



## Bonus Bundle

**Frederick Douglass - *Narrative of the Life of Frederick Douglass***

**Naomi Klein – *No Logo***

**John Micklethwait & Adrian Wooldridge – *The Fourth Revolution***

**Moisés Naím – *The End of Power***

**Joseph Nye – *The Future of Power***

**Wilkinson & Pickett - *The Spirit Level***

**Fareed Zakaria – *The Post-American World***

## **Narrative of the Life of Frederick Douglass, an American Slave**

(1845)

Frederick Douglass

“No matter how innocent a slave might be – it availed him nothing...To be accused was to be convicted, and to be convicted was to be punished; the one always following the other with immutable certainty.”

“I now understood what had been to me a most perplexing difficulty – to wit, the white man’s power to enslave the black man. It was a grand achievement, and I prized it highly. From that moment, I understood the pathway from slavery to freedom.”

### **In a nutshell**

Slavery dehumanises all parties involved, both slave and slaveholder.

### **In a similar vein**

Frantz Fanon *The Wretched of the Earth*

Martin Luther King *Autobiography of Martin Luther King Jnr*

Nelson Mandela *Long Walk To Freedom*

**As an ex-slave, orator, journalist and political organizer who challenged both slavery and institutional racism in America, Frederick Douglass was a seminal figure of the 19<sup>th</sup> Century abolitionist movement.**

His *Narrative* is one of the first accounts of slavery by a fugitive slave, combining a balanced first-hand insight into his own harrowing story while providing a window into the common practices of slavery in his time, including its ruination of family life, extreme poverty, absence of legal rights, and dearth of education. As a powerful speaker, audiences could scarcely believe that Douglass's eloquent speeches came from a black man, let alone an ex-slave. But by setting down his account in writing, he would put many of his doubters to rest.

The factors affecting Douglass – separation, cruelty, neglect, injustice, and lack of education – would on the surface appear to be the recipe for all manner of physical and psychological disorders. The fact that Douglass seemed to have emerged not only alive, but sane, is testament to the power of the individual against overwhelming odds, and is a forerunner of books such as Nelson Mandela's *Long Walk To Freedom* and Viktor Frankl's *Man's Search for Meaning*.

### **Personal property**

Born into slavery in Maryland around 1818 (there were no birth records), Douglass was separated from his mother early in his life. His biological father was suspected to be his white master. Living with his aunt and grandparents, he experienced first hand the terrifying brutality and soul-destroying degradations of slavery. Cruelty is the norm at the hands of the overseer, and he traumatically witnessed his aunt get severely beaten. Rations of food and clothing were insufficient, and he spent much of his childhood in cold and hunger.

Moving between farms, he observed the horrid treatment of his fellow slaves. A central home plantation functioned as a village in producing the needs of the community, and the overseers arbitrated disputes. Douglass reminds us that slaves have no legal rights; in the event of grievances for cruelty or even murder, a slave cannot even act as a witness. "I speak advisedly when I say this", he writes, "that killing a slave, or any colored person ... is not treated as a crime, either by the courts or by the community. " Indeed, Douglass writes, "It was a common saying, even among little white boys, that it was worth a half-cent to kill a 'nigger', and a half-cent to bury one."

'Chattel personnel' or chattel slavery referred to the slave as personal property, on the same scale as livestock. For the purposes of asset evaluation, a slave man was worth as much as a horse, a cow as much as a woman and a pig as much as a child.

### **Intellectual and physical freedom**

When sent to Baltimore, Douglass was treated a little better and his white mistress began to teach him to read. She did so against the criticism of her husband, as education of slaves was taboo, but learning to read opened up Douglass's world. Yet he acknowledges that:

"..if you teach that nigger ...how to read, there would be no keeping him. It would forever unfit him to be a slave. He would at once become unmanageable, and of no value to his master."

When the lessons are stopped, he realized that he must continue to educate himself in the written word, and devises ingenious methods to do so. He discovers the word 'abolition', and resolves to learn more about the abolitionist movement.

A change in ownership of his farm, and a failed escape attempt, resulted in Douglass being sent to a 'slavebreaker', Edward Covey, against whom he eventually rebelled and fought back. Eventually he returned to Baltimore and secretly taught himself to read until he escaped to freedom, by jumping on a train and then taking a steamboat to Pennsylvania, then an anti-slavery city.

### **The Narrative in context**

The *Narrative* was a bestseller, with an initial print run of 5,000 copies selling in 4 months, and further printings to follow. This was helped by a speaking tour around America organized by the American Anti-Slavery Society. At some events Douglass was jostled and harmed by slavery supporters.

After publicity led to increased threats of harm and kidnapping, Douglass and his supporters thought it prudent that he should leave America for a time. His first trip abroad, in 1845, was a two-year lecture tour of England and Ireland, where he was constantly amazed to be treated as an equal to white people. The talks helped the *Narrative* become popular in Ireland and England, with five editions produced there between 1846 and 1847. In 1846, he was able to secure funds from British abolitionists to formally purchase his freedom. After returning to America, he began publishing an abolitionist newspaper, *The North Star*.

The *Narrative* is the first of three biographical works, including *My Bondage and My Freedom* (1855) and *Life and Times of Frederick Douglass* (1881, revised 1892). Its preface is a glowing appraisal of Douglass by the editor of the abolitionist journal *The Liberator*, William Lloyd Garrison. The book is also endorsed by prominent abolitionist, Wendell Phillips.

One of the book's themes is how religion is used by slaveholders to justify what they do. In highlighting the hypocrisy of those who would call themselves Christians, it reads as quite an anti-religious text. In the Appendix, however, Douglass attempts to distinguish city from country Christians. In doing this, it is probable he was trying to appease his supporters, who were after all city-dwelling Christians in the North-East.

### **Final comments**

To our modern sensibilities, the degrading treatment of one person by another is hard to fathom. However, given that there are still over 20 million indentured servants or people paying off huge loans to people smugglers and the like, slavery in one form or another is still with us. Stories such as Douglass's remind us that change is possible, but only if we are aware of the stories of these people in the first place.

In *Capitalism and Slavery* (1944), former prime minister of Trinidad & Tobago Eric Williams argued that slavery allowed for the creation of an international trading network which later provided markets for the early products of the industrial revolution, along with capital needed to finance that revolution. Recent scholarship (Edward E Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism*) has shown that, rather than being a pre-modern institution in decline (as often believed), slavery's expansion in the first eight decades after American independence was thanks to its early adoption of managerial innovations. This 'dirty secret' of American business drove the modernization and prosperity of the United States. The histories of slavery and modern capitalism are inextricably bound.

### **Frederick Douglass**

Born into slavery in Talbot County, Chesapeake Bay, in around 1818, Douglass was separated from his mother and lived with his grandmother until, at 7, he was put to work on the Wye House plantation. His mother died when he was 10.

As a teenage and adult slave he was traded amongst various slave masters, one of who repeatedly whipped him. After his escape in 1838, he married Anna Murray. They would be married for 44 years and have several children. When Anna died, he married a white woman twenty years his junior, Helen Pitts Douglas. Amid the controversy, Douglass said: "This proves I am impartial. My first wife was the color of my mother and the second, the color of my father."

In 1848 Douglass attended a convention for women's rights in New York state, at which he stated that he could hardly campaign for racial equality and refrain from supporting female emancipation. He was also an early campaigner for black children's education, and against the racial segregation of education. In the Civil War, he argued that black Americans should be able to fight on the union side, and gave hundreds of talks across America calling for improved education of black children and better rights for black workers.

Douglass died of a heart attack in 1895.

## **No Logo**

(1999)

Naomi Klein

“Four years ago, when I started writing this book, my hypothesis was mostly based on a hunch. I had been doing some research on university campuses and had begun to notice that many students I was meeting were preoccupied with the inroads private corporations were making into their public schools. They were angry that ads were creeping into cafeterias, common rooms, even washrooms; that their schools were diving into exclusive distribution deals with soft-drink companies and computer manufacturers, and that academic studies were starting to look more and more like market research.”

“When we lack the ability to talk back to entities that are culturally and politically powerful, the very foundations of free speech and democratic society are called into question.”

## **In a nutshell**

Beware of private interests invading the public sphere. We are citizens, not consumers.

## **In a similar vein**

Edward Bernays *Propaganda*

Emma Goldman *Anarchism and Other Essays*

Upton Sinclair *The Jungle*

Richard Wilkinson & Kate Pickett *The Spirit Level*

**When she was a child, Naomi Klein's parents disdained brands and packaged products (Barbie dolls were "a racket", they said, "first it's a doll, then a camper van, then the whole mansion"), and bought only gender-free toys.** Instead of spending weekends out shopping they would take the family on trips into the Canadian wilderness. In reaction, Klein and her brother developed an attraction to the glossy promises of billboards, jingles, and products her parents weren't willing to buy. The glowing Shell and McDonald's signs they drove by on the way home were more alluring than the majesty of forests and lakes. Then as a teenager, Klein was no different in her hyper-sensitivity about whether the jeans she was wearing were the right brand or not. So why, after she had been through university, did Klein come to share her parents' worries about consumerism. What was actually wrong with brands, and what did they have to do with politics?

Klein knew that strong marketing and advertising were simply part of North American capitalist culture; it was not this she was against. But by the mid-1990s, she argued in her first book, *No Logo*, something had changed. Many companies had shifted from seeing themselves as makers of products, to developers and creators of brands (which was where all the money was). Yet the money lavished on these brands was so enormous that it led to cost pressures on the production end (for example, exploited foreign workers, and the rise of 'McJobs' domestically), and corruption of spheres normally considered public (i.e. advertising and sponsorship in schools and universities). With watered-down anti-trust laws added into the mix, corporations had begun to assert ever greater power and control over culture, and were providing less and less real choice.

A month or so after Klein had finished writing *No Logo* were the first big 'anti-globalization' protests, at the Seattle meeting of the World Trade Organization, which were followed by others around the world. In a preface to the 10<sup>th</sup> anniversary edition of the book, Klein says that 'anti-globalization' was always a misnomer; she and other activists were not against globalization per se, but how "the rules of the game had been distorted to serve the narrow interest of corporations at every level of governance – from international free-trade agreements to local water privatization deals". The WTO and other bodies were part of a neoliberal consensus that lionized markets and sought to denigrate and reduce the state wherever possible.

The events of 9/11 pushed Klein's agenda back a bit. "To engage in dissent in this climate was cast as unpatriotic", she says; attacking capitalism was like attacking America, and free trade became a patriotic duty, even helping in the War Against Terror. Yet many of the government agencies that had during the 1990s been scaled back and underfunded – airports, hospitals, mass transit systems, water and food inspection – all came back to center stage after the attacks, and were found to be wanting in their ability to cope with terror threats. The heroism of the firefighters themselves demonstrated that "there is indeed a role for the public sector after all". And when news emerged of the practices of private companies such as Halliburton doing well out of the war in Iraq, it only confirmed suspicions that government now existed not for the many, but for the few.

All Klein's books, including the subsequent *The Shock Doctrine* (2007, on the effect of neoliberal economics on developing countries) and *This Changes Everything* (2014, on corporate resistance to climate change measures) challenge the assumptions holding up the current world order. "We pay a high price when we put the short term demands of business (for lower taxes, less 'red tape', more investment opportunities) ahead of the needs of people", she writes, "clinging to *laissez-faire* free-market solutions, despite overwhelming evidence of their failings, looks a lot like blind faith, as irrational as any belief system clung to by religious fanatics fighting a suicidal jihad."

*No Logo* is divided into four parts: 'No Space' looks at the swamping of culture and education by marketing; 'No Choice' at the squashing of cultural choice because it is inconvenient for corporations; 'No Jobs' charts the rise of temporary, part-time and outsourced labour; and 'No Logo' gives examples of resistance and alternatives to 'corporate rule'. Though ostensibly about the new power of 'brand bullies', *No Logo's* deeper question was: what are we now, consumers or citizens?

The book was a best seller in 28 languages and, as is often said, helped politicize a generation, one that had been criticized by Baby Boomers for having little social conscience. In reality, Klein liked to point out, it was the older generation who had sold out.

### **A global village of lords and slaves**

The book begins in the Spadina Avenue garment district of Toronto, where Klein notes that Emma Goldman spent time in the late 1930s as a labor organizer. In the late 1990s the area was already undergoing a transformation, with the sweatshops where people had struggled being turned into deluxe 'loft living' complexes, or rented out to artists, designers and computer game designers. Yet there was still some of the old rag traders left, and the building Klein lives in belongs to a man who made his money making and selling 'London Fog' coats. Around this time, in 1997, Klein visited a garment factory in Jakarta, where 2000 women were making around \$2 a day. When she asked one woman what brand of clothing it was that the women were making on the day she visited, she was told, 'London Fog'.

In the mid-1990s, it was hard to go anywhere and not hear the word 'globalization', and it was nearly always seen in positive terms. The Internet, it was claimed, would empower people in poor countries to provide services and make money, while an increasingly interlinked world economy would give people everywhere better access to goods and services. The flattening of global economics and labor would mean that someone in Jakarta could enjoy going to McDonalds or having a Motorola phone as much as a Chicagoan or Londoner. But the 'global village' idea, so keenly promoted by Western companies eager to find new markets for their products, soon began to look like a massive cover for exploitation. Rather than equalizing the world, it was entrenching and widening the differences. When Klein speaks to a 17 year old girl making CD-Rom drives for IBM in a factory in Manila, she says how impressed she is that someone of her age could be making such hi-tech equipment. But the girl replies, "We make computers, but we don't know how to operate computers."

The wealth and comfort of the rich world had long been supported by the 'Third World', Klein admits, but historically the poor countries tended to be exporters of raw materials, commodities or unfinished



goods. But in the 1990s workers in Indonesia, Vietnam and elsewhere were putting together branded products for a pittance – from Nike shoes to Barbie dolls to Apple smartphones – that would soon be sold at massive markups. The high prices were not justified by the raw materials needed to make them, and certainly not the labor involved, but by huge marketing budgets.

Klein realizes that, in hindsight, the ‘political correctness wars’ of the 80s and 90s to have every group in society properly represented and recognized in the media, was a bit of a red herring in social justice terms. After all, it wasn’t such progress if women in North America were achieving equality and drawing attention to body-image issues while girls in South East Asia were sweating over machines making ‘Girls Rule’ t-shirts for ten hours a day. The political correctness agenda seemed self-indulgent next to the fact that the world seemed to be reverting to the dark days of capitalism, with people again being treated as objects.

### **Erosion of the public sphere**

*No Logo* was not just about sweatshops in developing nations; it was about Klein’s feeling that Western countries were witnessing a creeping corporatization, a takeover of the public sphere by private interests.

A key example was American universities signing sponsorship deals with sports shoe and soft drink companies. The problem was clauses in the contracts saying that the universities were not allowed to ‘disparage’ Reebok or Coca-Cola or whoever they had signed with. An Amnesty group at Kent State University, which had a sponsorship deal with Coca-Cola, wanted to bring a human rights speaker from the Free Nigeria movement to Kent State to raise awareness of Coca-Cola’s support of the then dictatorship. When the university authorities learned that the talk would be critical of the company, they denied funding for the event. Such deals, Klein argues, “re-engineer some of the fundamental values of public universities, including ... the right to open debate and peaceful protest on campus.”

She also refers to corporate sponsorship of labs and departments in universities. If the lab came out with research which lessened the value of the sponsoring company, the university came under pressure not to publish it – and universities usually sided with the company, not the research team. In other cases, studies were designed to fit the interests of corporate-endowed research chairs (Taco Bell sponsored a hospitality school, Kmart a marketing department, Yahoo an IT-studies centre, and so on), rather than the independent research efforts that you would expect to come out of public universities.

As universities start to pretend they are corporations, what is lost, Klein says, is the idea that they are public spaces devoted to truth and objective debate. This can’t happen if half the university is sponsored by a corporation which, in getting its money’s worth, forces the administration to muzzle free speech.

### **No real choice**

In the late 1990s, the world was being bombarded with advertising such as Microsoft’s ‘Where do you want to go today?’ The question should have been, Klein says, ‘How best can I steer you into the synergized maze of where I want you to go today?’ Colossal mergers, buyouts, and corporate ‘synergies’

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meant that an age of increased choice, interactivity and freedom was an illusion. In fact, many of the brands and products were all linked by single owners, and this was made possible by the weakening of anti-trust laws that had begun under Reagan.

Corporate behemoths had mountains of cash to run smaller business into the ground, to exploit suppliers and to engage in a 'race to the bottom' to get their products made at the least cost. This had led to a preponderance of chain stores, and greater power of the corporations behind them. The strategy of Wal-Mart when it moved into a new state or region was to blanket it with stores to elbow out all competition. In the same way, Starbucks waits until it can blitz an area with stores, some of which won't get enough custom, but overall the firm's revenue will increase. This 'cannibalization' strategy was only possible in a company with very deep pockets. New superstores like Nike Town and Virgin Megastore were aimed at purifying the brands from having to compete with other brands in department stores. The Canadian clothes retailer Roots even opened a summer camp to make sure its products were seen as part of an 'ethos' and 'heritage'. Disney's branded town, Celebration, was complete with plenty of public spaces like town squares, minus the graffiti and loiterers. Yet while Disney was building a museum of a town, funding for real-world public spaces – schools, libraries, parks – was increasingly scaled back. Just as corporate America was getting more and more breaks from government, with deregulation and lower corporate taxes, so the nation's public institutions and spaces were being defunded or forced on the defensive.

### **New colonialism**

In many parts of the world, Klein argues, the previous colonial subjugation has just been replaced by a corporate one called 'globalization'. She meets volunteers at a workers' help center in the Philippines, a country where worker exploitation first occurred through feudal landlords, then under military dictators, and now was occurring through foreign factory owners. Klein admits that some of these foreign companies try to improve conditions, but their real interests lie with their profits. This is why the trade union movement remains so important. A basic principle of citizenship is that people have the right to govern themselves, not simply be forced to accept conditions imposed on them. Corporate 'codes of conduct' and self-regulation are all very well, but Klein says they should never replace our rights as citizens to seek better protections and conditions under law. Globalization is not just about capital's transcending of international borders, but must also come to mean a sense of global citizenship and global rights, with greater emphasis on the world 'market' for democracy, human rights, labor and environmental policy. In other words, the left owns 'globalization' as much as the right.

### **Final comments**

*No Logo* was written with endless references to 1990s fashion and brands which have now gone by the wayside – Blockbuster is no more, for instance, and The Body Shop is no longer so cool - and these references date the book. It now reads a bit like the 18<sup>th</sup> and 19<sup>th</sup> century pamphlets that were published that responded to political events, except in longer form.

And yet, events such as the 14 suicides at the Foxconn plant in China in 2012 which makes Apple products (and those of HP, Dell, Motorola, Nintendo and Sony), where workers are paid \$1-2 an hour and where it would take months for the average employee to afford an Apple product, should tell us that the things Klein told us about have changed little. Indeed, the themes of the book – corporate greed, the fragility of people power, government’s capture by special interests – are as relevant now, 15 years later, as they ever were. Even if her talk of a ‘neoliberal consensus’ does not chime with your political views, her warning about the takeover of public space by private interests is worth listening to. Being a consumer may be fun, but being a citizen is a privilege that carries a responsibility to protect and enhance the things we hold in common.

### **Naomi Klein**

Born in 1970 in Montreal, Klein’s parents had moved to Canada in 1967 to escape the Vietnam War draft. Her father is a doctor and her mother a film maker focusing on feminist issues. At the University of Toronto she became editor of the student newspaper, and left before finishing her degree to work at the Toronto *Globe and Mail*.

Klein has been an outspoken critic of US foreign policy, particularly its support of Israel, and has campaigned against the Keystone XL pipeline which would bring oil from Alberta’s oil sands into the United States. She has been involved in Occupy protests and demonstrations at the G-20 summits, and is a contributor to *The Nation*, *The Globe and Mail* and *The Guardian*. Other books include *The Shock Doctrine: the Rise of Disaster Capitalism* (2008 – see **50 Economics Classics**), and *This Changes Everything: Capitalism vs the Climate* (2015).

**The Fourth Revolution: The Global Race to Reinvent the State**  
(2014)

John Micklethwait & Adrian Wooldridge

“Countries that can establish ‘good government’ will stand a fair chance of providing their citizens with a decent standard of life. Countries that cannot will be condemned to decline and dysfunction.”

“The West has to change because it is going broke. The emerging world needs to reform to keep forging ahead.”

“Bit by bit a new model is emerging. We are living through changes just as dramatic as the ones associated with Hobbes and Mill and the Webbs, though nobody has yet succeeded in putting this Fourth Revolution into memorable words and clothing it in a distinctive philosophy.”

**In a nutshell**

Liberal democracy has lost some allure, but by slimming the welfare state and re-emphasizing personal freedoms it can again be a model for the world.

**In a similar vein**

Francis Fukuyama *The End of History and the Last Man*

Thomas Hobbes *Leviathan*

Mancur Olson *The Rise and Decline of Nations*

Margaret Thatcher *Autobiography*

**In the 20<sup>th</sup> century, democracy triumphed.** In 1900 there were no countries which had elections in which every adult could vote, but by the year 2000 there were 120 countries who did, covering 63 per cent of the world's population. Since then, democracy has made no gains and has even been eroded, with many countries opting for strongmen rather than parliamentary elections. In Iraq following the war, and Egypt following the revolution, hopes of democracy have been replaced by chaos. Established democracies such as South Africa and have seen increased corruption, and Russia, Turkey and Hungary have become increasingly illiberal. Why should the leaders of such countries be attached to democratic principles when the world's most dynamic economy, China, is undemocratic, and when Western democracies are poorly run?

Micklethwait and Wooldridge begin their book with a journalistic vignette of CELAP, the training school for China's elite bureaucrats. CELAP is a weapon in the battle to end corruption and cronyism, and the authors note that "Just as China deliberately set out to remaster the art of capitalism a couple of decades ago, it is now trying to remaster the art of government." Yet the students are only taught about Western capitalism, not Western government, which is seen as wasteful, sclerotic, and mired in debt. The Chinese instructors are more likely to hold up Singapore as a model, with its successful combination of authoritarianism and free markets.

Whether it is China, America, Europe or Africa, the authors suggest that the biggest challenge facing the world over the next couple of decades is fixing government. In the rich West, most people only know one model of government: the expanded welfare state that has been dominant since the Second World War. Unsustainable in its current form, its reform will be the biggest test yet of the liberal-democratic model. Will it be possible to combine social provision, economic growth and personal freedoms, or in today's world is this combination just too much for ask for?

Though it will be a bit journalistic for some tastes, and many of the references to recent events will make it seem dated in a few years time, *The Fourth Revolution* is a great snapshot of government in the second decade of the 21<sup>st</sup> century. What it lacks in timeless gravitas it makes up for in the sweep of its view and its audacity in proposing how government will look in the decades to come.

### **Revolutions 1, 2, 3, and 3 ½**

The authors argue that the West's economic and political dominance the last couple of centuries, particularly America's and Britain's, was down to its openness to new ideas in government and willingness to implement them, from the liberalism of John Stuart Mill's 'nighwatchman state', to the Founding Fathers' technocratic checks and balances on the American constitution, to Beatrice Webb's ideas on universal rights to employment and health.

The first revolution in government was when 17<sup>th</sup> century European states transformed themselves from principalities and kingdoms to centralized states. Because they were in stiff military and economic competition with each other, it increased their effectiveness. They were "powerful enough to provide

order but light enough to allow innovation.” The need to be better saw them surge ahead of states in other parts of the world. The intellectual force behind this revolution was Thomas Hobbes, who believed that the only answer to chaos and brutality was a super strong state, or monarch as he imagined it then, whose power was unquestioned.

Then in second revolution of the 18<sup>th</sup> and 19<sup>th</sup> centuries, revolutionary ferment in France and America brought in new forms of accountable and meritocratic government. In Britain, a new emphasis on efficiency and freedom saw a civil service based on merit rather than patronage. Cronyism was reduced, markets made free, and personal liberties enshrined. By the 20<sup>th</sup> century, the minimal liberal state no longer seemed enough and we saw the emergence of the modern welfare state. This third revolution was a response to inequality, and was hard fought. Today, Britain’s National Health Service is considered a national treasure, America’s social security programs are here to stay, and no advanced society can be seen to lack a safety net. The problem is that this net became a cushion of entitlement, and the welfare state became a bloated Leviathan: US government spending went from 7.5 per cent of GDP in 1913 to 27 per cent in 1960, and to 42 per cent in 2011. In Britain expenditure jumped from 13 per cent in 1913 to 48 per cent in 2011. “Government used to be an occasional partner in life, the contractor on the other side of Hobbes’ deal, the night watchman looking over us in Mill’s”, the authors note, “Today it is an omnipresent nanny.”

In the 1980s, Milton Friedman, Margaret Thatcher and Ronald Reagan seemed to win the argument about the need for smaller government, but in reality, Britain’s public spending went from 22.9 per cent of GDP to 22.2 per cent, and Reagan could not get the House of Representatives to match his tax cuts with spending cuts. In the 1990s and 2000s, both Left (calling for more measures to improve diversity, health and safety) and Right (War on Terror, war on drugs, surveillance) contributed to the expanding size of government. In 2006, Friedman said: “After World War II, opinion was socialist while practice was free market; currently, opinion is free market while practice is heavily socialist.” He had won the battle of ideas, but the state was bigger than ever. The Friedman-Thatcher-Reagan model had only been a half-revolution.

### **What went wrong?**

“The West has lost confidence in the way it is governed”, the authors argue, and provide California as an example. Big, broke, and inefficient, California has 37 million people but one Senate seat. It has overlapping layers of government, and spends the same amount on its prisons as it does on education. Determined lobby groups seem able to hijack the system, just as Mancur Olson predicted. The California Teachers Association spent \$210 million between 2000 and 2010 on lobbying.

Over in Italy, the state owns 574,000 official limousines for the highly paid 180,000 elected representatives it can ill afford. Europe as a whole is experiencing a demographic crunch. Its population is expected to decline from 308 million to 265 million by 2060, and the number of people over 65 will increase from 28 per cent to 58 per cent. Spending will increasingly go on welfare and defence, leaving less to spend on education, investment, or anything else. As in California, public sector unions will defend their privileges, while the average voter pays more in tax.

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All this must prompt the question, what is the state for? Britain's Office for National Statistics reports that the nation's private sector productivity increased by 14 per cent from 1999 to 2013, while public sector productivity actually fell by 1 per cent between 1999 and 2010. In America, most federal IT projects have failed – “more than half were delayed or over budget and 41.4 per cent failed completely”, and the botched Obamacare website is only a recent example. All this rightly perplexes taxpayers, who can see that government has not adopted most of the management practices that have become standard in companies. The public sector still assumes that everything should be done in-house, that decision making should be centralized, that public institutions should be as uniform as possible, and that change is always for the worse. Yet it has not always been like this. It took only four years to build the Golden Gate Bridge, and a decade to create America's national highway system. Meanwhile, a wind farm near Cape Cod has been looked at by 17 different government agencies, and is yet to be built.

### **What to do**

Scandinavian countries have shown it is usually more efficient for the state to be chief funder rather than itself be the provider of services. In every other aspect of life organizations compete for our custom, and it makes them more efficient and better. Why wouldn't the same thing happen for organizations that are competing for school children, patients, and jobseekers? Indeed there are many private companies now focused on providing public services, such as Serco, which runs bus services in Australia, prisons in Britain and driver licensing in Canada. Naturally, the interaction between state and private companies doesn't always go well. British Rail is divided into hundreds of pieces, and is arguably a mess. So is American health care, large chunks of which are state funded. And in Iraq, many private security firms and provisioning companies were corrupt. But none of this is argument for taking services back into public management - rather for improving contracts and accountability, and giving citizens more information about how private providers are performing. The Left is still focused on *who* provides a service rather than the quality of that service, but the public doesn't care who as long as the service is good.

In Canada in the mid-2000s, a budgetary crisis forced it to ask the basic question, what is the state for? To its surprise, Canada found that simply 'turning the tap off' did not plunge the country into ruin, but created an efficiency revolution. A similar thing is happening in Britain, which since 2010 has cut £35 billion from government departments, with more to come. Yet such huge cuts have not plunged the country into the dark ages. Rather, efficiencies have been produced which would have been the norm in the private sector, such as local councils sharing facilities. Meanwhile Britain is partly following the Swedish model in education. Instead of thousands of standard high schools, it is seeing big growth in state-funded 'academies' which have lots of autonomy, similar to America's charter schools. Teacher unions and labour politicians are wary, but parents love the choice and children are benefiting.

Micklethwait and Wooldridge set out some specific things that need reform.

Firstly, it government sell assets it has no business in running. In 2012, the members of the OECD collectively owned two thousand companies with a value of \$2 trillion, employing six million people. A lot of these businesses relate to transport networks, energy networks and telecoms on the grounds that

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if they were sold to private companies then the public would be ripped off. But the authors argue that the key is not ownership but simply regulating the networks properly. Socialistic France is well known for its large stakes in companies such as France Telecom and Renault, but why does the United States government own Amtrak, which is perennially in trouble, along with prisons, post offices and airports? Its property portfolio worth hundreds of billions of dollars, including 900,000 buildings. Despite the reforms and privatizations of the 1980s, governments still have vast assets, the sale from which could reduce crushing debt - and ensure that enterprises are better run.

Secondly, governments must reduce subsidies that favor the rich or well connected. The Left has focused on redistribution of national wealth, but it would be far more efficient and better to “dismantle the welfare state for plutocrats”. Financial industry lobbying clout means that banks are effectively subsidized, and America’s tax loopholes are exploited by the well off. Mortgage relief is extended up to \$1 million, but if it went down to \$300,000 it would reduce the US deficit by \$300 billion. American farmers are still getting between \$10 billion and £30 billion a year from Congress; in comparison, New Zealand ended all farm subsidies in 1984, even though it is four times as agriculture-dependent as the US, and the result has been big rises in productivity and the development of niche export markets. Generally, tax codes need to be simplified and made free from loopholes which can benefit the rich or well connected.

Thirdly, the entitlement systems of rich countries must be reformed so that they go only to people who genuinely need them, instead of “promising entitlements that future generations will have to pay for”. In America, twenty years ago entitlements were less than half of federal spending, today they are 62 per cent and rising. The US should raise retirement age in line with life expectancy, as Sweden does now. Britain should get rid of perks such as free bus passes at 60 and winter fuel allowances, or at least means test them. All welfare states need to increase responsibility: doctors visits should cost at least a token amount, and people on the dole should do some work or be trained for work. This is already happening, but it’s really just the start. And just as the creation of central banks free of political control has been a success, so policy on entitlements should be handed to independent commissions.

James Madison wrote in *The Federalist Papers* that the chief purpose of the Union was to create effective centralized government, but this government would only keep legitimacy in the long term if it was self-limiting. Today, Micklethwait and Wooldridge argue, governments should start by not making promises they can’t fulfill, such as eliminating terrorism or poverty, which tend only to decrease the freedoms of everyone else. “It is time to put the ‘liberal’ back into ‘liberal democracy’”, the authors say. The fourth revolution is about returning the emphasis in our politics to individual rights over social rights. It is both right in terms of values, and necessary in terms of the survival of democracy itself. It can only be achieved in the face of entrenched private and public interests, from gerrymandered electorates to crony capitalism, but a revolution of this type promises to revivify politics and give a boost to our economies. Without this revolution, money will increasingly go to vested interests and less to those who really need it, only increasing the cynicism of democracy.



## Final comments

At the time the book was written, both authors were with *The Economist*, a magazine in classic liberal mold of John Stuart Mill which generally favors a smaller state. Yet Micklethwait and Wooldridge are not anti-state or libertarian, and quote Alfred Marshall that “The State is the most precious of human possessions”. It is more than just a ‘necessary evil’. They recognize that “You would be crazy to prefer to live in a failed state like the Congo, where the absence of Leviathan make life truly ‘nasty, brutish, and short’, than in a well-run big state like Denmark.”

Yet neither does this mean that the state can keep going as it is now. The way through is a new emphasis on liberty. When the welfare state overtook the liberal state, personal freedoms were no longer central, yet these were the engine of 19<sup>th</sup> century prosperity and progress. It will be possible for the rich West to retain a fair chunk of its social provision at the same time as growing economically, but only if it unleashes the power of the individual. By creating a smaller but still strong state with greater personal liberties, countries can depend on the most powerful force known to produce wealth and well-being: their people. Both Europe and America moved ahead of other places in the world because of this emphasis on liberty and the rights of the individual. They can do so again.

## John Micklethwait & Adrian Wooldridge

Born in London in 1962, Micklethwait studied history at Oxford. After a two-year stint with Chase Manhattan Bank he joined *The Economist* in 1987, rising to become its editor-in-chief in 2006. In 2015 he became editor-in-chief for Bloomberg News. Wooldridge is the management editor at *The Economist* and writes the ‘Schumpeter’ column. The pair have co-written several books including *The Witch Doctors* (1996, on management gurus), *A Future Perfect: The Challenge and Future Promise of Globalization* (2000), *The Company: A Short History of a Revolutionary Idea* (2005), *The Right Nation: Why America is Different* (2005), and *God Is Back: How the Rise of Global Faith is Changing the World* (2010).

# **The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being in Charge Isn't What It Used To Be**

(2013)

Moisés Naím

“Even as rival states, companies, political parties, social movements, and institutions or individual leaders fight for power as they have done throughout the ages, power itself – what they are fighting so desperately to get and keep – is slipping away. Power is *decaying*.”

“To put it simply, power no longer buys as much as it did in the past. In the twenty-first century, power is easier to get, harder to use – and easier to lose. From boardrooms and combat zones to cyberspace, battles for power are as intense as ever, but are yielding diminishing returns. Their fierceness masks the increasingly evanescent nature of power itself. Understanding how power is losing its value – and facing up to the hard challenges it poses – is the key to making sense of one of the most important trends reshaping the world in the 21st century.”

## **In a nutshell**

Once monopolized and enjoyed by a few, today some form of power is available to everyone. The erosion of established power can create instability, but it also empowers.

## **In a similar vein**

Hans Morgenthau *Politics Among Nations*

Joseph Nye *The Future of Power*

**As humans we like to feel in control, and to achieve control we seek more power over situations and over others.** In society, this means seeking positions of power, or to be part of powerful groups. We don't like people or states trying to make us act in certain ways, yet we ourselves are constantly trying to have influence over others. Power is "primordial, elemental, in our daily lives", Moses Naím says. But what if power itself is not all its cracked up to be? Can the nature of power itself change over time?

At 36, Naím was made the minister for development in Venezuela. But he quickly found there was a big gap between the perception of the power he wielded, and the actuality. When he spoke to other people who had held top posts in government, such as Brazil's Fernando Henrique Cardoso and Germany's Joschka Fisher, he realized he wasn't alone. It wasn't just that politicians and CEOs were complaining about the limitations on the power of their particular positions, rather power itself seemed to be eroding. Today, presidents, popes and heads of companies face greater and more diverse challenges than in the past, their power constantly checked by citizen activism, global markets and media scrutiny.

In the world of business, it used to be that a few companies ruled the roost in different industries e.g. Big Five in accounting, Big Three in car making, 'Seven Sisters' in oil. But the cosy corporate world is undergoing rapid change. "Small and obscure companies from countries with barely opened markets", Naím writes, "have been able to leapfrog and sometimes take over massive global enterprises and prestige brands built over decades by grand captains of industry." More and more of the world's biggest companies are from the emerging world, and if not technological change, brand and reputation disasters can see a company collapse virtually overnight.

Central to Naím's argument that established power is eroding is the observation that it no longer necessarily requires size and scale. We perhaps once lived in a world where the size of your army determined the amount of your power, or where the value of a firm's physical assets made it forever dominant, but the combination of greater political freedom, lower cost technology and the ability of anyone to get their ideas heard means that old 'barriers to entry' in politics, warfare, industry and even religion no longer apply. The resulting world has many more opportunities than the old one, but it is also arguably a more risky and dangerous place.

Naím is often found on lists of the world's most influential thinkers, but even so *The End of Power* got a shot of extra publicity and sales when Facebook's Mark Zuckerberg made the book the first pick for his new book club. It was also praised by Bill Clinton, George Soros and Fernando Henrique Cardoso. We look at some of its ideas in more depth.

### **How power became synonymous with size**

Sociologist Max Weber virtually invented the modern concept of bureaucracy, a form of organization based on rules regardless of person, in contrast to the traditional authority which was inherited, or which arose through the 'charismatic' power of one person. Weber's message was that "without a reliable, well-functioning organization... power could not be wielded". The world we live in today is a Weberian one, Naím says, based on the belief that, whether in business, government or labor - "rational organization [is] most effective when centralized and large." In the economic sphere, economies of

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scale, pushed by technology, means smaller companies gave way to bigger ones; in politics, small parties gave way to mass ones; and in labor, the worker only gained power through unions.

Yet Naím argues that the connection between power and the size of the organization “reached its apogee in the twentieth century”. Today, you could argue that the connection between size and power no longer works. In geopolitics, small players have been able to thwart the efforts of big nations and institutions, in national politics smaller parties increasingly skew overall results, and in business startups have eclipsed huge and established companies within a few years.

Naím uses chess as a metaphor for power: the new masters of the game are now coming from all over the world, including poor countries, and they are getting younger and younger. Because anyone can afford a chess set or play online, the cozy world of international chess has been shaken up; it is no longer “small, tight-knit, and stable”.

### **Power in national politics**

The familiar post-war landscape of big parties gaining majorities to implement their manifestos, Naím suggests, is rapidly fading. Landslides, healthy majorities, and strong mandates are endangered species. The number of people identifying themselves as independent voters has gone up, while the number of politicians from outside the political class, outsiders who have not come up through party ranks, has risen. In 2010 elections in Brazil, a clown called Tiririca won the most votes of anyone. One of the key people in Italian politics of the last few years, whose party won 20 per cent of local elections in 2012, is Beppe Grillo, a comedian. Smaller parties like the Greens across Europe, and UKIP in Britain, have taken crucial votes away from the main parties. Even if they can't win majorities, such smaller parties can thwart the mainstream parties or get them to change policy. The popularity of the EU-skeptic UKIP, for instance, made the Conservative party change its approach to immigration and the EU.

“People are mobilized more by single issues that affect them, rather than by the abstract, overarching ideologies espoused by parties”, says Naím's friend Lena Hjelm-Wallen, Sweden's former deputy prime minister. Instead, a ‘cloud’ of smaller players has replaced the center, each with some ability to influence, but without any having enough power to unilaterally force a direction. Even if they do form a government, big parties are finding it harder to govern. “Winning an election may still be one of life's great thrills, but the afterglow is diminishing”, Naím writes. Heads of state complained to him of all the elements now challenging their power: not just factions within their own party, but assertive judges, bond traders, social media campaigners and activist groups. At the same time there is a trend to more frequent elections around the world, and towards primaries: elections where voters directly vote for a candidate rather than a party. Meanwhile, governments are falling more quickly, as exposure of wrongdoing or scandal is harder to cover up.

There are more democracies now than ever before. In 1977 there were 90 authoritarian countries; in 2008 there were only 23, and even in those, Naím argues, power is “more fleeting and dispersed”. This assertion recalls Aristotle's insight that autocracies, while seemingly powerful, are in fact fragile and much generally much shorter-lived than systems built on popular power. Moreover, today's autocrats

no longer find it so hard to keep a lid on dissent or run things with an iron fist. Even in the Chinese Politburo, Naím notes, members talk of the good old days before bloggers, hackers, transnational criminals, activists or rogue provincial leaders could threaten monolithic national power.

### **Defense: when less is more, and more is less**

In a chapter, 'The Decaying Power of Large Armies', Naím notes some alarming statistics. To launch the 9/11 attacks, Al Qaeda spent around \$500,000. The losses and costs to America amounted to \$3.3 trillion. In 2011, bands of Somali pirates in small boats cost private shipping firms and the world economy \$6.9 billion. Paraphrasing Winston Churchill, "Never in the field of human conflict have so few had the potential to do so much damage to so many at so little cost."

Yet nations continue to believe that superior firepower and large armies are the essence of security and might. Only the first Gulf War was a traditional conflict where superior firepower was decisive. In all other conflicts of recent times – Afghanistan, Somalia, Iraq, Kosovo – counterinsurgency, anti-terrorism or diplomatic and humanitarian factors were more important. Conflicts are getting longer and more complex, and the 'weak' actor in a conflict wins a surprising amount of the time. This is partly because the strong player (usually an advanced nation) is restricted in what it can do legally and morally. The small side, however, can be totally ruthless. "The rise of powerful nonstate actors and the breakneck diffusion of technology beyond the realms of specialists have destroyed that nuts-and-bolts advantage [of traditional national armies]", Naím says. Cyberspace, drones, suicide bombers, pirates and wealthy transnational criminal networks like the Zetas in Mexico and Ndrangheta of Calabria have changed the global security landscape. The asymmetry between such actors, which have never before had such potential to wreak havoc, and 'big defense' – national governments and huge defense companies, characterizes the security landscape of our time. The more that is spent on traditional defense capability, the less power it seems to possess.

### **Geopolitics upended**

The US State Department has a list of the treaties the US is signed up to. It is 500 pages long. This would be unimaginable for the hegemonic states of the past, and indeed Wikileaks' exposure of US cables reveals not a great power succeeding in dominating its partners and enemies, but one struggling constantly to get its way against other countries and non-state actors.

Former US national security adviser Zbigniew Brzezinski tells Naím that we are living in a 'post-hegemonic era'. Such a world would be a long way from the "narrowly self-interested politics among nations once held as a given by Machiavelli and Hobbes", Naím writes. Indeed, today "there is a greater moral consensus about the proper behavior of nations than humanity has known before." He admits that the combination of hegemony and rules has worked well. The US accounts for half of world military spending, and it formally guarantees the security of over 50 countries. On the other hand, he says, "Future superpowers will neither look nor act like those of the past. Their room for manoeuvre has tightened, and the capability of small powers to obstruct, redirect, or simply ignore them will continue to grow."

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When large players have the ability to set goals and command obedience, there is predictability and stability. There are accepted rules and norms, and within this people have a certain freedom to plan and act. In contrast, “the more slippery power becomes, the more our lives are governed by short-term incentives and fears, and the less we can chart our actions and plan for the future.” How do you sort issues like climate change, nuclear proliferation, pandemics, terrorism, cybercrime and inequality if there is a vacuum of power? This is the potential downside of a post-hegemonic world. Does this mean we are returning to a Hobbesian world of every nation and actor for himself? It might seem that no-one is really in charge to deal with many massive problems that require cooperation, but Naím’s point is simply that it is no use looking for a new hegemon to take responsibility, we have to understand the new dimensions of power itself. In defence, for instance, NATO is powerful, but it is the network of informal alliances that matter. As the power of hegemons wane, Naím argues, power in the 21<sup>st</sup> century will lie in such alliances.

### **Power fade across the board**

Naím’s argument is not just about politics or business, but extends to religion, labour, the media and even philanthropy.

Today only 12 per cent of the US work force is in a union, compared to 36 per cent just after WW2. Other OECD countries have had similar declines or are stagnant. In the media, it hardly needs saying that so many people now get their news and information from Twitter, Facebook and other social media rather than conventional newspaper and television sources, and outsider and citizen journalism is making inroads as trusted sources. Some national newspapers are a shadow of their former selves. The end of power extends to philanthropy, where the big established foundations – Ford, Carnegie, Rockefeller, MacArthur, are being challenged by social enterprises that are very outcome focused such as the Bill and Melinda Gates Foundation. Philanthropy for these enterprises is seen more as investment than largesse.

With religion, Naím notes that in Latin America, the evangelical and Pentecostal churches have poached significant percentages of the traditionally Catholic population. In Brazil and Columbia, for instance, the percentage of people who consider themselves Catholic has dropped to only two thirds. In India there are over 50 million Pentecostals and evangelicals, and China may have 100 million. They are huge in Nigeria. The new churches are simply more attractive to many people, with their spectacular deliverances and promises of prosperity, but in organizational terms they are much more dynamic than the hierarchical and centralized established churches. In business terminology, the barriers are very low – anyone can develop a small following and start their own church, and they are very much adapted to the local community. New forms of social media and the ease of making video programs allows a charismatic pastor to easily reach bigger audiences. Naím is quick to note that these new players in religion are not about to dislodge the Catholic or Anglican churches, simply that they will “narrow the range of possibilities and reduce the power of these institutions.”

## Final comments

While seeing the decay of power as broadly a good thing, Naím notes its many dangers and drawbacks. Anarchy can be just as bad as tyranny, and when the leading actors no longer have the ability to lead, “paralysis ensues and stability, predictability, safety and material prosperity suffer.” He warns that the vacuum that decayed power creates, opens the door to “terrible simplifiers”, people who offer alluring solutions to problems that actually require experience, hard work and openness. It is now easier for demagogues to gain a platform and adherents with speed.

As well as political disorder, the dilution of power in the business world can mean deskilling and loss of knowledge. With large hierarchical organizations people get properly trained and educated. Big companies can afford to have large R&D programs. The plus side of the radical decentralization of knowledge, with Wikipedia and MOOCs (Massive Open Online Courses), must be balanced by the fact that we are in an age of micro-enterprises, pop-up stores, social networks and venture funds, in which people may not get the proper skills and knowledge they need, and which there are fewer resources for research and less institutional memory. Naím also notes the view that, far from power eroding, big politics and big institutions have created an elite that continues to shape policy, warping economy and society. Naomi Klein, for instance, argues that financial deregulation created an oligarchy that runs America; perhaps Marx was right that power and wealth inevitably concentrate.

Again, countering this, he suggests that more people have more ability to be influential than ever before, and their influence can rest on ideas, not position. And we should not overlook the fact that the decay of corporate power has been great for consumers – fewer monopolies, greater competition, even in areas such as water and electricity and telephone.

This book’s ultimate message is that whether its effects are ‘good’ or ‘bad’, those who ignore changes in the nature of power are destined to be victims of it. So we should not just be studying *who* is in power, but the shifting sands of power itself.

## **Moisés Naím**

Born in 1952 in Venezuela, Naím studied at the Universidad Metropolitana in Caracas before getting a Masters degree and PhD from MIT. He became a business and economics professor at the Instituto de Estudios Superiores de Administracion in Caracas, and was also dean there from 1979 to 1988. As Minister for Trade and Industry in Venezuela in 1989 and 1990 he brought in economic reforms.

From 1996 to 2010 Naím was editor in chief of *Foreign Policy* magazine, and since 2011 he has had a weekly commentary slot, Efecto Naím, on the Spanish language news channel NTN24. His column for *El País* is syndicated in several countries, and he is a regular writer for the *Financial Times* and other publications.

Books include *How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy* (2005), *Paper Tigers and Minotaurs: The Politics of Venezuela's Economic Reforms* (1993), and *The Revenge of Power: How Autocrats are Reinventing Politics for the 21<sup>st</sup> Century* (2022).



## **The Future of Power**

(2011)

Joseph S Nye

“States are no longer the only important actors in global affairs; security is not the only major outcome they seek, and force is not the only or always the best instrument available to achieve those outcomes.”

“Soft power may appear less risky than military or economic power, but it is often hard to use, easy to lose, and costly to establish.”

“A smart power narrative for the twenty-first century is not about maximizing power or preserving hegemony. It is about finding ways to combine resources into successful strategies in the new context of power diffusion and the ‘rise of the rest’.”

### **In a nutshell**

Power in today’s world is diffuse, and no longer flows from military might; the nations with the best stories are likely to be the longest lasting.

### **In a similar vein**

Edward Bernays *Propaganda*

Paul Kennedy *The Rise and Fall of the Great Powers*

Hans Morgenthau *Politics Among Nations*

Fareed Zakaria *The Post-American World*

**“The first lesson the student of international politics must learn and never forget”, Hans Morgenthau wrote, “is that the complexities of international affairs make simple solutions and trustworthy prophecies impossible.”**

With such truths no doubt in mind, Joseph Nye’s *The Future of Power* was not written as a ‘what will happen’ treatment of 21<sup>st</sup> century international politics this century; he was more interested in the *nature* of power today. Nye, a leading foreign policy scholar, is well-known for coining the term ‘soft power’, but he is the first to admit that soft power alone is not enough. States obviously need military power along with diplomatic, cultural and moral clout, and the combination of these elements constitutes what he calls ‘smart power’.

Nye begins the book by mentioning the 2008 Russian invasion of Georgia. Russia’s choice to use ‘hard’ power, he says, “undercut its claims to legitimacy and sowed fear and mistrust in much of the world”. China, meanwhile, had a soft power victory in the same year with the successful staging of the Olympics in Beijing. Indeed, Premier Hu Jintao explicitly said that the Olympics were part of a concerted soft power effort, along with funding of Confucius Institutes (to promote Chinese culture, in the manner of Germany’s Goethe Institutes) around the world. Given many states were suspicious of China’s military and political intentions, such investments seemed to be a smart move in conveying the idea of a ‘peaceful rise’. Meanwhile, a Pew Research Center poll showed that majorities of people in 25 countries thought that the US would be eclipsed as by China as the world’s superpower, and even the American government’s own National Intelligence Council thought that by 2025 the nation’s dominance would be “much diminished”.

Yet for Nye, the more interesting issue was not which country was rising and which was declining, but rather how power itself seemed to be changing. Was ‘power’ today the same as it was 50 or even 20 years ago, and if not, what is it that makes a country powerful now? Might it even be said that non-state actors are becoming more important than nations in the 21<sup>st</sup> century?

### **Dimensions of power**

Instead of assuming that power is invested in states, Nye suggests, we should consider what *resources* create power. For example, sixteenth century Spain rose on the back of colonies and gold bullion, while nineteenth century Britain’s power derived from the industrial revolution and sea power. What are the resources that determine power in our time? Is it any longer sufficient to use military dominance or gross domestic product as an indicator of power? And how do we measure the ‘balance of power’ in an Information Age?

Stalin once famously asked, how many divisions does the Pope have? Fifty years later the Vatican, sitting on a postage stamp of land but with acres of soft power in the form of spiritual and moral influence, is doing fine, and the USSR, despite its massive missile and weapons apparatus, is dead. For Nye the remark is a reminder how far we have come from the assumption that the states with the most powerful military will be dominant. In its place is the appreciation that the most successful states

create 'smart' power, defined as "the combination of the hard power of coercion and payment with the soft power of persuasion and attraction."

He asks us to understand power in today's world as a three-layered chessboard: on the top board of military power, the US remains the only superpower; on the middle board of economic power, we now live in a multipolar world with many countries having economic heft; and the lower chessboard relates to the realm of diffused power that goes beyond nations, from global capital flows to computer viruses, terrorist networks to the effects of climate change and pandemics.

"Two great power shifts are occurring this century", he writes, "a power transition among states and a power diffusion away from all states to nonstate actors." In the world of states themselves, the big story will continue to be 'the return of Asia'. In 1750, Asia had half the world's population and output. This shrank to a fifth with the rise of Europe and America in the industrial revolution. By 2050 Asia will be on the way to returning to its historical share. Yet in the globalized age of information, nation-states no longer have the power they once did, because money, ideas and diseases flow easily across national borders, and issues like climate change and terrorism are by nature transnational. Given this, "It is not enough to think in terms of power *over* others", Nye writes, "We must also think in terms of power *to* accomplish goals that involves power *with* others." Because power is more complicated in the 21<sup>st</sup> century and more defuse, a country like America will have to use and depend more on other nations to get things done. It will "require a more sophisticated narrative than the classical stories of the rise and fall of great powers." That is, instead of their usual sport of wondering whether they are still No. 1, Americans should be thinking more in the terms of whether the way the world is ordered is or is not a good reflection of American interests and what it believes are universal values. Indeed, suggests Nye, success in the 21<sup>st</sup> century may depend not simply on who has the most military hardware, or even who is the richest, but who has the 'best story'. You will have America, still promoting itself as a beacon of freedom and democracy, while China's story will be the return and peaceful rise of a great civilization.

### **The hard and the soft**

In the 21<sup>st</sup> century states may not go to war with each other as much as they did in the 19<sup>th</sup> and 20<sup>th</sup> centuries, but military power will still be an intrinsic part of world politics, Nye says, a form of very expensive insurance that nations feel they need to take out. However, the actual threats are more likely to be from non-state actors and domestic insurgents. Two thousand five hundred years ago, Sun Tzu pointed out the power of asymmetry: America can do precision unmanned bombing raids of targets, but its much poorer enemies can create havoc with car bombs and suicide bombers. In 2009 US intelligence discovered that insurgents were hacking into its Predator unmanned aircraft using software that cost less than \$30. 'Shock and awe' is no longer enough. American forces have had to put new emphasis on counterinsurgency, or protecting civilian populations. After they have made an area safe by some judicious and perhaps minimal use of hard power, they then go in and do the soft power work of building roads, schools, clinics.

There isn't a contradiction between hard power and soft power, Nye says. It is just another way of achieving outcomes, and may be at least as fiercely fought over as hard power resources. The

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competition for perceived legitimacy, for instance, which is an attempt to deny another entity (whether a state, company or NGO) its soft power, is going on all the time in our information age. Figures such as Bono and Bob Geldof have no armies, but the pressure they can put on governments is something. Just prior to the Beijing Olympics, Steven Spielberg sent an open letter to Chinese premier Hu Jintao to get China to help with the peacekeeping force in Darfur. China promptly sent an emissary there. At a point when it was vulnerable, not wanting to be embarrassed in front of the world, China acted.

A problem for politicians is that soft power often evolves over long timeframes, and is embedded in a nation's culture, so cannot be quickly or easily deployed. It may seem an easy way to gain power compared to military or economic might, but "it is often hard to use, easy to lose, and costly to establish." If a country is seen as manipulative, soft power simply becomes propaganda, Nye notes, and the nation deploying it loses all credibility. In addition, "Soft power is a dance that requires partners." It has no influence, it seems, in getting North Korea to abandon nuclear weapons, for it is a regime that only responds, if at all, to hard power. Soft power is not a zero-sum game, Nye points out. China can gain greater esteem at the same time as America or any other country. Indeed, if China increases its soft power to the point where it feels secure in not having to resort to military power to achieve its aims, then everybody wins.

Nye admits that if he were the leader of a country that had to choose between hard and soft power, he would take hard power any day, as it can be a matter of survival. But if you want your nation to advance and hold its own over the long term, it's best to have both. Rome stayed an empire for so long because it was open to immigrants who could rise up through the ranks. Its openness and ideals gave it pulling power. Today, China and other authoritarian regimes should recognize that the greatest source of soft power is openness. If a state muzzles its people, it instantly has a credibility problem which no Olympics or World Cup or state-sponsored news service can make up for. In contrast, the BBC's World Service has credibility because the organization has a charter which protects it from government interference. Other forms of soft power, such as cultural and academic exchanges, can also have a powerful effect over time. Anwar Sadat, Helmut Schmidt and Margaret Thatcher were among future world leaders who enjoyed sponsored educational exchanges in America, and at the time of Nye's writing, 46 current and 165 former heads of government had been through US colleges and universities. Around half of Iran's present governing body has US degrees.

## **Cyberpower**

Though the death knell of the nation-state has often been sounded, people increasingly feel they are part of communities that are not limited by state borders. Worldwide communities, say of environmentalists, do not necessarily wish to directly challenge state power, they are simply adding a layer of power that was not there before. Of course international movements like socialism, peace movements, feminism have been around for a long time, as have international organizations like the Red Cross and the Catholic Church. Yet there are many more now and they involve greater numbers of people, and all have access to technology – including terrorists that hark back to a 7<sup>th</sup> century ideal of Islam. Nye contrasts the 'cyberpower' of today with the sea power and land power of yesterday. Unlike

sea power, which required massive investments in shipbuilding and armory, the cost barriers to entry for having at least some power in cyberspace are virtually nil; and as the internet was designed for ease of use and accessibility, not security, governments are on the back foot.

But although this revolution would seem to help non-state actors and small states, and reduce the power of large states, many of the dynamics of international politics still apply. A big state can fund huge intelligence agencies and employ thousands of people to disrupt or hack into computer networks. Examples abound. Russian hackers attacked Estonia in 2007 and Georgia in 2008, and in 2010 the Stuxnet worm (probably sent by Israel) shut down some processes in Iranian nuclear facilities. In 2009, following the Xinjiang riots Chinese government prevented 19 million residents across an area twice the size of Texas from sending texts, making international phone calls or getting online. In 2010, the anniversary of the Iranian Revolution, Iran's government slowed the internet to stop people being able to post protest videos onto YouTube.

What would be the effect, Nye wonders, if hackers shut down the electricity systems in a northern city like Chicago or Moscow? In winter time, it could be more devastating than if bombs were dropped. Yet as with regular warfare, each country has to weigh up the costs of attack. For instance, if state-funded hackers in China launched an attack on American companies that damaged the US economy, the downturn would harm China too, given the countries are so economically linked.

Diffusion of power is not the same as equality of power, Nye says. States will still have a big role in cyberspace, in national filtering and defense technology, regulation of service providers, and new cyberwar defense divisions alongside traditional land, air and sea power. The stakes are too high for governments to leave the cyber domain to the private realm. At the moment terrorists do not have the technological sophistication of online criminals, but may catch up.

### **Smart Power**

The combination of hard resources and soft influence Nye calls 'smart power'. A smart power approach is about clarity of goals and awareness of how to achieve them. The truth is, Nye says, is that "The world is neither unipolar, multipolar, nor chaotic – it is all three at the same time." A smart power strategy therefore involves working with different actors at different levels across the political, economic and cultural domains. Basic to such a strategy is making or keeping important economic, military and political alliances, and cooperating with global institutions, even for a hegemonic state. China may choose to become more of a player in the UN, World Bank and IMF, or try to create new institutions. Either way, bodies that transcend national borders will increasingly matter, if only because so many of today's issues, from climate change to terrorism to infectious diseases like Ebola, are pan-national. As Nye puts it, "A return to traditional prudence must be part of a twenty-first-century smart power narrative. Global leadership does not require global interventionism."

Anyway, Nye argues that there is no domestic appetite for an American empire in the way there was in Britain or Rome in their heyday. There is an awareness that the US can "influence but not control other parts of the world". To succeed in the 21<sup>st</sup> century, America should promote the values it believes are

universal in a non-coercive way, utilizing soft power, and drawing on its partners. When those values are attacked or undermined, it may feel justified in a judicious use of hard power. Part of its remit must be to maintain public goods such as an open international economy and a commons of seas, space and the internet, and be a mediator of international disputes before they escalate. The best word to describe America's position today is not 'empire' or 'hegemon' but *preponderance*. The US is preponderant militarily, politically and economically, but its weight and heft does should not deny the power and wealth of other actors. To be successful in its aims, America cannot rely on its military might, but must use soft power to push for goals that are in its own, and the world's, interests.

### **Final comments**

Written over five years ago, many of Nye's points were prescient. For example cyberattacks, such as North Korea's alleged assault on Sony Pictures in 2014, which provoked involvement by President Obama, have only increased. The concepts of 'hard' and 'soft' power continue to be useful ways of understanding the moves of actors in global politics, while the more nuanced 'smart' power provides a recipe for state effectiveness in the 21st century.

In a 2014, a speech by Chinese premier Xi Jinping described China as like the 'big guy in the room'. Despite his size he was not trying to dominate the others. The analogy could easily have come from Nye, but relating to his own country as well. Power in the 21<sup>st</sup> century is not simply about the assertion of power or achieving hegemony, or asking whether it will be the 'American Century' or 'China's Century'. Indeed, too much power itself becomes a problem, as Lord Acton reminded us. Power grows if it is used in a way that tends to benefit everyone, but as soon as people think it is being used only for selfish purposes it lays itself open to attack and diminishment. Perhaps Morgenthau was right that nations only ever take actions which will increase their power, but 'power' itself is a moveable feast today. It is not found in the simple ability to destroy enemies, but in the capacity ability to inspire, co-opt and influence. The future belongs to those countries which can wage war in a positive sense, on the battlefield of ideas and images.

### **Joseph S Nye Jr.**

Born in 1937, Nye went to school in New Jersey before being accepted into Princeton University. He did well enough to become a Rhodes Scholar to Oxford, studying Philosophy, Politics and Economics, and obtained his PhD in political science from Harvard in 1964. He began teaching at Harvard, and has held positions including its Director of the Center for Science and International Affairs and Dean of the John F Kennedy School of Government. Nye has been an adviser on security and foreign policy issues in several US administrations, including Assistant Secretary of Defense for International Security Affairs under President Clinton. He currently sits on the Foreign Policy Board advising the Secretary of State and on the Council on Foreign Relations, is co-chair of the Center for a New American Security Cyber Security Project, and is on the editorial board of *Foreign Policy*. Books include *The Paradox of American Power* (2002), *Soft Power* (2004) and *Understanding International Conflicts* (2009, 7<sup>th</sup> edition).

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## **The Spirit Level: Why Equality is Better For Everyone**

(2009)

Richard Wilkinson and Kate Pickett

“In societies with greater inequality, where the social distances between people are greater, where attitudes of ‘us and them’ are more entrenched and where lack of trust and fear of crime are rife, public and policy makers alike are more willing to imprison people and adopt punitive attitudes towards the ‘criminal elements’ of society. More unequal societies are harsher, tougher places.”

“Greater inequality actually increases the need for big government – for more police, more prisons, more health and social services of every kind. Most of these services are expensive and only very partially effective, but we shall need them forever if we continue to have the high levels of inequality that create the problems they are designed to deal with. Several states of the USA now spend more on prisons than on higher education. In fact, one of the best and most human ways of achieving small government is by reducing inequality.”

### **In a nutshell**

Inequality isn't just a problem for the have-nots, the evidence suggest it drags everyone's well-being down.

### **In a similar vein**

Mancur Olson *The Rise and Decline of Nations*

Jean-Jacques Rousseau *A Discourse on Inequality*

John Micklethwait & Adrian Wooldridge *The Fourth Revolution*

***The Spirit Level*, by British epidemiologists Richard Wilkinson and Kate Pickett, came out of years of research into health inequalities, or why health was related to personal wealth.** Epidemiology, or the “study of the incidence and distribution of diseases, and of their control and prevention” (*Oxford Dictionary*), is almost by definition political. Since health problems potentially affect everyone in a community, yet no one person can afford to prevent or treat them, government steps in. In the past this role was mostly a fight against infectious diseases; today it is more likely to be a war against lifestyle ailments such as heart disease, obesity, and diabetes. While some afflictions such as breast cancer visit the poor, middle class and rich equally, a larger number of physical and mental illnesses are strongly related to income and class.

The belief of early socialists that inequality tends to promote prejudice and reduces societal harmony is now being proved correct by the data, the authors say (they restrict their analysis to rich countries, and only those for which there is comparable statistics) which tells us that “inequality is divisive, and even small differences seem to make an important difference.”

In the same way that evidence-based medicine is driven by what works and what doesn't, the authors call for a new ‘evidence-based politics’ – that is, policies shaped by research in the social sciences which clearly show the route to greater social well-being. This route, in their minds, is sign posted ‘Equality’. *The Spirit Level*, itself a best seller, was published fully five years before Thomas Piketty's *Capital in the 21<sup>st</sup> Century*, which made equality into an even bigger issue.

### **The psychology of inequality**

Wealth on its own does not lead to any reduction in health and social problems. What matters is the *distribution* of wealth within the country, the authors say. Among people living below the official poverty line in the United States, not many actually don't have enough to eat; poverty in richer countries more often means having to make choices between having basic things – food, heating – and keeping up appearances, for example by spending a whole month's income to buy a new mobile phone, without which one cannot have a normal social life. “What matters”, the authors say, “is where we stand in relation to others in our own society.”

The relationship between inequality and class is defined in epidemiology as ‘social gradient’ or ‘social distance’. Overall, there is a clear link between health and social problems and the steepness of a society's social gradient. Income differences generate ways of living and being which tend to entrench social and health problems over time. If a country wants to improve levels of child achievement in schools, they will do so not by fiddling with classroom techniques or class sizes, but by addressing the wealth inequalities that create social conditions which make education seem unimportant or irrelevant to parents and students.

People feel a sense of inferiority when encountering people of a higher class, and obviously the chances of such encounters increase the more unequal a society is. The French sociologist Pierre Bourdieu talks



of class in terms of 'symbolic violence'. In very hierarchical and unequal societies, people take out their frustrations not on those above them, but those below. "The captain kicks the cabin boy, and the cabin boy kicks the cat". It makes sense that in more unequal societies, people's focus is on dominance. In more equal ones, there is a greater concern for inclusiveness and empathy.

The experience of inequality, social class and status differences are forms of 'social pain'. This should tell us why more unequal societies are more socially dysfunctional, but it also suggests that striving for a more equal form of society is not Utopian, but more *practical*. After all, the greater the class differences, the more costly it will be to support and pay for all the problems which come from social deprivation, and this is one of the reasons why health and social problems of the poorest have a deleterious effect on the rest of society. More doctors, nurses, police, remedial teachers, psychologists, rehab units – all are expensive, and it is everyone who must pay for them through their taxes.

There has been a big rise in mental illness the last few decades. World Health Organization studies (which eliminate cultural differences influencing survey answers) show Japan, Germany, Spain have at any one time ten per cent of the population with a mental illness, whereas the less equal UK, Australia and New Zealand have rates between twenty and twenty-five per cent, and the US, the most unequal country in terms of income, having rates of over twenty-five per cent. It seems that when we do not reach the level we want in the social hierarchy we are "condemned to consider the successful with bitterness and ourselves with shame" as Alain de Botton (*Status Anxiety*) put it. In a more unequal society, people spend more time chasing higher income, social status, material wealth and possessions at the expense of relationships and family life, with resulting effects.

### **Health and social costs**

The authors' primary observation that the greater the inequality across countries, the greater the extent of health and social problems turns out to be true within countries too. In the United States, Louisiana, Missouri and Alabama have the most unequal distribution of incomes in America, and also have the worst health and social problems. New Hampshire, Vermont and Utah have relatively low-income inequality, but also rank among the lowest in health and social problems. There is an astonishing 28-year difference in life expectancy between poor blacks and rich whites living in the same geographical areas of the US. Drawing on numerous studies and their own Index of Health and Social Problems, the authors report that:

**Illegal drug use** is more common in unequal societies. It is much higher in the US, UK and Australia compared to Finland, Sweden and Japan. People are effectively medicating themselves against the pain of low social status.

**Low status at work** is strongly linked to poorer health in a range of countries, compared to the health of those in managerial and professional positions. Every country has low status jobs, but the psychological effect of the work is balanced if there is a decent minimum wage.

**Obesity** is lower in countries where there are smaller differences in income. For instance, 30 per cent of adults in the USA are obese; only 2.4 per cent of adults are in Japan. There are similar statistics for child obesity. Obesity is closely linked to a person's sense of their own social status, more than income or education level. Stress makes people eat for comfort, particularly food high in sugar and fat, and drink more alcohol.

The more unequal the country, the worse its **educational attainment**. The Programme for International Student Assessment (PISA), which tests 15-year-olds around the world, found that in maths and literacy, the more unequal societies generally had the worse overall scores. The low average literacy scores in the United States are because scores for children from lower socio-economic backgrounds drag down the overall result. Countries where there is a history of welfare provision, and lower inequality, have smaller social differences in reading ability.

**Teenage pregnancies** are more common in more unequal countries, and more common in the American states with the greatest income inequality. Teenage motherhood tends to exclude young women from normal career paths and the rest of society, so reinforcing the lower socio-economic status they are likely to have had in the first place.

There is a clear relationship between greater inequality and higher **homicide** rates. The US murder rate, at 64 per million, is over four times higher than the UK's, and twelve times higher than Japan's. Within the US, Louisiana's murder rate, at 107 per million, is seven times higher than New Hampshire. Louisiana is consistently one of the most unequal states in America, and New Hampshire the most equal.

Figures from the UN Survey on Crime Trends and the Operations of Criminal Justice Systems found that unequal countries including the US, UK, Portugal and Singapore have **higher rates of imprisonment** than more equal ones such as Japan, Finland, and Denmark. Between 1978 and 2005 the number of prisoners in America quadrupled from 450,000 to 2 million. Many states now spent more on prisons than they do on education. Since 1990, the number of prisoners in British jails has doubled. In contrast, in other rich countries the numbers of people in prison has stabilized, risen only modestly, or fallen.

There is only data for eight countries, but we know that (contrary to the myth of the American Dream), **social mobility** is lowest in America, the UK comes next, Germany is in the middle, and Canada and the Scandinavian countries give people the highest chance of moving up the social scale. Education is the main engine of social mobility, and public spending on education is strongly linked to income inequality. In Norway, 98 per cent of school spending is public. In America, only two thirds spent on school education is public money, and it has lower than average spending on pre-school education, which appears to be critical in creating a foundation for later educational success.

### **It affects all of us**

“The truth is that the vast majority of the population is harmed by greater inequality”, the authors say. In more unequal societies, people – any people, not just the poor - are “five times as likely to be imprisoned, six times as likely to be clinically obese, and murder rates may be many times higher.” In

these countries, even if you could take out the poorest from the equation, the rest of society is still more susceptible to these things than the total populations of more equal societies.

Critics of *The Spirit Level*, such as Peter Saunders (*The Equalities Industry*) have suggested that most of the apparent link between inequality and social problems in America is a politically correct way of disguising the real driver of crime: race. Saunders says that the presence of large black populations in American states are the best predictor of problems, not inequality itself. Yet Wilkinson and Pickett note that the death rates of white Americans alone are worse than those of other many societies as a whole. Across all educational levels, American white men are significantly more likely to have diabetes, hypertension, lung disease and heart disease than English white men, whose incomes are more similar. This suggests that there is something about the nature of societies themselves, not race, that predicts social and health problems.

### **The politics of equality**

Isn't rising inequality a natural feature of changing technology and demography? No, Wilkinson and Pickett say, it's the result of changes in the political landscape: weakening trade unions, changes in incentives via taxes and benefits, and a lurch to the Right. Wage differentials rise, taxes are made less progressive, minimum wages go out the door, benefits are cut, and so on. Inequality is entirely a political result, and can be changed through politics too.

In 2007, CEOs of America's 365 largest companies received over 500 times the pay of the average worker in their companies, and in many of those companies the CEO will earn more in a day what some of his workers will earn in a year. The pay gap in 2007, the authors note, was around ten times what it was in 1980. Yet the argument for greater equality is not necessarily one for a bigger state, the authors contend. Both Sweden and Japan have low levels of social and health problems and death rates, but each differs in how their equality is achieved: Sweden's is via redistribution and a large welfare state, while Japan's is achieved via greater equality of incomes *before* taxes. Moreover, the authors say that the degree of public social expenditure as a proportion of GDP is "entirely unrelated" to indices of social and health problems. Government may spend a lot to try to prevent social and health problems, or have to spend a lot to deal with the consequences – but in both cases the *underlying* problem is inequality.

The authors refer to surveys by Duke University and Harvard University which asked people to look at three unlabelled pie charts. The first showed each fifth of a population having the same amount of wealth as the others; the second showed the very unequal distribution of wealth in the US, and the third showed the distribution of wealth in Sweden. No matter whether they were rich or poor, Republican or Democrat, around 90 per cent of participants said they would prefer to live in a country with the Swedish distribution. It is one thing to have a strong belief in free markets, small government and individual responsibility, but another to have to live in a society where many are left behind - and the cost that ideology entails.

### **Final comments**

Wilkinson and Pickett see history as one long move towards greater equality, a “river human progress” that takes in the limitation of royal rule and the slow rise of democracy, the principle of equality before the law and the end of slavery, the extension of suffrage to women and non-property owners, provision of free health care and education, greater labor rights and unemployment insurance, and efforts to eliminate poverty. It is hard to argue against this, and difficult to rebut the hundreds of peer-reviewed studies they refer to pointing to the ill effects of inequality. Yet it seems a bit of a stretch to say, as they do, that “Economic growth, for so long the great engine of progress, has, in the rich countries, largely finished its work.” Surely it is only growth that can transform the poor into the middle classes, and only growth that can create the wealth that governments are so keen to redistribute.

Per Albin Hansson, the Swedish prime minister from 1932 to 1946, had a vision of Sweden as a classless society, and largely saw it come true. The Swedes do not pine for the more free-wheeling economics and social atomization that tend to characterize the Anglo countries, and seem fine with the degree of civil liberties they have. The Swedish example should tell us that, if it is able to distinguish itself from the stigma of being anti-civil liberties, socialist or communist, the equality agenda is likely to feature strongly in 21<sup>st</sup> century politics as an alternative to Milton Friedman-style economic liberalism.

### **Richard Wilkinson & Kate Pickett**

Born in 1943, Wilkinson is Professor Emeritus of Social Epidemiology at Nottingham University, and Honorary Professor of Epidemiology at University College London. His books include *Mind the Gap: hierarchies, health and human evolution* (2002) and *The Impact of Inequality* (2005). Pickett is Professor of Epidemiology at the University of York, and was scientist at Britain’s National Institute for Health Research from 2007 to 2012. The Equality Trust, a think tank, was established by the authors in 2009.

## **The Post-American World**

(2008)

Fareed Zakaria

“This is a book not about the decline of America but rather about the rise of everyone else.”

“Openness is America’s greatest strength...America has succeeded not because of the ingenuity of its government programs but because of the vigor of its society. It has thrived because it has kept itself open to the world – to goods and services, to ideas and inventions, and, above all, to people and cultures.”

### **In a nutshell**

Even in a world of fast rising nations, America has the potential to remain politically dominant because, unlike previous hegemony, its power is backed by economic might.

### **In a similar vein**

Samuel P Huntington *The Clash of Civilizations*

Paul Kennedy *The Rise and Fall of the Great Powers*

Joseph Nye *The Future of Power*

**When he stepped off the plane from India in 1982, 18-year-old student Fareed Zakaria was not sure what to expect of the United States.** Relations between the two countries were testy to say the least, but he was struck by the friendliness and optimism of Americans, personified by Ronald Reagan. Despite the upheavals of the recent past - Nixon's resignation, the energy crisis, the Iranian hostage crisis, plus a resurgent USSR, high unemployment and inflation levels, America still considered itself unique and exceptional and looked to the future.

A decade later, after studies at Yale and Harvard, Zakaria was editor of *Foreign Affairs*, a rising star in the American foreign policy world. Then while at the helm of *Newsweek* he wrote a cover article post-9/11, 'Why They Hate Us', which brought him national recognition. As an immigrant with a Muslim background, Zakaria was perfectly placed to give America an outsider's view of itself. His punditry continues with a weekly slot on CNN covering world affairs.

*The Post-American World* was written while America was riding high economically, in 2006 and 2007, but was published in 2008 as the global financial crisis got under way. Though Zakaria did not see it coming, in the preface to a revised 2011 edition he argues that 'The Great Recession', because it originated in the United States, only accelerated the transition to a world where American dominance was no longer assumed. Many emerging nations did not follow America into deep recession, and indeed seemed to have a new resilience and independence from America.

The study and practice of politics is often moved as much by big ideas as it is by deeply thought out policy. 'The End of History', 'The Clash of Civilizations', 'The Post-American World' - we want simple explanations for shifts that would otherwise be too seismic or complex to understand, and this is what Zakaria's book offers. What does he actually say, and do his ideas hold water?

### **It's not you, it's them**

It is not that the United States is doing badly, Zakaria says – in fact it has many great strengths which will help it retain its historical share of world output. It is rather that the rest of the world has copied many of these strengths to its benefit. His book, therefore, is not about America's decline, rather about "the rise of everyone else".

Taking a historical view, Zakaria says that the United States is the most globally dominant power since Imperial Rome, stronger even than a combination of other nations. Yet we forget that only 100 years ago the world was multipolar, with various European governments vying for power, only to be replaced by a Cold War duopoly of the United States and Russia. It is only since 1991, after the Cold War ended, that there has been a single superpower. This unipolar world may be more of an historical aberration, and does not sit well with economic reality. In the coming world order, Zakaria says, "economics trumps politics". Three of the four biggest economies of the future (China, India, Japan) will be non-Western. There are now lots of nations that are growing fast i.e. at least 4 per cent a year, while the rich industrialized nations struggle with debt, sluggish growth, and unemployment. Between 2000 and 2007 income per person across the world grew at its fastest pace in history (3.2 per cent averaged). And this

happened despite 9/11, wars in Iraq and Afghanistan, Russia's new belligerence, North Korea nuclear build-up and Iran's aiming at nuclear ability.

Zakaria was writing before India's growth rate slowed substantially, and also that of China's. In 2014 China's growth rate had dropped to 7.4%, and India's to 4.5%. Yet the massive populations of each means that even with more modest rates of growth they will remain central to the unfolding economic and political drama of the 21<sup>st</sup> century.

### **Don't need you anymore**

Zakaria recalls the period of Indian independence when Louis Mountbatten, Britain's last viceroy to India, said to Gandhi: "If we just leave, there will be chaos". And Gandhi replied: "Yes, but it will be our chaos." Today, much of the world is dissecting and rejecting standard Western narratives and assumptions. Chinese officials, for instance, are perplexed that the West can look down on China's support of Sudan to get access to its oil, while at the same time America has long propped up the medieval monarchy of Saudi Arabia for the same reason. The West is finding that there is a rising bank of nations who are not so eager to 'fit in' to Western international institutions as they have in the past; countries can simply form alliances with each other (for instance, India does not see Iran as much as a threat as America does, so links are strong between the two countries.) Yet this shift is often nothing to do with antagonizing America or the West. Rather, "The world is moving from anger to indifference, from anti-Americanism to post-Americanism", Zakaria says.

Yet the makeup of the world's institutions still reflects a past era. The UN Security Council's permanent member countries "are the victors of a war that ended sixty years ago"; not among them are Japan, India, Germany or any country from Africa or Latin America. The G8 does not include China (the second largest economy) South Korea or India. The head of the IMF is traditionally a European, while the person heading the World Bank is always an American. In the post-American world, such traditions are "bigoted and outrageous" to outsider countries.

America seems insular and inward looking to most outsiders, yet it continues to give report cards on other countries. It promotes free trade, yet its trade is a much lower percentage of its GDP than countries such as Germany, and it has high barriers to trade and levels of protectionism. The things America has promoted to the world over the last 50 years – free markets, trade, immigration, technological and business innovation – have been adopted to the extent that other countries are often better at them than America itself. America globalized the world, Zakaria says, but in the end forgot to globalize itself.

### **A peaceful rise?**

China's economy has doubled every eight years for the last 30 years. It exports in 24 hours the same amount of goods it did for the whole of 1978. The world's 20 quickest growing cities are all in China. Its foreign reserves are double those of Japan and three times that of the European Union.

The world is astounded by the numbers involved in China's economic rise, but what will it mean for global politics? As living standards rise, history shows, people want political freedoms. Marx was the first to note that market economies tend towards democracy, and China's economy is increasingly liberal. A young Chinese journalist told Zakaria: "The brightest people in the party are not studying economic reform. They are studying political reform." Could China become more and more like Singapore, relatively open and liberal but with single-party rule? To survive, the Chinese Communist Party will need to find greater legitimacy. Real democracies are messy, Zacharia notes, but they tend to have stability; there is no risk of revolution.

China may genuinely believe that its rise is peaceful, yet as political scientist Robert Gilpin has pointed out, most rising great powers do have good intentions at the start but in order to protect their growing interests they have to do things that other nations don't like. Ultimately, China's intentions may be irrelevant; its sheer size and rate of growth will bring its own consequences. But there is an alternative path of power open to China, Zakaria suggests. It knows it is unlikely ever to match US military supremacy, so can instead focus on maintaining and growing its sovereignty and commercial power. This more patient path to influence, offering an alternative to "hectoring and arrogant" America, is one of growing Chinese 'soft' power. It may well outfox the US.

### **The Indian difference**

There is no longer any kind of race between China and India, Zakaria notes. China's economy is four times bigger than India's (China's GDP per person is around \$6700, while India's is only \$1250) and is growing faster. India still has 300 million people living on only a dollar a day. Yet a greater number of Indians were lifted out of poverty between 1997 and 2007 than in the 50 years prior, and there is demography in its favour. India will enjoy a 'youth bulge' in the years ahead compared to China's youth gap (thanks to its one-child policy). Other strengths are English (Indians "speak globalization fluently", Zakaria says) and democracy. Visitors to India complain about its crumbling roads and poor airports, and indeed India will never look like China in terms of infrastructure because the government cannot just order projects into existence. Yet "Democracy makes for populism, pandering, and delays. But is also makes for long-term stability", Zakaria notes. It has independent courts, a central bank, an honest Electoral Commission, and good relations with the West. Finally, India has lots of top quality private international firms, compared to China's which are mostly state run.

Zakaria argues that India's progress is being held up by its ruling class and creaking bureaucracy. It is very difficult for central governments to impose economic or foreign policy reform, often giving in to regional and local interests and pressure groups. Yet Zakaria compares India today to the United States in the late 19<sup>th</sup> century. Domestic issues slowed America's rise to power. By 1890 its economy was bigger than the world power of Britain, but politically and militarily America was still very much in the shadow of the European powers, with its army only 14<sup>th</sup> in the world. It took decades for its diplomatic influence to grow to match its economy, because the US state was weak and its political structures decentralized – just like India today. As India grows, Zakaria suggests that it will centralize power just as



America did, and so gradually become a great power. But at the moment its strength is in its society, not its state.

### **Why America won't fade**

As a naturalized American whose livelihood depends on American media companies, it would have been counterproductive for Zakaria to become an out-and-out promoter of the idea of American decline. In the last chapter, 'American Purpose', he goes to some lengths to show why, in fact, he is very optimistic about his country's future. Some have compared the United States to imperial Britain, but the analogy does not apply, Zakaria argues, primarily because the United States is not economically weak. It has been the largest economy for over 130 years, and its quarter share of world economic output has been roughly steady for a century. And while Britain's navy drained its treasury, US defense spending is an affordable 5 per cent of its annual output (the adventures in Iraq and Afghanistan have cost it only 1 per cent of GDP). Its military spending is greater than the next fourteen countries after it, and it accounts for half of global military R&D. As America GDP grows year on year, it will only maintain its dominance. Unlike Britain did, it is not losing its technological or entrepreneurial edge. Nanotechnology and biotechnology, for example, are dominated by the US, and it has most of the world's best universities, a fact which isn't likely to change for a long time.

On the minus side, Zakaria discusses America's mediocre school education, low savings rate, increased regulation and red tape, high corporate tax rate, government gridlock, costs of the health care system, the loss of middle class and manufacturing jobs overseas. The problem, he says, is that "a 'can-do' country is saddled with a 'do-nothing' political process", taken over by "money, special interests, a sensationalist media, and ideological attack groups".

If at least some of these problems can be solved, the future looks bright. US population likely to grow by 65 million by 2030, while Europe's population is quickly aging. It is less and less willing to take in migrants which would keep its economic growth higher. Surprisingly, many Asian countries have a demographic profile similar to Europe's, with the fertility rates of Japan, Taiwan, Korea and Hong Kong below replacement level. And Asian countries are even less likely to want new migrants. Meantime the US continues to take in millions of highly skilled and ambitious migrants. Immigration, Zakaria says, is the key to America not becoming a declining world power. It will be the first truly "universal nation" in terms of people of every ethnicity and background, giving it different perspectives, ideas and dynamism. All these things have been borne out in the years since Zakaria published the book.

### **Final comments**

Zakaria's favorite sport of tennis provides an analogy for his argument. In the 1980s, over half of the players who made the cut for the US Open were American, while in 2007, only 20 Americans made it. It is not that American players got worse, rather that many more countries (Russia, South Korea, Spain, Serbia) began developing top players in addition to the old troika of great tennis nations of America, Britain and Australia. "In other words, it's not that the United States has been doing badly over the last two decades. It's that, all of a sudden, everyone is playing the game." America has long been the great

capitalist country, but now other countries are copying its financial strengths, with for example many major Initial Public Offerings (IPOs) taking place outside America. There is a new global bank being established by the 'BRICS' countries (Brazil, Russia, India, China and South Africa) to sidestep the traditional US-dominated sources of finance, the World Bank and IMF. Over time, this economic heft will inevitably translate into political clout. But America still by far the biggest player militarily, with an annual defense spend ten times that of China's.

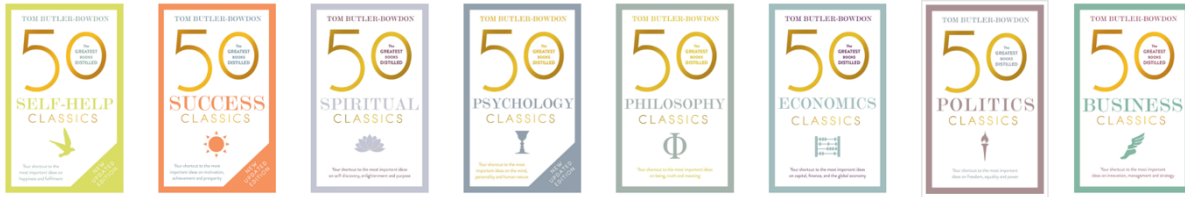
America has a history of worrying that it is losing its edge, Zakaria notes, only to have these fears unfounded. It is hard to believe now how anxious Americans were in the 1980s that Japan could overtake it in technology and wealth. In fact, Japan has endured years of stagnation while America created a large number of world-beating technology companies and saw big increases in GDP and population. America has the openness to new ideas, diversity of people, and entrepreneurial dynamism that other countries can only try to copy. Within this openness, even the idea of American decline is seen as another problem to be solved. However, America will only preserve its hegemonic status if it is seen as existing for the benefit of all, upholding the liberal values and ideas it believes are universal. Great nations stand for something other than their own power, he argues. If it can win the war of ideas, America's legitimacy can be preserved, along with its economic and military supremacy.

### **Fareed Zakaria**

Born in 1964 in Mumbai, Zakaria's father Rafiq was an Islamic scholar, prolific author and politician who pushed for Indian independence. His mother Fatima is a journalist and editor. While at Yale, Zakaria was president of its Political Union, a debating society, and editor of the *Yale Political Monthly*. One of his teachers was Paul Kennedy (*The Rise and Fall of the Great Powers*).

While earning his PhD at Harvard, Zakaria studied under Samuel P Huntington (see *The Clash of Civilizations*) and Robert Keohane. In 1992 Zakaria became managing editor of *Foreign Affairs*, and began teaching international relations at Columbia University. From 2000 to 2010 he was editor of *Newsweek*, and now has a column with *The Washington Post*. His weekly television slot *Fareed Zakaria GPS (Global Public Square)* has been running on CNN since 2008. Other books include *From Wealth to Power: The Unusual Origins of America's World Role* (1998), *The Future of Freedom* (2003) and *Ten Lessons for a Post-Pandemic World* (2021).

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