposed to say outright that we were hoodwinked about that story, or that although Michael Brown's death was a very sad thing, it's not the story of Darren Wilson as this person driven by underlying racism to shoot a guy who's standing there with his hands up. That simply didn't happen.

And yet, there's a tacit sense, I think, among the American intelligentsia—now the American "woke," and today's "wokeness" was partly driven by Ferguson and Trayvon Martin—that on some level you're supposed to believe that Michael Brown died that way. You can be sure there'll be a movie—and

when they get to that scene, they're not going to shoot it straight. They're not going to show what happened. They're going to do a *Rashomon* thing where the idea is that nobody quite knows what happened. But we do. And that's the big difference.

There are no lies involved in Selma. This documentary lays out so clearly what the truth is, but still the idea is going to persist that on some level Michael Brown was senselessly murdered by a bigot. It's frustrating.

Loury: Why was it so hard for America to see the truth, even to this day?

Shelby Steele: I think the dynamic of the situation is that Michael Brown was in what I call the poetic truth—the truth that serves your politics and your ideology. Michael Brown was a means to power for many people, and the event itself—the shooting of a black teenager—was in itself a potential source of real power and muscle in American life. And particularly for blacks. Right away you saw Black Lives Matter blossom and other groups like it appear. It gave credit to the American left across all American institutions—the educational system, the universities, all of them were transformed, were changed, modified, by the power inherent in that dead body.

So yes, it was a lie. Michael Brown was not killed by racism. It was just a tragedy, a terrible tragedy. But because it had the look of the ugly American past, racism, there was real power there. When you have that much power in play, everybody's going to tell whatever story it takes to get some of that power. Michael Brown attacked the policeman and his body was riddled with drugs. This is the truth no one wants, and that no one has any use for. There's no power in it. The power is in the lie, and so the lie went on and on.

THE POWER OF FALSEHOOD

Loury: Help me to understand something because if you can see it and I can see it, everybody can see it. Everybody observing these events has basically got the same information. Now, I can understand why black activists and Black Lives Matter might cling to a certain narrative because it fits with their ideology. But what about the other three hundred million Americans? What keeps somebody from coming out and just saying, "This is a fraud. I'm not going to be railroaded by you people"?

McWhorter: Isn't it sad that there are so many people who, on a certain level, want Michael Brown to have been killed that way? It's like they *like* that story. It's like they're not even thinking about the person.

BURNT OVER: A torched American flag lies on the street in Ferguson near the spot where Michael Brown was slain. Shelby Steele says of the reaction to Brown's death that it "mimicked the real movement—Selma and the civil rights movement in the Fifties and the Sixties. It was mimicry. It was theater. It wasn't real." [Rick Wilking/Reuters]

Shelby Steele: That's right. He was a vehicle, a means to power and they needed him to be a victim—a hapless, innocent victim of virulent, unrelenting racism.

McWhorter: So, Shelby, what killed Michael Brown?

Shelby Steele: What killed Michael Brown, we argue, is this liberalism that came out of the 1960s that was also a confession on the part of white America to centuries of collusion with evil. When you confess to something like that, you give people a cudgel to hit you with for evermore. And whites have suffered, it seems to me, since the Sixties with this deficit of moral authority that comes from having confessed to evil. This is what I call white guilt—the defensiveness that has developed in white America. And whites have become much more interested in relieving that tension, that guilt, than in seeing to the development of black Americans.

And so, in that sense, white guilt makes room for all sorts of machinations. Right away, President Johnson came up with the Great Society, the War on

Poverty, school busing, affirmative action, expanded welfare payments, and on and on with programs and policies that were designed to relieve guilt in white America, bring back innocence, and bring back the moral legitimacy of American government. And, in many ways, it was successful in achieving that, but it didn't do anything for the development of blacks. We're farther behind today than we were back in the Fifties.

McWhorter: Shelby, you were participating in the Great Society programs and you always say they didn't work. What was wrong with the programs and why didn't they work? What happened in the communities that you saw?

Shelby Steele: All those programs I just mentioned stole agency from black people over their own fate. When you protest, you're basically putting your fate in the hands of the people that you're protesting. We put our fate in the hands of white people who we said had oppressed us: "Give us freedom." So responsibility for our fates and our lives went into the hands of whites, not us.

One of the points we try to make is that blacks were doing much better in the Forties and Fifties, moving slowly into the postwar world and into the middle class. Then at virtually the historical moment when the civil rights bills are passed, finally validating our freedom, we begin to decline. We declined because we put our fate in their hands. And they anguish and they fight and argue over whether affirmative action is good or bad, and now it's policing and all these other false, phony issues. Because we refuse to look at the simple, blatantly obvious issue, which is that we as black Americans have not taken enough responsibility for our own advancement.

We keep getting lost in the notion of justice and injustice, and we want justice. To hell with justice. Why not just get ahead? Why not become competitive with everyone else in American life? Until we do that, it won't happen.

Loury: Hold on, I gotta push back. To hell with justice? You mean like busing? I mean we're talking about gut-basic civil rights here. Whatever the socioeconomic, family structure, neighborhood integrity consequences of the Civil Rights Act of 1964, or the Voting Rights Act of 1965, or the *Brown* decision of '54 and efforts to implement it by desegregating schools, whatever the knock-on consequences that you might speculate would have flowed from that, the Constitution required—and the basic premises of equal citizenship required—strenuous intervention in these years from 1945 to 1970 to transform the legal regime so that equal citizenship was a reality for blacks. That's what Selma was about.

Shelby Steele: That's absolutely right. That's great stuff.

Loury: OK, then I want you to expand on that, but let me put a codicil on it—blacks are not the only people at the butt end of the welfare state. Blacks have never been the majority of the people who were poor in the country. Medicaid is not about black people. Aid to Families with Dependent Children is not about black people. It's about Americans, of whom some are black people. So you have those two points: civil rights are an imperative regardless of their consequences, and the welfare state in America is not mainly a response to the racial exigency. It's a response to socioeconomic inequality more broadly.

Shelby Steele: And yet we've not taken enough responsibility for ourselves to have achieved parity with whites. We didn't do it.

Loury: I agree with that.

Shelby Steele: That's the big unsayable thing. I say it because I'm just tired of dancing around it. Yes, we had all this wonderful legislation passed confirming our right to exist as human beings and so forth. But we didn't say that the number one goal, black America: make sure your fourth-grader can read at grade level. If he can't, he's going to have a tough life. If he can, he'll do pretty well, no matter whether there's racism or not.

"What we had instead was a generation looking for power and looking to see how guilty white America would respond."

The obvious question here is: doesn't that leave white people off the hook? My feeling is the greatest mistake black America has ever made is to try to keep white people *on* the hook.

DEFERENCE AND DEPENDENCE

Loury: Shelby, you say placating or assuaging white guilt is now prioritized over promoting black development. That sounds pretty outrageous. If the issue was racial justice, what's more important: developing black people or making white people feel comfortable and not feel guilty? Well obviously, developing black people is more important and yet it came in second place.

Shelby Steele: A distant second place. Again, the biggest mistake we made is to buy into the idea that our victimization by racism was our source of

power rather than our self, our skills, our talents, our development. As victims, we had won a great civil rights movement. The downside is it seduced us. That victory was very seductive. It was racial justice and much needed, but it seduced us into adopting the framework of justice as our way ahead, our way out. And so we missed the fact that the real way out is development.

The tragedy of black America is we gave up responsibility for our fate in the name of justice. I hate the word "justice" because it's a drug. It makes you feel that there's such a thing as justice. If you really look at the human condition [laughter] this is a very rare phenomenon. Maybe it's going to be there, maybe it's not, but you better not count on it. You better focus on what's in front of you and what you need to get ahead, what can get your family ahead, and so forth. People who do that thrive. If racism is systemic or not, you thrive if you keep responsibility for your own fate.

"Michael Brown was in what I call the poetic truth—the truth that serves your politics and your ideology."

Eli Steele: I live in Los Angeles, and we have the second-largest school district—about two hundred thousand students in high school. We allow these students to graduate with a 1.0 grade point average—basically a zero these days. Why are we doing that? And most of the students who graduate with a 1.0 GPA are what we call the brown-black belt—mostly Hispanic or black students. We are dumping these kids into society with no skills, with nothing. We're not developing these people, yet the school board will send out a letter every May bragging about the graduation rate. So the school board looks good and it looks like they are doing a great job. I cannot publish an op-ed on this in the *Los Angeles Times*. Nobody cares. They march for some guy that was brutally murdered in Minnesota, but they don't care about those twenty- to twenty-five thousand students.

"Responsibility for our fates and our lives went into the hands of whites, not us."

McWhorter: That's partly because there's this tacit sense that to embrace school to that extent is somehow inauthentic to the race. That means that George Floyd's death, as tragic as that was, and Michael Brown's are more important than thousands of kids getting a good education. It's not the way

it would have been if black people had their own yeshivas, so to speak, one hundred years ago and even seventy-five years ago.

Loury: The slaves who were emancipated in 1863 were largely illiterate. They owned almost no land. They had virtually nothing. By the time you get to 1910, we see one of the historically most impressive transformations of literacy in a population that have been observed in the modern world. Go to southeastern Europe and find some population of poor white people and you can't find anything comparable to that. We actually made ourselves—this is Booker T. Washington's language, but it's accurate—"fit for citizenship." We faced up to the challenge of emancipation because we actually had something to prove. There were a lot of doubters who said black folks are not going to make it in the modern world, the European immigrants are going to outcompete them and marginalize them, they're going to die off from disease, et cetera. And that was all proved to be wrong. In fact, that population gave rise to a sufficiently robust intellectual and artisanal and small-business class that we could mount a civil rights movement in the South of the United States and change the politics of the country.

"It lowers the standards—wipes out the standards—when we need the standards raised!"

The attitude today is: you owe me citizenship and if you have any doubts about my fitness—if you say my crime rate is high, my school failure rate is high, my out-of-wedlock birthrate is high, my incarceration rate is high—then you're a racist. And it strikes me that there's a deep irony in that—it leaves us in this position of appealing to the moral sensibility of a structure of power that our very argument denounces as immoral and incapable of recognizing our humanity. I mean, nobody is coming to save us.

Shelby Steele: That's right, nobody is. We live off of white deference. That's what we keep appealing to. So the University of California cancels the SAT exam, the ACT exam, because of inequality and so forth. In other words, it lowers the standards—wipes out the standards—when we need the standards raised! Help us achieve more. Ask more of us. We have further to go. But everything is orchestrated to lower standards for us. We demand deference now as justice. We define justice *as* deference. And it's symbiotic—they bring out the worst in us and we bring out the worst in them and that's where America is today.

Loury: But it's corrupt at its core. Everybody's lying to everybody.

Shelby Steele: There's going to be a backlash. That's just the way of nature.

THE FUTURE

Shelby Steele: Do you think that white guilt is fading at all?

McWhorter: I think there's going to be a backlash against the extremes of 2020. I think that hard left "wokeness" is so ridiculous in so many ways and so nasty that I think there's going to be a backlash against that. But the general sense that we are not full human beings, the general sense that what makes you a good white person is to basically listen to anything people like [Ibram] Kendi say, I don't think that's going to go away. That's become established as their way of evaluating themselves as good moral actors. I'm not sure what would stop it.

Eli Steele: Black Lives Matter had formed after Trayvon Martin and the George Zimmerman case, and they were ready for another case to come along. Michael Brown was the case. That's part of why it was so hard to see the truth. They had an agenda and they wanted to go in. What is very interesting—and unfortunately, because the documentary is already almost two hours long, we couldn't put this in there—but I interviewed people in the Salvation Army who have set up shop in the location where a store was burned down on the Sunday after Michael Brown was shot and killed. And what they said was, "We have been wrong about how we address the black underclass, how we address poverty, and so forth. We used to think that we should measure success by how many beds we filled every night, how many meals we gave away. And we used to see perpetuated poverty. So what we decided to do is to look at each individual."

"We demand deference now as justice. We define justice as deference."

Now this is very interesting because Black Lives Matter is not individual-based. It's more anti-capitalist and anti-merit. But the people on the ground, they really have to look for the "spark" in each individual. If this little girl wants to be a writer, let's find her a mentor. Let's get her on that track. Let's inspire her. That's what they're doing right now—they're selecting people. They understand they have limited resources, so they're looking for the people with the abilities to succeed. It's a very interesting development in the black community and it's a race to break that ugly symbiosis between white

guilt and black development. I think people are coming to understand the larger truth, and that's a gift. I mean, it's tragic, but that's really the gift that the shooting has given that community. It brought them down to reality.

Loury: The footage that you did use is extraordinarily powerful. These are ministers and politicians, businesspeople, African-American voices, and they're asking questions that you don't ordinarily hear African-American leaders ask. How did you find these people?

Eli Steele: We went in to make a documentary but the people in Ferguson said, "Oh, gee, another one?" They were tired and jaded and I don't blame them. We started knocking on doors to get people to talk to us, but my father and I didn't approach them from a politically biased point of view. We're not the media and we don't ask the same questions. Usually, that's what they know, and it's why you get the same answers out of Al Sharpton and all these people all the time. But we came in and asked different questions and we got different answers. And we pushed them.

They did not know the history of the ground that they were standing on. But I don't think that's a black thing; I think it's an American thing. This "systemic" argument about racism has been so pervasive that it's influenced everybody and disconnected us from our history. I tell people about our family in Kentucky—after slavery they started night school; they were actually working in the field and attending night school. That's what black people did, and it's a very proud history to be connected to. And the worst thing about "systemic racism" is that you're forcing people to abandon that history to prove that racism is everywhere and they are powerless. No.

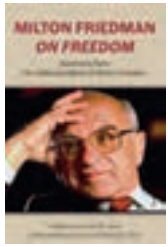
"We gave up responsibility for our fate in the name of justice. I hate the word 'justice' because it's a drug."

McWhorter: All four of us know that in any black community there is the ex-con who takes young boys into his hands and teaches them some things and tries to keep them out of trouble. That's a noble type and there's been that guy for a good forty years. And the woman, Miss Whoever, who opens up her house to kids and shows them a different way. Do there need to be more Miss Johnsons and the guy who comes out from prison and tries to make a difference? What is the solution?

Shelby Steele: I think that's exactly the solution. How you do this, I have to admit, is difficult to see. But we're looking for those old values where you

inspire people; you give them a sense of hope by identifying what's possible. If you do this and you do that, then you won't be stuck here. You will be on this track instead. You'll be moving ahead. The same thing that motivates you, motivates me, and motivates us all is that we want to do better—we want to get more, we want to achieve, we want to do well and so forth, and we don't want to do badly. That's self-responsibility and self-help. Malcolm X is my great heroic leader of all time and his message of self-help still stands. Self-help is the way ahead and we should honor it, we should reward it, we should cherish it, we should celebrate it, we should just let the whole world see it, and make it our centerpiece. And a future of self-help compensates for our history of victimization. H

Excerpted from an episode of Glenn Loury's Bloggingheads.tv podcast,* The Glenn Show. *© 2021 The Nonzero Foundation.



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Loved It, Leaving It

The weather is as fine as ever. It's **California's economic climate** that's driving people away.

By John B. Taylor

The news out of Silicon Valley is that some of America's most dynamic businesses are pulling up stakes and leaving. Hewlett Packard Enterprise, the firm started by Bill Hewlett and David Packard in a Palo Alto garage in 1939, is moving its headquarters to Houston, and the software giant Oracle has already relocated its headquarters from Redwood City to Austin.

Likewise, Elon Musk, the CEO of Tesla and SpaceX, has announced that he, too, is moving to Texas, as is Joe Lonsdale, the founder of the data-analytics company Palantir, who is bringing his entire venture capital firm, 8VC, along with him. Lonsdale is so disenchanted with the

Key points

» Every regulation creates compliance costs. The burden falls more heavily on small start-ups.

» California has among the most restrictive sets of land-use regulations in the country.

» The pandemic showed that many people, especially in tech, don't need to live near their workplace.

» Lawmakers are musing about a wealth tax—another measure that would surely make things worse.

John B. Taylor *is the George P. Shultz Senior Fellow in Economics at the Hoover Institution, chairman of Hoover's Working Group on Economic Policy, and a participant in the Shultz-Stephenson Task Force on Energy Policy and the Human Prosperity Project. He is also the Mary and Robert Raymond Professor of Economics at Stanford University and directs Stanford's Introductory Economics Center. His most recent book (with the late George P. Shultz) is* ***Choose Economic Freedom: Enduring Policy Lessons from the 1970s and 1980s*** *(Hoover Institution Press, 2021).*

Golden State that he announced his move publicly in an op-ed for the *Wall Street Journal* headlined "California, Love It and Leave It."

Of course, many economic observers had noticed this exodus long before it became a stampede. The talks I give for supporters of the Hoover Institution all used to be held in California, whereas now I find myself often traveling to Dallas or other cities, because that's where many people have gone.

There are plausible explanations for these moves, with an obvious one being high state-level taxes. The top personal income-tax rate levied by the state of California is 13.3 percent, and 8 percent for taxable income between $45,753 and $57,824 (for single filers). In contrast, Texas has no personal income tax. Similarly, whereas California's corporate tax rate is 8.84 percent, Texas has no corporate tax, opting instead to charge a franchise tax of around 1 percent, on average (based on gross receipts). Finally, California has a 7.25 percent state sales tax, compared to Texas's 6.25 percent rate.

Moreover, while California's average effective property tax rate is lower than that in Texas, its housing prices more than offset the difference. The average property tax rate with parcel taxes and fees reaches about 1 percent in California and about 1.9 percent in Texas. But with house prices in California averaging approximately $450,000, the average property tax is in the range of $4,500 per year, compared to less than $2,800 in Texas, where house prices average roughly $146,000.

Regulatory differences also factor into location decisions. According to the Pacific Research Institute, California has the second-highest regulatory burden on employment of all fifty states. The ranking is based on a composite score of seven labor regulatory categories: worker compensation, occupational licensing, the minimum wage, lack of right-to-work laws, mandatory medical benefits, unemployment insurance, and short-term disability regulations. Each regulation—even hidden ones like occupational licensing—creates compliance costs, the burden of which is relatively greater for small start-ups.

There are also big differences in regulations that restrict how land may be used for residential, commercial, or recreational purposes. Specifically, land-use regulations (which are often determined by city or county governments) prevent or restrict housing construction and thereby make housing more expensive. Published research by economists Kyle Herkenhoff, Lee Ohanian, and Edward Prescott shows that California has one of the most restrictive sets of land-use regulations in the country, whereas "Texas has the lowest level of land-use regulations."

The COVID-19 pandemic has magnified the impact of these tax and regulatory-cost differences by demonstrating that many people (especially those in the technology sector) do not need to live near their place of work. The stampede out of Silicon Valley therefore owes something to telecommunication innovations such as video conferencing services. Oracle stated in a recent Securities and Exchange Commission filing about its move that "many of our employees can choose their office location as well as continue to work from home part time or all of the time."

A familiar culprit: high state taxes.

In any case, driving around Silicon Valley, I see that the employee parking lots at Google, Facebook, and Apple are now empty. Regardless of whether these firms join others in moving their headquarters, it is already clear that a much larger share of their employees will work at a distance in the "new normal" after the pandemic. Facebook has already said that it expects around half of its employees to telecommute in the future.

Will California's state and local governments reduce burdensome taxes, regulations, and other barriers to stop the outbound stampede? Key decisions by voters this past November offer hopeful signs that changes may be on the way. For example, Californians approved Proposition 22, which classifies drivers on ride-hailing platforms as independent contractors. In doing so, voters nullified part of Assembly Bill 5 (AB 5), which since September 2019 had restricted app-based drivers' opportunities by classifying them as employees.

In another good sign, California voters rejected Proposition 15, which would have initiated a constitutional amendment to raise taxes on commercial and industrial properties. Voters saw that this was a swipe at the 1978 ballot initiative Proposition 13, which has long helped keep property tax rates down. Despite Governor Gavin Newsom's support for Proposition 15, a majority of Californians knew that higher tax rates would ultimately compound their state's problems.

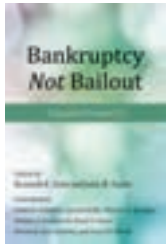
It's already clear that a much larger share of employees will work at a distance in our "new normal."

And the underlying forces of dynamism remain. A Silicon Valley firm, Zoom Video Communications, is fueling the growth of telecommuting.

Still, this is no time to be complacent. Even if parking lots start filling up again as COVID-19 vaccines are distributed, many firms will continue to

leave the state unless the burdens of doing business are cut. Worse, instead of addressing the exodus, state lawmakers in Sacramento are now talking about a new wealth tax—another measure that would surely make things worse.

With policy makers having failed to deal with the growing problem of homelessness in San Francisco and Los Angeles, or even with the forest fires across the state, California's ability to offer a high quality of life is under threat. But as one of the distinguished business leaders who has departed recently told me, "I still love California and hope to help fix it." It's time to get to work. ◘



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An "Affordable" Sinkhole

Why is "affordable housing" so unaffordable to build? Because it's built on a foundation of blank checks.

By Lee E. Ohanian

Have you ever dreamed about living in luxury on the beach in Maui? Sadly, this is just a dream for most of us because of its cost. But I am guessing you haven't dreamed of living near extremely busy Interstate 680 in Milpitas, at the local Extended Stay America, which consists of 300-square-foot units that include a kitchenette, a small living area, and one small bedroom and bathroom.

But buying the Extended Stay motel and flipping it into "affordable" apartments will cost you more per square foot than top-of-the-line digs on the shores of Hawaii. Santa Clara County, where Milpitas is located, is paying about $725 per square foot to buy this property and turn it

Key points

» By failing to reform housing policies, California legislators drive up the cost of living for everyone.

» Governor Newsom's campaign promise of 3.5 million new housing units is a pipe dream.

» Nearly all the expenses are wrapped up in paperwork.

» Auditors—and taxpayers—should be taking a hard look at the costs of "affordable housing."

***Lee E. Ohanian** is a senior fellow at the Hoover Institution and a participant in Hoover's Human Prosperity Project. He is a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA.*

into low-income apartments. Yes, this is outrageous, and there is no reason it needs to be this way. By accepting this sort of insanity and failing to reform housing policies, California legislators are increasing California's cost of living enormously and failing their constituents.

At this per-square-foot price point, Santa Clara County would need to spend close to $1 billion to satisfy the number of affordable housing units the state is demanding that the county deliver in the next two years. With an annual budget of about $8 billion, the county has little chance to achieve this goal. And this also shows why Governor Gavin Newsom's target of 3.5 million new housing units, one of his principal campaign promises, is a pipe dream. Even before COVID-19, California's housing construction rate was forty-ninth in the country.

BLUE-SKY BUDGETING

"Affordable housing" is in fact a myth in California, at least near the coast, because a housing cost of $725 per square foot is anything but affordable. To build housing for low-income households at this cost means that taxpayers must enormously subsidize these projects.

And why is the cost so high? As always, the devil is in the details, so let's look under the hood. There we will find that the costs of the small number of improvements that the state is planning on implementing are grossly overpriced, to the point that auditors—and taxpayers—should be taking a critical look.

The property in question sold in July for $14 million, which provides a realistic estimate for its value in its present condition. And as far as projects go, this isn't much of a project, if one at all. According to a recent environmental impact report, the property and structures are in good condition and well maintained, with no need of major renovations or repairs.

This property is a prime flipping candidate. Add some paint, shampoo the carpets, do a touch-up here and there, and we are good to go, yes? How much would this cost if performed by a private flipping specialist? About $20 per square foot, according to the evaluation tools provided by a private home flipper. Other estimates are similar. And at $20 per square foot, this cost includes replacing carpet and hard flooring. But hey, this is California, where it costs more to do everything, so let's double that $20 per square foot to $40 per square foot, which means a budget of $1.5 million, and a grand total of about $15.5 million, give or take.

The county's budget to convert the Extended Stay into apartments? It's $29.2 million, nearly twice what it should cost. Where does that extra $14 million go? The answer sheds much light on California's housing crisis. And the problem is easily fixable, if policy makers are willing to do it.

UNREAL ESTATE: Homes rise in American Canyon in Napa County. Building "affordable" housing for low-income households in California means taxpayers must pay enormous subsidies. Among other problems is the lack of a profit motive to impose discipline on spending and encourage efficiency. [Lianne Milton—Napa Valley Register/ZUMA Press]

The remaining items include building a laundry room and community kitchen; outside, about ten thousand square feet would be used for a community garden, sports courts, a barbecue area with picnic tables, a dog park, and a pet washing station. Some units will also be converted into meeting rooms and into two larger manager units. Finally, there are reports—including a 222-page environmental impact report on a property that will be almost unchanged from its current usage—as well as planning, permitting, and other administration costs.

Somehow, all this will apparently cost nearly $14 million. Scratching your head? I did as well, so I called a developer who specializes in apartments, and who lives outside California, and asked him to guesstimate these costs at a "moderate" quality level if he were to do this project in his state.

His answer: $300,000. This includes plans, permits, overhead, and builder profit. The kitchen was the most expensive item, and he questioned why this was included in an apartment complex, given that each unit already has

a kitchen and that most apartment complexes don't have this communal feature. The laundry room was also expensive, but he noted that most apartment buildings cover these costs with coin-operated washers and dryers.

The extreme cost of this project is not a one-off. In San Jose, the cost of installing 8-by-10-foot tool sheds as temporary housing, along with a communal kitchen, meeting rooms, and a dog park, as in the case of the Extended Stay, costs about $700 per square foot. And, like the Extended Stay, it appears nearly all the cost is wrapped up in reports, administration, permits, and building a kitchen and laundry facilities. Almost entirely funded by taxpayers.

WATCHING THE HENHOUSE

You must wonder why someone involved in this process doesn't demand accountability, doesn't say, "No more, this is nuts!" Perhaps this will happen one day, but all too often, the problem is that of people who spend other people's money. As long as the owner of the checkbook doesn't complain, checks just keep on getting written. It is much easier to do that than to rock the political boat, because there is so little for anyone to gain by doing that.

The fundamental problem with government is that there is no profit motive to impose discipline on spending and incentivize efficiency. Consequently, voters must constantly ride herd on elected officials. California voters don't do this nearly enough. This is why California politicians spend $725 per square foot on down-market housing without batting an eye. And why they'll continue to do this. H

Read* California on Your Mind,** ***the online Hoover Institution journal that probes the politics and economics of the Golden State (www.hoover.org/publications/californiaonyourmind).

No Grace and No Redemption

Douglas Murray, author of *The Madness of Crowds*, on the madness of identity politics.

By Peter Robinson

Peter Robinson, **Uncommon Knowledge:** Associate editor of *The Spectator,* Douglas Murray is the author of a number of books, including *The Strange Death of Europe* (2017) and *The Madness of Crowds: Gender, Race, and Identity* (2019).

Douglas, welcome. Let's begin with a quote from *The Madness of Crowds:* "The interpretation of the world through the lens of 'social justice,' 'identity group politics' and 'intersectionalism' is probably the most audacious and comprehensive effort since the end of the Cold War at creating a new ideology." Explain that.

Douglas Murray: In the last few decades—the last few years in particular—there's been an attempt to basically institute a new form of ethic. I've been trying to work out for some years what that is exactly—how you prove you're a good person in the society we find ourselves in. The desire to prove yourself to be a good person and to be thought well of by your peers doesn't disappear,

Douglas Murray *is an author, political commentator, and associate editor of* ***The Spectator.*** *His latest book is* ***The Madness of Crowds: Gender, Race, and Identity*** *(Bloomsbury Continuum, 2019).* ***Peter Robinson*** *is the editor of the* ***Hoover Digest,*** *the host of* ***Uncommon Knowledge,*** *and the Murdoch Distinguished Policy Fellow at the Hoover Institution.*

even if religion does. I believe that what we've come to call intersectionality or identity politics—rights acquisitions—has basically become the new form of religion in our societies. It's a pretty audacious land grab.

In *The Strange Death of Europe,* I write about the void left by the retreat of faith, whatever view you take of that. But the void has been filled—unsatisfactorily, reprehensibly in many ways. It's a particularly American and Western thing among young people. You don't find this in China, Russia, or Eastern Europe. But in the West, it has given people something to do, a purpose in life, a great crusade to be a part of. And it's given them meaning.

Robinson: You examine four instances of identity politics in *The Madness of Crowds*. First, let's discuss women's rights. You write: "Women's rights had been steadily accumulating throughout the twentieth century. They appeared to be arriving at some sort of settlement. Then just as the train appeared to be reaching its desired destination it went crashing off the tracks."

Murray: Like all of the cases I write about, with feminism it's almost impossible to disagree with the foundational basis, which is to make sure that no woman is ever held back from attaining what she can achieve in her life and decide to do by virtue of the fact that she happens to be a woman. Feminism starts from that standpoint—equal rights and equal opportunities for women, the right to make their own choices.

With second-wave feminism, man-hating (misandry) starts to creep in. By third- and fourth-wave feminism, this exacerbates beyond any reasonability to the stage we're now at, where fourth-wave feminism clearly isn't seeking consensus. This is no longer a movement seeking to find agreement, compromise, or equitable arrangements between the sexes. It isn't seeking to make sure that women aren't held back from achievements. It's seeking to carry out an act of historic revenge that the perpetrators believe will make up for what they perceive—correctly—as being lesser opportunities in the past for women.

It's a common theme in all of these rights claims at the moment. The desire of these groups seems to be to go way past equality. In this case, to make men feel awful and to talk about them in horrible terms. Masculinity is the problem; never femininity. Then, maybe at some point things will work their way back to equality. I think these people are woefully misguided. They seek revenge.

Robinson: OK, civil rights. *The Madness of Crowds* again: "The civil rights movement in America looked like it was moving towards some sort of

STOP THE MADNESS: *"All of these ridiculous claims are designed to demoralize people at some level," says Douglas Murray. "And that's why I think at this point in history there's a duty to speak up and say: 'No, I'm not agreeing to whatever you make me say today. I'm my own person. I will not imbibe lies, and I will not spew them out either.' I encourage as many people as possible to do that."* [Lionel Derimais/JDD/SIPA]

hoped-for resolution. But yet again, near the point of victory everything seemed to sour."

Murray: We never would have expected, even a few years ago, that within our lifetimes every bookshelf in America would be filled with this moral effluence from people pretending that they're anti-racists simply spewing racism out into the American public system, spewing out hatred of people because of their skin color, generalizing about the sin that people are meant to be guilty of some years ago, generalizing with abandon about everyone white. White people can't be differentiated or any moral differences made. We're all guilty and equally reprehensible, and need to be beaten up upon. It's a growing list of race hucksters—all different races—who've decided to make themselves rich and famous by attacking a racial group by dint of their racial origin. They seem to think that if there has been an inequality in the past—and once again, there has—the way to get to equality is not to settle at equal, but to go to better: black people are better, more virtuous, more morally wise than white people, have no sin in their own history, and on and on. So that at some point it'll come back to this lovely point of equality.

"The desire to prove yourself to be a good person and to be thought well of by your peers doesn't disappear, even if religion does."

It's similar to fourth-wave feminism in the tone of vengeance. My own suspicion is that what happens at the end of this race baiting is not that we swing back to something like equality.

Robinson: Next, gay rights. Again, I'm quoting you: "A decade ago almost nobody was supportive of gay marriage. Even gay rights groups weren't in favor of it. A few years down the road and it has been made into a foundational value of modern liberalism."

Murray: Same pattern. By the way, this is the one sort of crown point on the mountain of social justice that I can claim to have ownership of.

Gays haven't been very good in victory, having got equal rights in societies like the United Kingdom and the United States. For instance, we're not expressing the tolerance to others that we sought ourselves when seeking equal rights and have gone into a strange vengefulness against the religious. Having attained equal marriage rights in states in civil terms, gays now berate churches that will not change their teachings about

homosexuality because of what is a very recent moral shift in Western liberal societies.

With the gay campaign as with others, again we're dealing with relatively small but very noisy groups of people who have the cultural dominance and see themselves as carrying out a sort of revenge.

We've also got in our culture at the moment this sort of strange notion that to be gay is fabulous and that to be heterosexual is to be rather disappointing and bland. This is, once again, the language of better, not of equal.

Robinson: OK, let's turn to trans rights. You write: "Then finally we all stumbled, baffled, into the most uncharted territory of all. This was the claim that there lived among us a considerable number of people who were in the wrong bodies." Gay rights, women's rights, and civil rights have been around for decades. But this notion of trans rights seems to have emerged yesterday.

Murray: Yes, the trans issue is the newest in a way, and also the most interesting and the one we know least about. As a result, we should be very humble about it. One should take morally seriously the claim that some people really do feel they're born in the wrong body. But it's a long way from that to the notion that there's no such thing as sex or chromosomes. Or this non-binarism: one day you're feeling a bit masculine and the next you're a bit feminine, or today you're feeling kind of a *her* an hour ago and for lunch you're a *him*.

"People log on to their social media accounts in the morning to find that day's hate speech or hate figure and try to destroy them."

These are all wildly new claims and because society's very nervous about exploring this, we've just washed stuff through. I'm horrified by the fact that in the name of simply trying to all get along, this very interesting issue has been just washed through. And now, if you don't blindly accept all this, you're a transphobe in the same way that you're a homophobe, a racist, a misogynist, and so on—these are the excommunicating terms of the new religion.

THE CHURCH OF SOCIAL JUSTICE

Robinson: One of the striking aspects across all four of these groups is the speed with which it all arose. You write: "The unbelievable speed of this process has been principally caused by the fact that a handful of businesses in Silicon Valley (notably Google, Twitter and Facebook) now have the power

not just to direct what most people in the world know, think, and say, but have a business model which has accurately been described as relying on finding 'customers ready to pay to modify someone else's behavior.' "

Murray: This is the great phenomenon of our time, where people log on to their social media accounts in the morning to find that day's hate speech or hate figure and try to destroy them for saying something that everybody said until the day before yesterday. It's all part of this new religion. Religions need practices and they need ways to demonstrate that you're good. The social justice activists congregate 24/7 online to worship the latest unprovable claim, to make unproven assertions, and to find heretics. That's how they show they're good people. But people shouldn't fall into this. It's a horrible, retributive, and unforgiving religion that doesn't actually have any redemption for the individual or society.

"You're meant to just go along with it because it will make you a more cringing and therefore more pliable human being for whatever is to come next."

Robinson: Can I quote you again? "Identity politics is a system making demands that are impossible towards ends that are unachievable." You make the strong claim not only that this is a mess in practice but that it cannot work in principle.

Murray: That's one of the reasons why I'm so confident that anyone who wants to pull this thing apart is going to win this one. It's not going to work.

These people have stretched all of our patience quite long enough by making their unprovable claims and making assertions that keep proving to be wrong. To hell with these people for wasting our time like this! The moment that you allow the injection of stupidities, irrationalities, and unprovable things into your society, you waste everybody's time. At the most advantageous point in human history, some of the best minds of our time are spending their time talking about lavatory arrangements and so on. I think that the energy of our time should be spent elsewhere.

Robinson: Here's another quotation from *The Madness of Crowds:* "While the endless contradictions, fabrications, and fantasies within identity politics are visible to all, identifying them is not just discouraged but literally policed. And so we are asked to agree to things which we cannot believe."

Murray: I believe there is no grand plot, but all of these ridiculous claims are designed to demoralize people at some level. You're meant to just go along with it, because it will make you a more cringing and therefore more pliable human being for whatever is to come next. You're meant to just shut up and agree that trans women are women and there's no difference, and so on. Just stick the "Don't hurt me BLM" sign in your window and make the mob pass.

And that's why I think at this point in history there's a duty to speak up and say: "No, I'm not agreeing to whatever you make me say today. I'm my own person. I will not imbibe lies, and I will not spew them out either." I encourage as many people as possible to do that. In the modern West, we're asked to imbibe and spew lies if we work for governmental and nongovernmental organizations, corporations, and almost every sector of public and private life. This is sinister, and it should be stopped now.

"The social justice activists congregate 24/7 online to worship the latest unprovable claim . . . and to find heretics."

Robinson: *The Madness of Crowds* came out something like eighteen months ago. There's a chapter on what's to be done. If I may say so, it strikes me as a little tepid. You write, "We might ask more regularly and more assiduously, 'Compared to what?' " That is to say, our societies are bad, but compared to what? To Islamic societies? To the treatment you receive in China? And at another point you ask, "Can the spirit of generosity be extended anymore?" But just now, you said: "To hell with these people for wasting our time!" Your line has hardened since you wrote the book.

Murray: It's hardened because everything I've described has got a lot worse and a lot more vociferous. On the race issue, everything I feared and wrote about seems to have gotten worse. And the roadmap I chart appears to have gotten even more precarious than it was when I was charting it.

You're right in a way. I certainly feel—particularly on that one—that I'm more and more intolerant of the hucksterism, the extremism, and the racism of the new anti-racists. All of the trends are forcing this through at corporate levels and much more. It's gotten just infinitely worse since I wrote *The Madness of Crowds*. That was the one that shocked me most. I knew that governmental and nongovernmental organizations would do this, but Fortune 500 companies all doing this crap? Wow.

I wrote the book because I wanted to try to give answers that are deep and general and did not require a PhD in intersectionality to address. I want people to get around it, out of it, over it, through it as fast as possible. I don't want us stuck on this crap.

AMERICA BROUGHT LOW

Robinson: The unavoidable topic here is Donald J. Trump, who has faults, you may have noticed. And yet he ended up getting something like nine million more votes this time around than he got four years ago—48 percent of the country voted for him. To what extent did they do so because he's talking back to this stuff? People look at him, and they understand there's something in the discourse now that's poisonous and after them. And they look across the landscape of political figures—Republican and Democratic—and they think that at least this guy is talking back. In other words, has your argument in one way or another worked its way right into the center of American politics?

Murray: I think so, because I agree this is obviously one of the things online. You're an unemployed steelworker somewhere in the middle of America, and on top of everything else, you're told every day in the media that you've got white privilege. Really? You have a child with a woman, you separate, and you get to see your child every other weekend for half an hour. And you're told you've got male privilege.

There's a lot of unpleasantness that's been allowed to run on unaddressed in recent years and a lot of unforgivingness that's been allowed to run against people because of characteristics over which they have no say. We would've called this out a long time ago if the victims had been gay, or the victims had been women, or the victims had been black and only black. Instead, we have this note of vengeance that I think a lot of people have picked up on. And I think it's definitely one of the things that propelled Donald Trump.

"Identity politics is a system making demands that are impossible toward ends that are unachievable."

Historians will, of course, argue that in some ways Donald Trump made all of this worse, because once his opponents realized that he was opposed to that, they doubled down and made even more crazy claims simply in order to enrage Trump and his supporters. There might be something in that.

But in America it's not like the race issue has gotten better in the last ten years. Black Lives Matter began when President Obama was in office. They were getting away with making their claims about America under Obama, but they've been able to double down and make much crazier claims since Trump took office.

There's a specific set of American culture wars that have sadly spilled out and polluted the whole Western world. It's a shame to me because I admire America for all sorts of reasons and I've always loved it. But you've exported some of your worst viruses and made them go global. In particular, I'm thinking of the interpretation of the American race problem, which has been exported elsewhere, often to countries that simply don't have it. Britain has its own race problems, but we haven't had the dialogue and dialectic that's been going on in America until America imported it recently. I read a piece in the *New York Post* last month saying, "Thanks for that, America. That's one export we could've done without."

Robinson: You were recently in this country for five weeks. You reported from Portland and spent time with the demonstrators downtown. You thought the police showed remarkable patience. You also went to Seattle and Washington, DC. In *The Madness of Crowds,* you mention watching a nature documentary in which an elephant permits itself to be brought down by a pack of smaller creatures, and you couldn't work out why the elephant didn't just trample on the first one and move on. You write: "America is not being brought low by one beast, but by a whole pack of them. These predators include, though are not limited to: ignorance, educational failure, radical indoctrination, pandemic, poverty, narcissism, boredom, the disappearance of the adults, a belief that law enforcement is the enemy and much more. Why America didn't throw off the first attacker and keep on moving is a question I cannot shake."

"These are cities where the stupid and the ignorant have taken over, and the adults have evacuated the terrain. These are miserable places. They have no history anymore."

Murray: These eviscerated cities in your country are very sad places to visit. America should be ashamed of them—to have businesses attacked nightly, as is going on still in these places. I spoke with one owner of a new restaurant. Because there were photos of first responders on the walls, people had fired

live rounds of ammunition through the windows of his business. He happened to be black, by the way.

These are cities where the stupid and the ignorant have taken over, and the adults have evacuated the terrain. These are miserable places. They have no history anymore. All the statues are down. Everything's barricaded. Most of the shops are closed. The homeless wander around by the thousands, living on the streets.

"There's a lot of unpleasantness that's been allowed to run on unaddressed . . . and a lot of unforgivingness."

One of the things I can't shake is the fact that part of this has to do with permitting people to get away with lies about the American past. I'm afraid that America suffers from a particular brand of what I describe as parochial internationalists—people who think they know so much about the world but have barely ever watched further than their own navels. People who have never been anywhere, who have all sorts of claims about the horror of the society they've grown up in and know nothing about history. And you have to know nothing about history to think that growing up in America in the early twenty-first century and late twentieth century is to have been born in a benighted land. They have no perspective of anything. They've been educated appallingly.

A PATH THROUGH THE MADNESS

Robinson: I'm going to pair two quotations. The first is you from *The Madness of Crowds:* "The agenda of identity politics is now going to be attempted to be rolled out across the Western world—with unbelievable force, energy, and determination. And all in a spirit of exacting considerable vengeance."

The second quotation is President Trump speaking in Warsaw in 2017: "The defense of the West ultimately rests on the will of its people. The fundamental question of our time is whether the West has the will to survive. Do we have enough respect for our citizens to protect our borders? Do we have the desire and the courage to preserve our civilization in the face of those who would subvert and destroy it?"

Can you give us grounds for optimism? In the face of the threat from Islamism and the madness we're suffering within, does the West have the will to survive?

Murray: I think we should be very wary of looking for the perfect leader to lead us out of the problems we're in. People always hope that a combination

of Churchill and Roosevelt is going to emerge at the next electoral cycle, but we're never led by the perfect person.

People need to take it upon themselves. If you value what we have in the West, if you value these freedoms—including freedom of inquiry, freedom of speech, freedom to pursue knowledge and truth—don't wait for some political leader to give you the right to speak. Don't wait for Donald Trump, Kamala Harris, or Joe Biden to permit you to think. Do it yourself. Locate your own route through this era. Don't wait for somebody else to save you from the madness; find a way to stay sane yourself. Don't blame other people for your ignorance.

The great hope I think we have at the moment is that smart young people are not interested in this unpleasant, retributive, doctrinal crap that the radical left has pushed on them. The smart kids are finding that it's much better to live in a realm of knowledge, including knowledge that is dangerous and challenging. It's much more interesting to hear a plurality of opinions than to have to chant only one through your life. My experience is that smarter people of every imaginable background are finding a different way through this era. They're the people who are going to save this. It's not reliant on any politician. It probably never was. It's reliant on individuals, which is the case now just as it always has been in history. Today, individuals in our society have a better chance than any of our ancestors did to do this with minimal violence, with minimal risk to ourselves, and with maximal potential.

"Don't wait for some political leader to give you the right to speak. Don't wait for Donald Trump, Kamala Harris, or Joe Biden to permit you to think. Do it yourself."

The Art of Peace

Encouragement for trying times: "We have only ourselves to count on. But that's not nothing."

By Herb Lin

The past year was hard in so many ways—a global pandemic, widespread racial protests, a crashing economy, wildfires on the West Coast, hurricanes on the East Coast. I teach Stanford's course on Technology and National Security (MS&E 193/293) for about two hundred undergraduate and graduate students. Nuclear weapons—their use, effects, military and political roles, and so on—are a central part of this course. Issues associated with nuclear weapons are existential enough, but after all the other events of the past year, some of us on the instructional staff realized that we have an extra obligation to attend to student sensibilities.

I sent this note to students enrolled in the class:

Folks—

We live in crazy times. Whether it is a bitterly contested presidential election, global pandemic, or statewide wildfires darkening the skies, often all we as individuals can do is wait and let events play out—and the uncertainty of such events churns my stomach as I am sure it does for many of you as well.

But amidst these times of uncertainty, I also want to provide you with some words of encouragement on top of what James Baker, director of the Department of Defense's Office of Net Assessment, offered in closing his guest lecture last October. He offered an excerpt of a letter from John Adams to his wife, Abigail:

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> I must study Politicks and War that my sons may have liberty to study Mathematicks and Philosophy. My sons ought to study Mathematicks and Philosophy, Geography, natural History, Naval Architecture, navigation, Commerce and Agriculture, in order to give their Children a right to study Painting, Poetry, Musick, Architecture, Statuary, Tapestry and Porcelaine.

This passage powerfully makes the case that some of us—not all of us, but some of us—need to study war so that fewer in later generations will have to do so. But it also has another implication: that some of us should also be studying "Painting and Poetry, Mathematicks and Philosophy, Geography, natural History, Naval Architecture, navigation, Commerce and Agriculture, and Musick, Architecture, Statuary, Tapestry and Porcelaine." And contemporaneously with those of us studying war today, the study of all of these other subjects and topics is valuable in its own right—because if they atrophy and wither, what is left for the military to protect?

During the Second World War, Hanna Lévy-Hass was a Yugoslav teacher imprisoned in the Bergen-Belsen concentration camp in Germany, and she kept a diary. Her entry on November 8, 1944, says:

> Our existence has something cruel, beastly about it. Everything human is reduced to zero. Bonds of friendship remain in place only by force of habit. . . . Memories of beauty are erased; the artistic joys of the past are inconceivable in our current state. The brain is as if paralyzed, the spirit violated. The moral bruises run so deep that our entire being seems atrophied by them. . . . No matter how hard I strive to reconstruct the slightest element of my past life, not a single human memory comes back to me. . . . We have not died, but we are dead. . . . They have succeeded, with their sadistic and depraved methods, in killing in us all sense of a human life in our past. . . ."

And yet, despite those sentiments, she made another entry in her diary just ten days later, on November 18, 1944, which contains the following:

> In spite of everything, my work with the children continues. . . . I cling desperately to every chance, however slight, to gather the children together to foster in them and in me even the slightest mental sharpness, as well as a basic feeling of human dignity. . . . I carry out this task spontaneously, even instinctively I would

> say, through an irresistible need in my soul—in the rare moments when I manage to awaken it—and by an irresistible need that I can clearly sense coming from the children's souls. Because they take my lead, they get excited, they want to live, they want to rejoice, it's stronger than them.

If ever there was a hopeless situation, it was in the concentration camps of Nazi Germany—and even then, education for the children was still important and valuable. The quest for knowledge and understanding is *in itself* a manifestation of hope and promise for a better future. We make our efforts in the classroom in the hope that you, our students, will help to make that better future—and continue to do so long after we are gone from the scene.

If the events of Election Day make you want to become a political activist for social change, then more power to you . . . that's a good and wonderful thing to pursue. Some of us *should* be political activists. But if becoming a political activist doesn't fit your own personal circumstances, that's OK too—we don't all have to do that, because activism isn't limited to the political domain.

Activism is taking action to make the world better. You don't have to participate in a street march. You don't have to work for a nonprofit. You don't have to support a particular political party or movement. But you do need to pay attention to and care about the world around you, and you do need to stand up and not let others sway you or bully you or define you or silence you or convince you that incivility is ever acceptable.

Taking advantage of the opportunities for education you have at Stanford to the best of your abilities and paying careful attention to the societal context in which your education and knowledge play out is a meaningful way to lay a foundation for a world worth protecting. As dark as it is now, and I acknowledge it does seem pretty dark, it may not always be this way. If and when things change, they are likely to do so suddenly; you want to be ready for change—and your Stanford education is supposed to help you be ready.

The English philosopher G. K. Chesterton once said that "as long as matters are really hopeful, hope is a mere flattery or platitude; it is only when everything is hopeless that hope begins to be a strength at all." And it's important to point out that hope and heaviness of heart are independent variables. A heavy heart results from events in the past . . . so one can have a heavy heart today and *still* be hopeful for the future.

In February 1990, the Voyager 1 spacecraft took a picture of Earth from a distance of more than four billion miles and about 32 degrees above the ecliptic plane. The image of Earth is captured in a circle, occupying a size of about one-eighth of a pixel, caught in the center of a scattered light ray from the sun.

About this image, the astronomer Carl Sagan wrote

> That's home. That's us. On it everyone you love, everyone you know, everyone you ever heard of, every human being who ever was, lived out their lives. The aggregate of our joy and suffering, thousands of confident religions, ideologies, and economic doctrines, every hunter and forager, every hero and coward, every creator and destroyer of civilization, every king and peasant, every young couple in love, every mother and father, hopeful child, inventor and explorer, every teacher of morals, every corrupt politician, every "superstar," every "supreme leader," every saint and sinner in the history of our species lived there—on a mote of dust suspended in a sunbeam.
>
> The Earth is a very small stage in a vast cosmic arena. Think of the rivers of blood spilled by all those generals and emperors so that, in glory and triumph, they could become the momentary masters of a fraction of a dot. Think of the endless cruelties visited by the inhabitants of one corner of this pixel on the scarcely distinguishable inhabitants of some other corner, how frequent their misunderstandings, how eager they are to kill one another, how fervent their hatreds.
>
> Our posturings, our imagined self-importance, the delusion that we have some privileged position in the universe, are challenged by this point of pale light. Our planet is a lonely speck in the great enveloping cosmic dark. In our obscurity, in all this vastness, there is no hint that help will come from elsewhere to save us from ourselves.

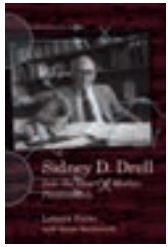
In short, we have only ourselves to count on. But that's not nothing. We have us. I don't know what the future will bring for all of us. I do know that the subject material of this course is still important—whatever you might think of what is going on today, compare that to the images of Hiroshima and Nagasaki, multiply those by ten or a hundred or a thousand, and then realize the latter is not what you are facing tonight or tomorrow. Not

facing those images in a decade or a century is a job that is much more yours than mine—I'm old, most of you will outlast me, and us old folks are counting on you.

It is important not to underestimate the power of individuals to change the world—but we gain even more power if we care about and act to advance the interests of others in our communities, our nations, and our planet—in that effort, we will find ourselves not alone at all. At the very least, realize that you don't have to carry the burdens of the world by yourself, and that we can try to help each other as we move forward. Please reach out if you feel the need to do so.

In solidarity, Herb. H

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



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A Vision of 1776

In its brief life, the 1776 Commission offered a clear-eyed look at the American experiment, a paean to hope and perseverance, and a rebuttal to "woke" distortions.

By Victor Davis Hanson

The President's Advisory 1776 Commission released its report in January, and President Biden almost immediately disbanded the panel. The group was chaired by Churchill historian and Hillsdale College president Larry P. Arnn. The vice chair was Carol M. Swain, a retired professor of political science. (Full disclosure: I was a member of the commission.)

The unanimously approved conclusions focused on the Declaration of Independence, the Constitution, the historical challenges to these founding documents, and the need for civic renewal. The sixteen-member commission was diverse in the widest sense of the word: it included historians, lawyers, academics, scholars, authors, former elected officials, and former public servants.

Whether because the report was issued by a commission appointed during the Trump administration or because the conclusions questioned the controversial and flawed *New York Times*–sponsored "1619 Project," the left almost immediately criticized it.

Yet in any age other than the divisive present, the report would not be seen as controversial.

***Victor Davis Hanson** is the Martin and Illie Anderson Senior Fellow at the Hoover Institution, the chair of Hoover's Working Group on the Role of Military History in Contemporary Conflict, and a participant in Hoover's Human Prosperity Project.*

First, the commission offered a brief survey of the origins of the Declaration of Independence, published in 1776, and the Constitution, signed in 1787. It emphasized how unusual for the age were the founders' commitments to political freedom, personal liberty, and the natural equality endowed by our creator—all part of the true beginning of the American experiment.

Neither King nor Douglass wished to replace the founders' visions. Both instead demanded that they be fully realized and enforced.

The commission reminded us that the founders were equally worried about autocracy and chaos. So they drafted checks and balances to protect citizens from authoritarianism, known so well from the British crown, and also from the frenzy of sometimes wild public excess.

The report repeatedly focuses on the ideals of the American founding as well as the centuries-long quest to live up to them. It notes the fragility of such a novel experiment in constitutional republicanism, democratic elections, and self-government—especially during the late-eighteenth-century era of war and factionalism.

The report does not whitewash the continuance of many injustices after 1776 and 1787—in particular chattel slavery concentrated in the South, and voting reserved only for free men.

Indeed, the commission explains why and how these wrongs were inconsistent with the letter and spirit of our founding documents. So it was natural that these disconnects would be addressed throughout our history, even fought over, and continually resolved—often over the opposition of powerful interests who sought to reinvent the Declaration and Constitution, transforming them into something that they were not.

America never had to be perfect to be both good and far better than the alternatives.

Two of the most widely referenced Americans in the report are Frederick Douglass and Martin Luther King Jr. Both argued, a century apart, for the moral singularity of the US Constitution. Neither wished to replace the founders' visions; both instead demanded that they be fully realized and enforced.

The report details older ideological and political challenges to the Constitution as we approach America's 250th birthday. Some were abjectly evil, such as the near-century-long insistence that the enslavement of

African-Americans was legal—an immorality that eventually led to more than six hundred thousand Americans being killed during a Civil War that banished slavery.

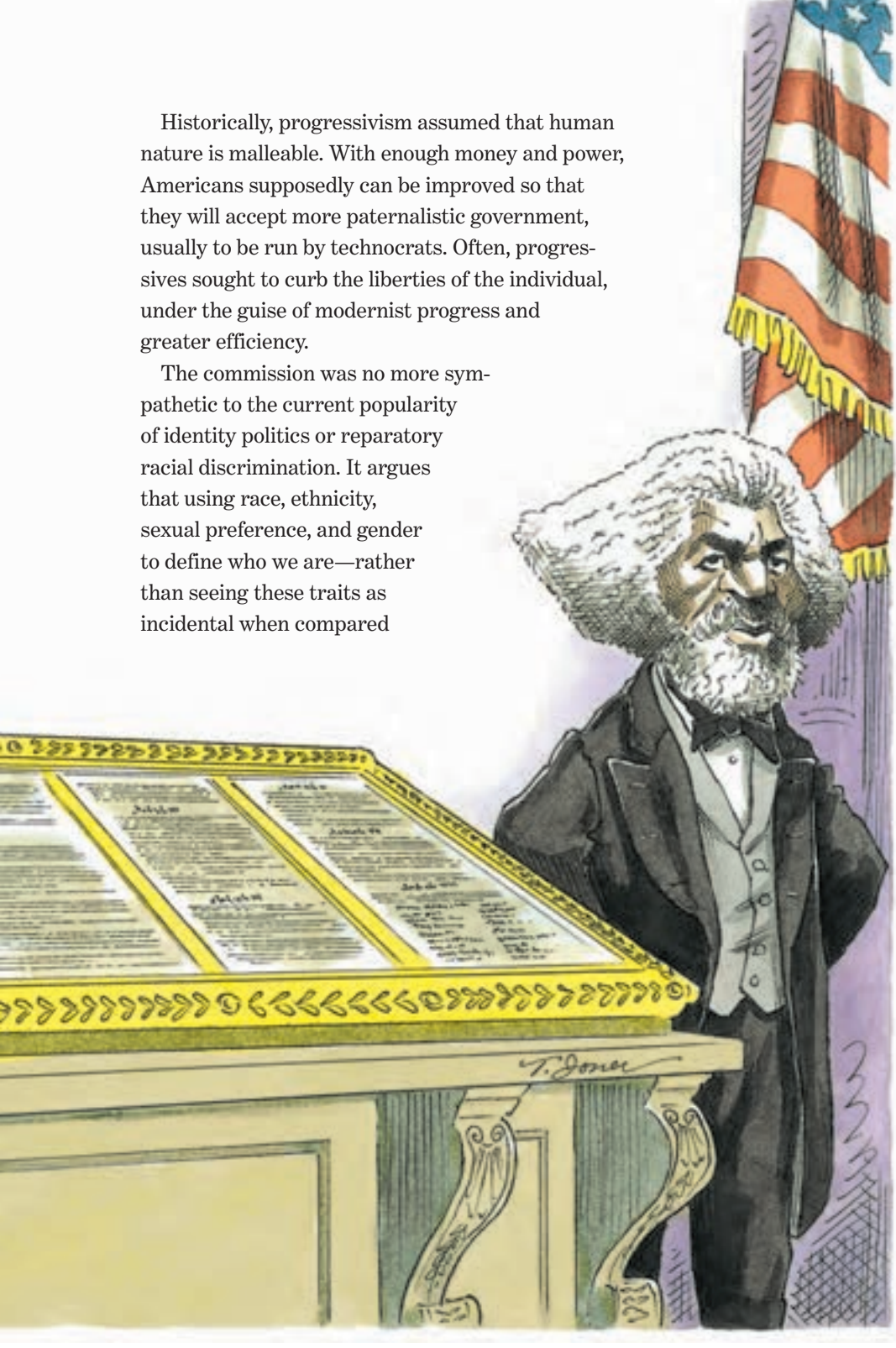
Some ideologies, such as fascism and communism, were easily identifiable as inimical to America's principles. Both occasionally won adherents in times of economic depression and social strife, before they were defeated and discredited abroad.

Perhaps most controversially, the commission identifies other challenges, such as continued racism, progressivism, and contemporary identity politics. The report argues how and why all those who have insisted that race become a basis from which to discriminate against entire groups of people are at odds with the logic of the Declaration.

[Taylor Jones—for the *Hoover Digest*]

Historically, progressivism assumed that human nature is malleable. With enough money and power, Americans supposedly can be improved so that they will accept more paternalistic government, usually to be run by technocrats. Often, progressives sought to curb the liberties of the individual, under the guise of modernist progress and greater efficiency.

The commission was no more sympathetic to the current popularity of identity politics or reparatory racial discrimination. It argues that using race, ethnicity, sexual preference, and gender to define who we are—rather than seeing these traits as incidental when compared



with our natural and shared humanity—will lead to a dangerous fragmentation of American society.

Finally, the report offers the unifying remedy of renewed civic education. Specifically, it advocates more teaching in our schools of the Declaration, the Constitution, and documents surrounding their creation.

The report repeatedly focuses on the ideals of the American founding as well as the centuries-long quest to live up to them.

It most certainly does not suggest that civic education and American history should ignore or contextualize past national shortcomings. Again, the report argues that our lapses should be envisioned as obstacles to fulfilling the aspirations of our founding.

Any fair critic can see that the report's unifying message is that we are a people blessed with a singular government and history, that self-critique and moral improvement are innate to the American founding and spirit, and that America never had to be perfect to be both good and far better than the alternatives. ◘

In the Wake of Empire

During the Russian Civil War of 1918–20, anti-Bolshevik "White" forces struggled for territory, materiel, and above all, the outside world's support. Why they failed.

By Anatol Shmelev

The twentieth century saw the demise of a number of empires, but none was so complete, decisive, and laden with consequences as the fall of the Russian empire in 1917 or of the Soviet Union in 1991. Events of this nature present the core nation of the collapsing empire and all the new states that spring from it with the problem of defining their relations with formerly integral regions, as well as the wider world, in a post-imperial context.

Yet drastic changes in a situation rarely produce equally drastic changes in people's perception of that reality. Previous ways of thinking and forms of discourse often still function in traditional modes, even though the set of problems they deal with has become radically different. Thus, even as a country ceases to be a great power, the concept of it as a great power can continue to influence decisions and policy making.

***Anatol Shmelev** is a research fellow and the Robert Conquest Curator for Russia and Eurasia at the Hoover Institution. His latest book is **In the Wake of Empire: Anti-Bolshevik Russia in International Affairs, 1917–1920** (Hoover Institution Press, 2021).*

In the Wake of Empire: Anti-Bolshevik Russia in International Affairs, 1917–1920 is a study of how such a process took place in Russia from 1917 through 1920. The Bolshevik coup of November 1917 led to the creation of, roughly speaking, two regimes in Russia: the Bolshevik "Reds" and the anti-Bolshevik "Whites." Each pursued a policy toward the outside world based on an entirely different set of principles, with only the Whites wishing to be seen as continuing previous policies and practices. The primary purpose of this new book is to examine the personalities, institutions, political culture, and geostrategic concerns that shaped the foreign policy of the anti-Bolshevik governments and to attempt to define the White movement through them.

The question of continuity of imperial Russian and Soviet foreign policies has been contentious for historians for many decades. The emergence of a post-Soviet foreign policy has added fuel to the debate. Of course, there were both continuities and changes in foreign policy from pre-revolutionary Russia to the USSR. A synthetic approach sees continuities in, for example, unchanged principles of international law and diplomatic practice to which the Soviet regime was ultimately forced to adjust. Yet there was another element to continuity, and that was the fact that the Bolsheviks, whatever their desires for political change, could not change geography: the Soviet Union inhabited roughly the same spot on the globe as Russia had before 1917, and all diplomacy and strategy, regardless of political ideology, had to be based on this simple fact.

The Whites represented the "final dream of the old world," in Russian poet Marina Tsvetaeva's poignant description.

Much has been written on the origins of Soviet foreign policy and Soviet-Western relations in which the Whites have been assigned a role of at best episodic character, as objects, rather than subjects, of foreign affairs. *In the Wake of Empire* aims intentionally to place the emphasis on the enemies of the Bolsheviks—not because the Bolsheviks are unimportant, but because Bolshevik policies and the policies of foreign governments toward them have already been examined in great detail.

The reasoning behind historians' lack of interest in the Whites is based on the questionable nature of their influence and legacy. After the last White troops evacuated Vladivostok in October 1922, Bolshevism triumphant eclipsed all other factors and alternatives, both within the Union of Soviet Socialist Republics and abroad. Although this left room for debate

as to the nature of continuity between the prerevolutionary Russian and Soviet systems, the Whites—the "final dream of the old world," in Russian poet Marina Tsvetaeva's poignant description—never formed a part of this debate.

And yet there is serious reason to see in the foreign policy of the White governments a link in the chain of continuity of Russian foreign affairs and, indeed, of general international affairs. It is no accident that the concept of a great and united Russia, at the root of White ideology in 1917–22, was resurrected and supported by highly divergent post-Soviet groups, from nationalists to communists. In fact, the concept had never died, and in one form or another has existed at least as long as the nationalism of which it was born. All that has changed are the conditions under which it is promulgated, and the question of whether it is a primary or secondary factor in policy formulation at any given time.

CONTINUITY—BUT OF WHAT?

It has often been said—and the Whites themselves contributed to this view—that the White armies were "outside politics," interested only in defeating Bolshevism by military means, and that therefore they developed no comprehensive political program. Yet inasmuch as there was a positive program, it was embodied in the slogan "Russia—Great, United, and Indivisible." This meant, in effect, the restoration of the Russian state within the borders of 1914 (with the exception of Poland) with local autonomy for the national minorities. This was more than the main goal of the movement. It was also a means of self-identification for the Whites: the slogan defined their movement and therefore could not be compromised. General Anton Denikin said as much in his five-volume memoir-cum-study of the Russian Revolution and Civil War, *Ocherki russkoi smuty:*

> The unity of Russia . . . only that unity—wavering, debatable, perhaps even illusory—allowed me to impress upon others respect for the Russian name, to receive enormous assistance and to guard against external encroachments; to shield against the fate that awaits all small, unfriendly, bickering borderlands, ultimately swallowed up by foreigners.
>
> This policy is described as intolerance. But can our great country survive without the Baltic and Black Seas? Can it allow its borderlands to become part of an enemy camp, though so much Russian,

> and especially Cossack, blood has been shed and so much Russian labor and property has been invested? . . .
>
> This is not intolerance, but rather the observance of the higher interests of the Russian state.

Of course, the concept of "Russia—Great, United, and Indivisible" was and is primarily associated with foreign, rather than domestic, policy. In this respect, the White movement represents a story of *Primat der Aussenpolitik* (the primacy of foreign affairs) taken to its extreme: an attempt to pursue a foreign policy largely formulated under prerevolutionary conditions in an entirely different environment. The international pretensions that followed from such a program severely complicated relations not only with the newly established border states of the old empire but with all Russia's neighbors, allies, and enemies, whose help and cooperation—or at least benevolent neutrality—were necessary to prosecute the struggle against Bolshevism.

The Bolsheviks, whatever their desires for political change, could not change geography.

This is particularly apparent in the Whites' view of the German threat on their western frontier and in the way this view influenced their relations with the border states and the other European powers. Other problems—such as the question of concessions, treaty rights, and the maintenance of territorial integrity and spheres of influence in the Balkans and across the length of the southern border—also put the Whites into conflict with the demands and hopes of Russia's neighbors near and far.

Nationalism was a key theme of the White movement: the fact that the Whites often called their cause the "National Movement" indicates the emphasis they placed on it. But nationalism was not the only determinant of White foreign policy. Besides this ideological factor, there were geopolitical, strategic, and economic considerations. There were also what might be called psychological factors: an irrational and ill-placed faith in the desire of the Allies to help them, and wishful thinking with regard to their own prospects that obscured the reality around them.

All these factors worked, in unison or separately, to give White foreign policy an unbending rigor in questions where a pragmatic flexibility might have achieved better results. The possibility of pursuing a different course has, however, been vastly overrated by historians and contemporaries alike. The

OLD WORLD: Personnel of the Russian Embassy in Tokyo, circa 1915. After the Bolshevik coup of November 1917, there were roughly two regimes in Russia: the Bolshevik "Reds" and the anti-Bolshevik "Whites." Each pursued a policy toward the outside world based on an entirely different set of principles, with only the Whites wishing to be seen as continuing the policies and practices of Russia as it was before the coup. [Valentine Morozoff papers—Hoover Institution Archives]

course that was in fact taken was shaped by extreme pressures, both internal and external. Domestic political considerations, information received as to the aims and actions of foreign governments, and theoretical views as to the nature of the Russian geostrategic situation were all formative elements in determining the course of White foreign policy.

People and institutions also played a role. The choices of various, almost random, figures to head the central apparatus of the Foreign Ministry at Omsk, deep in Siberia, or of former imperial foreign minister Sergei Sazonov, ambassador to France Vasilii Maklakov, ambassador to the United States Boris Bakhmeteff, and others to represent the Whites abroad had

an important influence on the shape this policy was to take. Institutional rivalry—mainly among the army, navy, finance, and diplomatic departments—also affected the decision making process and made unity of action difficult, if not impossible.

Nor was there machinery in place to properly formulate and implement a policy. Communications—the gathering and dissemination of information—were always a problem. The importance of communications should not be understated. A telegram from General Nikolai Iudenich in Northwestern Russia could take two weeks to reach Admiral Aleksandr Kolchak at Omsk, and the answer could take another two weeks to return. In the course of a month, the situation would change enough to negate both the original request and the answer. In part, this was an issue of funding, but it underlines how the organization as a whole was inadequate to deal with the questions the Whites faced.

The lack of an efficient governmental machine, the appearance and retention of inexperienced and even chance figures in key positions, and the inability to respond quickly to a fluid situation made the conduct of foreign policy in a traditional mode all but impossible.

ARCHIVES TELL THE TALE

Much of this story can be told thanks to the rich archival holdings of the Hoover Institution, which include both personal papers of White military leaders, such as General Iudenich, and diplomats, such as Sazonov and Maklakov, as well as the records of the Russian embassies and legations in France, the United States, and other countries. Letters, reports, and most of all, thousands of telegrams tell the story of information gathering, decision making, negotiations, analysis, and other aspects of the policy making and implementation process.

These collections were acquired by the Hoover War Library (as it was then called) primarily in the 1920s and 1930s, mainly through the efforts of the curator General Nikolai Golovin, a Russian émigré who had himself played

DIPLOMACY: Sergei Dmitrievich Sazonov (opposite page), formerly a foreign minister to the czar, went on to play a prominent role representing the anti-Bolshevik forces to the world. He served as foreign minister in Admiral Kolchak's government, appointed to represent the Provisional All-Russian Government at the Paris Peace Conference in 1919 (though he was never officially admitted). Ultimately, White foreign policy became unsustainable and the movement redundant in the postwar international arena. [Nikolai Bazili papers—Hoover Institution Archives]

C. Chaplin

29 Juin 1916.

A VAST BATTLEFIELD: Admiral Aleksandr Vasilievich Kolchak and his anti-Bolshevik government were based at Omsk in southwestern Siberia. A polar explorer and a veteran of the Russo-Japanese War and the First World War, Kolchak strove to unify White forces under his authority, but he failed to win international backing and his forces lost ground starting in 1919. Betrayed to the revolutionaries, he was sentenced to death in 1920 and executed in Irkutsk by a firing squad, his body never recovered. [Hoover Institution Archives]

a role in negotiating greater military aid for the Whites from the Allies, and who settled in France after the civil war and became a leading acquisitions agent for the Hoover War Library almost until his death in Paris in 1944.

Hoover's rich collections on the White movement are almost unparalleled, with the other leading institutions being the Bakhmeteff Archive

at Columbia University, established by Boris Bakhmeteff, former Russian ambassador to the United States, and the State Archives of the Russian Federation, which house the central archive of the foreign ministry of Admiral Aleksandr Kolchak's anti-Bolshevik government at Omsk, as well as rich holdings from the former Russian Historical Archive at Prague, established by émigrés who had escaped the Bolsheviks. This archive was "gifted" by the Czechoslovak government to the USSR after the end of the Second World War, its contents restricted until the collapse of communism in the early 1990s.

In the Wake of Empire drew on all these archives, but the resources offered by the Hoover Institution offered the greatest opportunity for study and analysis because of their variety and the excellent organizational and descriptive work performed by the archival processors. The clarity and logical construction of the finding aids made it possible to easily identify and consult necessary parts of the collections. This ease of research in turn made it possible to focus on the story told by the documents, rather than on the tedious process of searching for particular elements to tell that story. Though most of the collections used by the author had been held by the Hoover Library & Archives for decades, some materials were only recently acquired.

The Whites had an irrational and ill-placed faith in the desire of the Allies to help them, and indulged in wishful thinking about their own prospects.

These rich diplomatic collections, despite their depth and breadth, had received scant attention from researchers—for the reasons described above—until recently, as scholars from the Russian Federation began to visit, access the papers and records, and, in many cases, publish the contents whole. In the early 2000s, the Hoover Institution, largely thanks to the efforts of then-heads of the Library & Archives Elena Danielson and Charles Palm, supported a number of documentary publications in Russian, including the extraordinary correspondence of Vasilii Maklakov and Boris Bakhmeteff, who also happened to be brilliantly educated men of deep reflection. Their correspondence shows not only how they viewed the development of the Russian Revolution and the victory of Bolshevism, but also the web of international politics and foreign affairs that enmeshed them so intricately at that time and into the early 1950s, as they continued to struggle to make sense of the USSR, its policies, and its place in the world order.

DEFINED BY OUTSIDERS

Unable to pursue their goals through the traditional channels of "old diplomacy" because of the lack of a sufficiently powerful state, army, and navy, the Whites also proved largely incapable of adapting to the forms of the "new diplomacy," with its emphasis on propaganda and public opinion. None of this should be taken to mean that the Whites were totally ineffective or that they existed in a vacuum, only that the ways in which their foreign policy goals were formulated and expressed bear consideration independent of the goals themselves.

Two directions of research have reached mutually exclusive conclusions with regard to the role of the Whites in international affairs. One direction, focusing on the emergence of independent states from the ruins of the Russian empire (Finland, Poland, the Baltic and Transcaucasian states, and Ukraine), emphasizes the enormous—and baleful—role the Whites played in delaying or blocking Western aid to, and recognition of, the newly independent states. The other direction, seeking the genesis of the Cold War in the early years of Soviet-Western relations or examining the ideology behind Soviet foreign policy and the origins of Soviet imperialism, with few exceptions relegates the Whites to the role of cardboard characters. Some Soviet scholars saw in the Whites no more than puppets of the imperialist West. To others, the Whites play the role of frightful but otherwise insignificant bogeymen, brought into a study for narrative purposes rather than critical investigation.

Given the distaste with which Western leaders viewed the Bolsheviks, it should have been natural to support the Bolsheviks' enemies.

As the civil war raged in Russia, its outcome hung in the balance at least until November 1919, when the failure of offensives by General Iudenich and General Anton Ivanovich Denikin became apparent. Throughout this period, the Great Powers (defined as Great Britain, the United States, France, Italy,

EXILED: Petr Nikolaevich Vrangel (opposite page), dubbed the "Black Baron," commanded the anti-Bolshevik White army in Southern Russia. In the end he organized a mass evacuation of his forces via the Black Sea. In exile, Vrangel became one of the most prominent of the White émigrés, attempting to keep the struggle against Bolshevism alive. He died in Brussels in 1928. [Mariia Dmitrievna Vrangel collection—Hoover Institution Archives]

and Japan) were unable to define a coherent policy toward Russia. Given the distaste with which Western leaders viewed the Bolsheviks, it should have been natural for them to support their enemies. Yet this was only partly the case. Western policy toward Russia was, in Winston Churchill's words, "partial, disjointed, halfhearted, inconsistent, and sometimes actually contradictory."

The key to all the policy dilemmas born of this period lies as much with the Whites as with the Reds and the Western nations' internal political considerations.

Ultimately, the Whites' vision of where a future Russia would stand in the family of nations was so much at odds with the new world order being drafted at Paris by the victorious allies after World War I that there was very little place for it within this order. Only with reference to White goals and ambitions is it possible to come to a more complete understanding of the complexities of the "Russian question" that the world was forced to grapple with during the Paris Peace Conference. In all its major features, White foreign policy was an epilogue to imperial Russian foreign policy—expressing the same concerns and dealing with them in the same manner. Certain actions and courses pursued by the imperial government to better the position of the Russian state in the world arena—such as the annexation of Constantinople and the Turkish Straits or the support of Slavic unity (if not unification)—were continued by the White governments insofar as circumstances would allow. Could the restoration of a Russian empire, thus presumed, looming over Europe and Asia, be viewed benevolently by the Great Powers?

The concept of a great and united Russia, at the root of White ideology, never died.

The Whites' goal of a Great Russia was, of course, a construct of the classes, parties, and interest groups that formed the base of the movement, a fact which certainly did not make this goal seem any less absolute to those pursuing it. The Kadets (members of the Constitutional Democratic Party), one of the leading politico-ideological forces behind the White movement, had few differences with parties to the right or with the military when it came to Russia's status as a great power. While there were disagreements within the White movement as to particular steps or means to achieve this goal, the goal itself was never questioned. The differences, however, point to problems of institutional and political rivalry, which affected the way in which decisions were reached and implemented.

In speaking of the effect of nationalism on the development of Russian imperialism, historian Dietrich Geyer posited three "traditional desires with the capacity to make Russian hearts beat faster: the sight of the Patriarchal cross on St. Sophia [in Constantinople]; the destruction of the German *Drang nach Osten* [expansionism toward the east]; and the vision of Russia's Slavic brothers grouped around her in wide-eyed admiration." Despite the inability to see these desires through to fruition and the more pressing immediacies of the struggle against the Bolsheviks, the Whites in their foreign policy were motivated to a striking extent by these same objectives.

A "Great, United Russia" was really only one side of the coin held over from the prerevolutionary past. On the other side were two important psychological elements: fear and insecurity. The fear of more technologically and economically advanced foreign powers encroaching on Russian territory, taking over her financial system, commerce, and economic development, pervaded strategic and foreign policy formulation not only throughout this period, but over much of nineteenth- and twentieth-century Russian history. In this atmosphere, the debate on various "orientations" Russia could or should follow, while similar to the international "philias" and phobias expressed in prewar Russia, had a special urgency in the atmosphere of 1918 and 1919.

White foreign policy displayed an unbending rigor where a pragmatic flexibility might have worked better.

Considering themselves protectors of the interests of the Russian state, the Whites were faced with the fact that the state as such did not exist. Thus their weak domestic and international position forced them to solve two ancillary problems before dealing with the central problem of foreign policy. These ancillary problems were international recognition and foreign aid in the struggle against Bolshevism.

Dependence on foreign powers for aid and recognition could not be reconciled with the pursuit of a great-power foreign policy that by its nature was at odds with the goals of these same foreign powers. In some respects, this was no different from the position of the other countries involved in the postwar settlement—all had to bring their appetites in line with what other powers were inclined to grant them. But Russia was in a state of chaos and civil war, with competing governments proposing radically different programs. The result was that its voice remained

largely unheard, leaving its interests to be interpreted and defined by other members of the international community.

It is of course easy to criticize the Whites in retrospect for a refusal to adapt, but that is to ignore the enormous pressures that kept certain possibilities, such as the recognition of the border states, from being realized. Problems of national security and geopolitical considerations (as the Whites understood them) ultimately outweighed the exigencies of the struggle against the Bolsheviks. Indeed, this book aims to argue that the fight for a "Russia—Great, United, and Indivisible" not only eclipsed the fight against Bolshevism but made the latter struggle untenable. ◘

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485 Days at Majdanek

In a fresh translation, **a crucial memoir** of the Holocaust era.

By Norman M. Naimark and Nicholas Siekierski

Jerzy Kwiatkowski was born in Vienna on June 8, 1894, the oldest of three sons of a respected Polish surgeon who settled with his family in Czernowitz, the capital of the Austrian crown land of Bukovina. He studied law at Czernowitz and Vienna Universities and served in Polish units under Habsburg aegis in World War I. The family moved to Warsaw after the creation of newly independent Poland, where Jerzy Kwiatkowski became a successful entrepreneur and factory manager. The year 1939 was a terrible one for Kwiatkowski and for Poland. He lost his wife to illness in February, his mother to a wound sustained during the bombing of Warsaw in September; soon after came the German invasion, and his mother-in-law died of a heart attack in November. The three people closest to him were gone.

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Rather than succumb to sorrow, he threw himself into his work as the director and part owner of the Pioneer factory, a producer of ammunition-making machines, airplane parts, and machine tools. It had been taken over by the Germans once the occupation of Poland began, though the former management was retained. A cell of the Polish Home Army, the largest underground resistance organization in Nazi-occupied Europe, was formed in the factory, supplying the Polish resistance with funding and weapons. As a consequence of his conspiratorial activity, Kwiatkowski was arrested by the Germans on February 18, 1943. After being locked up in the notorious Pawiak prison in Warsaw for a month, he was transferred with a number of other Polish political prisoners to the Konzentrationslager (KL) Lublin, known as Majdanek (My-dan-ek), on March 25, 1943, and became prisoner number 8830. A wily survivor of the trials of camp life, Kwiatkowski was a member of the last transfer from Majdanek on July 22, 1944, after which he was moved to Auschwitz and then Sachsenhausen, before being liberated by American troops in Mecklenburg during an evacuation march on May 3, 1945.

Kwiatkowski began recording a diary almost immediately after the war, writing in a cold, dark room in the Polish occupation strip along the Dutch border in the British occupation zone. He had committed to memory the details of camp life; his idea was to get the facts and the "feeling" of the camp down on paper, so that the diary could be used to bring the offenders to justice. He had witnessed hellish scenes of brutality and indifference to suffering, and he was imbued with a deep sense of responsibility to the victims and loyalty to the friends he had lost.

By June of 1945 he had already sent a list of names of the worst camp functionaries and their activities at Majdanek and Sachsenhausen to the Polish Ministry of Foreign Affairs in London (the archives of the ministry were deposited at the Hoover Library & Archives after the war, thanks in part to the famed underground courier and witness to the Holocaust Jan Karski, whose papers are also at Hoover). He used a typewriter loaned to him from Polish scouts, typing on the back of blank forms that he found in the German paper company where he wrote. The cost of his dedication to the task was frostbitten fingers that he had to rehabilitate with quartz lamp therapy for

IN ARMS: Warrant Officer Jerzy Kwiatkowski (opposite page) wears his medal of bravery with his uniform of the Imperial Third Dragoon Regiment, a Polish unit fighting under Habsburg aegis. After World War I ended, his family moved to Warsaw after the creation of newly independent Poland. [Hoover Institution Library & Archives]

NEVER FORGET: Kwiatkowski, right, poses after Germany's defeat in 1945 with Albin Maria Boniecki and Henryk Szcześniewski. Kwiatkowski began his diary almost immediately after the war, writing in a cold, dark room in a dogged effort to chronicle the details of camp life and bring the offenders to justice. [Family archive of Krzysztof Szcześniewski]

several months afterwards. He finished the draft of the diary by Christmas 1945, before immigrating to the United States in 1949.

Despite the tremendous effort put into the undertaking, it would take an additional twenty years before the memoir would finally see publication. Kwiatkowski's attempts to generate interest in his work came to naught, explanations ranging from market realities for Polish memoirs to outright rejections claiming that the book was not worth publishing. Finally, in 1961, thanks to a meeting with a fellow former prisoner, Kwiatkowski learned of the publication program of the State Museum at Majdanek. After sending

his manuscript there, he received a reply that expressed interest in publishing the memoir. Kwiatkowski's enthusiasm for the venture was tempered by a lengthy and invasive editorial process governed by the ideological dictates of Poland's communist censors. The book was finally published in December 1966. Widely praised after its release as a powerful and comprehensive testament to the horrors of the camp, the book was a success in Poland and among the Polish diaspora. It was republished in 1988.

In the early 1970s, Kwiatkowski corresponded with Witold Sworakowski, by then the retired curator for Polish and Eastern European Collections and associate director of the Hoover Institution. Sworakowski, who had also grown up in Bukovina and probably knew Kwiatkowski's family, persuaded him to send his archive to Stanford, and by 1976, ten large boxes of Kwiatkowski's papers, including his original 1945 manuscript, had been secured in the Hoover Library & Archives. Kwiatkowski died in 1980.

In 2018, Maciej Siekierski (now curator emeritus of the European Collections) was contacted about the collection by Dorota Niedziałkowska, curator of the Exhibition Department of the State Museum at Majdanek. The museum was interested in publishing an updated and uncensored Polish edition of Kwiatkowski's memoir and collaborating with Hoover on an English translation. After extensive research into the Kwiatkowski papers by the staff of the museum, along with scans of numerous photographs and documents provided by Hoover, a new Polish edition was released later that year. And this year, the Hoover Institution Press released *485 Days at Majdanek,* which can be considered the definitive English-language version of Kwiatkowski's memoir, finally free of communist-era censorship and heavy-handed editing.

Jerzy Kwiatkowki was a wily survivor of the trials of camp life.

HONEST AND SEARING

In keeping with a long tradition of making priceless historical documentation available to the public, the Hoover Institution has published a fundamental source on the genocidal machine that devastated Europe during World War II. The English edition will reach a far broader audience than Kwiatkowski could ever have imagined and will serve as his tribute to his fellow prisoners who never left Majdanek.

A guiding principle of the translation was to stay true to Kwiatkowski's raw and honest recollections, written while the memory of his ordeal was still fresh. Besides necessary editorial refinements, namely the contemporizing of

spelling, punctuation, and typography, the memoir was left mostly unchanged by the Polish editors. The main additions were footnotes used to clarify terms and references that might not be familiar to the average reader. The English edition includes these footnotes and others to explain lesser-known cultural, historical, and linguistic references.

The diary provides extraordinary insights into the functioning of the camp. Like Auschwitz-Birkenau, Majdanek was the rare concentration camp that was also a death camp. Forced labor from the camp was to man the shops and factories of an SS empire that would be centered in Lublin. This empire never materialized as SS chief Heinrich Himmler had fantasized, but some of its building blocks, including Majdanek, were put in place. The Germans established an elaborate hierarchy of power and order in the camp, which relied on violence from the camp commander down to the barracks elders for its functioning. Kwiatkowski describes in searing detail the brutality and the wolfish exploitation by various levels of camp authorities of those below them. The incessant beating of prisoners by guards and inmate warders was only the most obvious manifestation of the violence. Prisoner-against-prisoner violence was also ubiquitous.

Majdanek was also the site of the elimination of Jews, Soviet POWs, Poles, and other Nazi victims; altogether roughly eighty thousand people died in the camp, sixty thousand of whom were Jews, most of the rest Poles. The SS constructed crematoria and the gas chambers in Majdanek employed the poison gas Zyklon-B. As one of the camps built relatively late in the war (fall 1941) and literally from scratch, Majdanek was primitive in the extreme. Transferred prisoners from Auschwitz or Dachau commented on its catastrophic conditions: terrible sanitation, meager food, insufficient water, poorly constructed barracks, and deplorable hygienic and medical conditions. Typhus, in particular, was a demonic plague in Majdanek, with tens of thousands of prisoners lying about inert on the ground and in barracks, and then dying from its effects.

He felt a deep sense of responsibility to the camp's victims and loyalty to his lost friends.

Kwiatkowski's description of the life of the Poles in the camp is especially important. A typical member of the Polish interwar intelligentsia, he gravitated towards other educated, patriotic, and frequently religious Catholic Poles, who shared resources and supported one another, which sometimes meant the difference between life and death. He admired those Poles who

SOLIDARITY: Kwiatkowski, standing third from left in beret, at the founding meeting in Maczków in 1946 of a society of former political prisoners. In captivity, Kwiatkowski had gravitated towards other educated, patriotic, and frequently religious Catholic Poles, who shared resources and supported one another, which sometimes meant the difference between life and death. [State Museum at Majdanek]

tried with some success to keep the high moral standards of the Polish resistance alive in the camp and was involved in a couple of futile attempts by the resistance to plan an escape. He had considerable disdain for those Poles who collaborated with the authorities and engaged in the petty thievery and exploitation common to camp life.

As a leading camp gardener and then as an administrator in the camp offices, Kwiatkowski did everything he could to help out his Polish colleagues and friends in their efforts to survive the threat of disease and death that accompanied certain jobs and labor details in and outside the camp. Conditions improved for the Poles in early 1943 when the prisoners were able to receive packages from their relatives through the Polish Red Cross and the Polish Welfare Council. Food and immunizations from outside the camp made it possible for Kwiatkowski and his compatriots to survive. Still, the Poles were brutalized until the very end of the camp's existence. The execution of periodic transports of Polish political prisoners from the Castle prison in Lublin made it clear that there was no end to the Nazi readiness to eliminate the Poles as a nation.

HISTORIC MASSACRE

Majdanek was also a prominent site of the Holocaust, and Kwiatkowski was an acute observer of the desperate situation of the Jews in the camp. He had close Jewish friends in the camp whom he tried to protect, but he also demonstrated resentment against those Jews who had managed, especially early in the camp's history, to attain powerful prisoner administrative posts. His anti-Semitic attitudes were typical of the Polish nationalist intelligentsia of the 1930s. Still, he was disgusted by the elimination of the Jews that took place in Majdanek, writing particularly poignantly about the selections of those Jews who would live and work and those who would die in the gas chambers. (Some 20,000 Jews would be gassed in the camp.) He was especially haunted, he writes, by the "crying, sobbing, and wails of mothers whose children were taken from them by force" and sent to the gas chambers.

In October of 1943, Himmler made up his mind to finish off the Jews in the Lublin region, despite their value to SS production. As part of "Operation Erntefest" (harvest festival), the Germans rounded up some twelve thousand Jews in the region and marched and trucked them to Majdanek. There they were joined by roughly six thousand Jewish prisoners already in the camp, stripped of their clothes, and forced to lie down in deep trenches where they were machine-gunned in waves by German security police. The massacre of the eighteen thousand Jews at Majdanek was the largest of its kind in the concentration camp system. Altogether in Operation Erntefest some forty-two thousand Jews lost their lives. Although the SS command of the camp tried to conceal mass murder from the other prisoners, Kwiatkowski understood exactly what was happening:

Poland's communist censors subjected the original edition to intrusive ideological editing.

> Suddenly, I hear music, some woeful milonga tango, then a waltz by Strauss, it's music played from records through a loudspeaker. The sounds carry from the direction of the crematorium. Where did this loudspeaker come from, we had never heard it before. The music plays continuously. Record after record. A plane is circling low around the camp, so that sometimes you can't hear your own voice. There are short breaks between the records and then I hear a muffled "ta ta ta—ta ta ta," just like the sound of a machine gun.

When told all the Jews would be killed, Kwiatkowski was shocked and deeply depressed.

Kwiatkowski's *485 Days at Majdanek* is sad reading. It describes the perverse character of the concentration camp system, the senseless violence, sadism, and severe privation that took place there, the harsh trials of the Poles, and the barbaric persecution and elimination of the Jews. Kwiatkowski titles one of his chapters, "Homo Homini Lupus," man is wolf to man, and the evidence for this proposition is plentiful throughout the diary. But Kwiatkowski also provides glimpses into the power of pity, generosity, and friendship that sometimes make their way into confined spaces of camp life.

The new English edition will reach a far broader audience than Kwiatkowski could ever have imagined.

Kwiatkowski's comradeship with fellow Poles is moving and inspiring. His religiosity and Polish patriotism are consistent and helped keep him alive in times when his life hung in the balance. He is an honest and insightful observer of the ways in which the Nazi camps could bring out the worst, and sometimes even the best, in mankind. H

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

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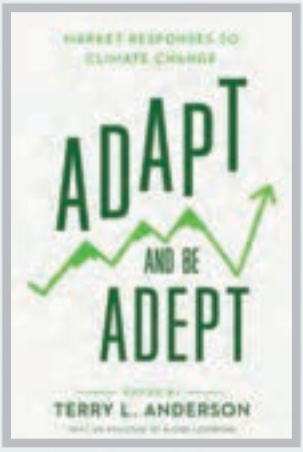

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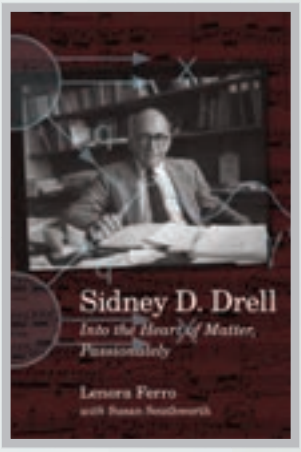

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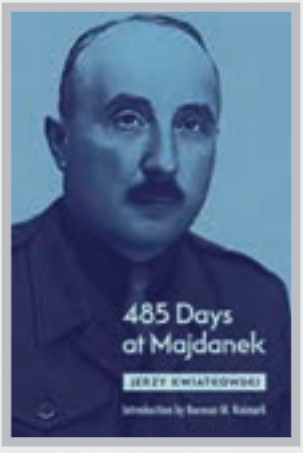

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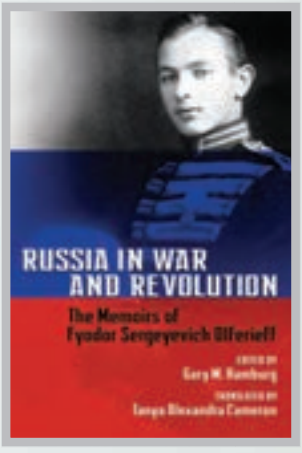

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