

RAND PAUL REVOLUTION ■ HOW OBAMA LOST THE LEFT ■ TARGET: YEMEN

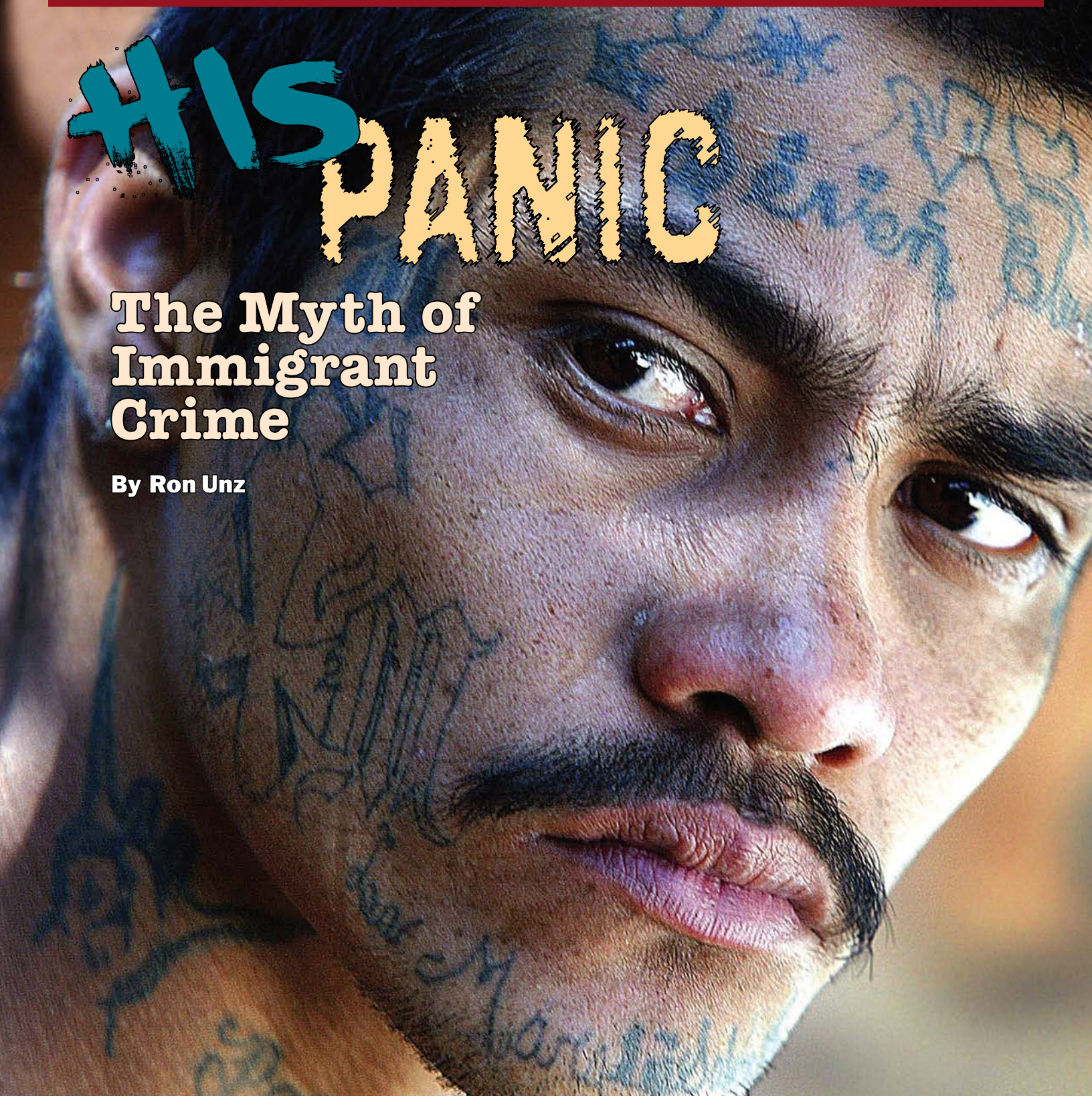
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The American Conservative

HIS PANIC

The Myth of
Immigrant
Crime

By Ron Unz



give to or take from the second player. This suggests that when people believe that they have earned their money and other people have done the same, they feel bound by a natural sense of property rights.

Unfortunately, most of the other chapters are not nearly as interesting, despite the authors' best attempts to be provocative. For example, the first chapter deals heavily with prostitution, which would seem to be a market rife with outlandish behavior, but most of the information is far from revelatory. Beyond the disturbing fact that a Chicago prostitute is more likely to have sex with a police officer—usually in exchange for protection of her business—than to be arrested by him, Levitt and Dubner's supposed bombshells are well known and intuitive. The duo seems puzzled by the dramatic fall in the price of oral sex from the 19th century to the present day, but it is no secret that the act has gone from being taboo to something not even considered sex by at least one former president, ergo the supply has risen, driving the price down dramatically. This tidbit of licentiousness does demonstrate one of the basic laws of economics, but it is hardly some esoteric secret.

Levitt and Dubner's discussion of healthcare fares somewhat better, but it is still relatively conventional and misses an opportunity to discuss more radical ideas. The authors freely admit that much of the system seems to be ineffective. The particular doctor a patient is assigned to in an emergency room is not nearly as important as the patient's gender or income level when it comes to predicting mortality. Chemotherapy appears to be futile at battling a number of different cancers. Levitt and Dubner even present anecdotal evidence that mortality rates go down when doctors are suddenly absent. So why do we spend so much of our incomes on healthcare when it does not appear to make that great a difference? Levitt and Dubner suggest several possibilities, including doctors seeking higher compensation for performing

more services and doctors perhaps fooling themselves into believing their efforts are more effective than they really are.

This is engaging as far as it goes, but the chapter could have benefited greatly from a discussion of the ideas of George Mason University economist Robin Hanson, who argues that healthcare, along with most aspects of our lives, is primarily about signaling certain qualities to other people. According to Hanson, the reason people spend so much money on healthcare is simply to signal that they care about the person receiving treatment; effectiveness is beside the point. Hanson believes that this was evolutionarily advantageous for our ancestors because early humans needed to know upon whom they could rely when they were sick or otherwise disabled. If caveman Oog tended to caveman Ug when he was ill, it could cement an alliance between Oog and Ug and, with any luck, guarantee that Ug would care for Oog when the shoe was on the other foot. Whether Oog's treatments actually cause Ug to get better is secondary to the fact that Oog expended costly time and effort on Ug. Hanson argues that this need to signal is as strong as ever and compels people to seek out the costliest treatments for their loved ones, even if they are no more (or even less) effective than cheaper ones. Definitely proving Hanson's thesis would be an exceedingly difficult if not impossible task, but surely it's worth mentioning in a book that seeks to expose readers to unconventional ideas.

Like most sequels to unexpected blockbusters, *SuperFreakonomics* seems more like an effort to cash in on the good name of the original than a thought-out work in its own right. That may be disappointing, but it is not entirely unexpected. After all, even economists respond to incentives. ■

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[War, Revenue, and State Building: Financing the Development of the American State, Sheldon D. Pollack, Cornell University Press, 328 pages]

An Empire, If You Can Keep It

By Justin Logan

PERIODICALLY, it is worth remembering just how much the American Founders detested the signs of a bloated state: standing armies, a large fiscal-military federation, and a capacious national bureaucracy. It may be going too far to say that today's conservatives would denounce the Founding Fathers as unpatriotic conservatives—but not much too far. While members of the Right now flutter like schoolgirls at the mention of military leaders like Gen. David Petraeus, the Founders scorned the prospect of military leaders becoming figures of worshipful esteem. As the historian Arthur Ekirch has highlighted, aversion to standing armies and centralism was at the heart of the American founding.

In 1783, Revolutionary War veteran Aedanus Burke warned, "military commanders acquiring fame ... are generally in their hearts aristocrats, and enemies to the popular equality of a republic." John Randolph saw no serious threats to the Republic and accordingly denounced the Army as "loungers, who live upon the public, who consume the fruits of their honest industry, under the pretext of protecting them from a foreign yoke." Randolph sneered at the idea that a country of virtuous and self-sufficient republicans would be forced to seek "the protection of a handful of ragamuffins." Benjamin Rush suggested placing signs above the entrance to the Department of War reading "An office for butchering the human species" and "A Widow and Orphan making office."

The early Republic had a high tolerance for danger. The British had set fire

to the White House during the War of 1812 and remained in North America openly refusing to comply with the terms of the Treaty of Ghent. (One might compare the gravity of this threat to that posed by Afghanistan's own "handful of ragamuffins" today.) Even so, the U.S. Army was slashed in size from roughly 47,000 men during the war to less than 10,000 after it. This tiny force accounted for more than three-fourths of federal spending at the time.

We've come a long way. Today people who call themselves conservatives promote endless nation-building projects overseas. They endorse a gross imbalance of power at the domestic level, pitting a sorry, supine Congress against a super-empowered, quasi-regal presidency and administrative state. They shrug at flamboyant federal spending and hew to an American identity that is rooted more in worship of the state than in republican humility and deference to God.

How did this happen? How did a decentralized Republic become a homogenized, staggering titan bestriding the globe and attempting to transform everything from the social conduct of Iraqi families to the business practices of American banks, car companies, and healthcare providers?

The factor that explains the largest share of the centralism and growth of the American state is war. In *War, Revenue, and State Building: Financing the Development of the American State*, Sheldon D. Pollack, professor and director of the Legal Studies Program at the University of Delaware, sets out to trace war's role in facilitating that expansion. The book is a synthetic account that includes a review of the scholarly literature on state building in Europe, a sweep through (mostly secondary) sources describing the founding of the American state, and a third section detailing the growth of the fiscal-military state from the Civil War onward. Given the extensive existing literature and the broader and deeper treatments of these subjects by scholars such as Otto Hintze, Frederic Lane, Charles Tilly, Bruce Porter, Robert Higgs, and many

others, however, one searches mostly in vain for value added beyond the book's use as a roadmap of existing literature.

The very lack of controversy over the book's central claim proves the point. How many would argue with the thesis that the "remarkable institutional transformation" of the American state "would not have been possible but for the revenue raised through a particularly efficient system of public finance devised by national political leaders during the Civil War and subsequently resurrected and perfected in the early twentieth century"?

Pollack's account of the rise of the American state can be summarized as follows. Founded on "the dubious principle that tyrannical political power can be checked by denying the central government all the fundamental powers and attributes of stateness," the American state was crippled by "structural defects" that made the early American Republic a "failure." The need to band together to resist the threat from Britain forced the decision to unify the 13 former colonies into a confederacy. Even so, "the medieval princes of twelfth-century Europe were better equipped to raise revenue for their armies."

Even with its limited capacities, Congress begged and borrowed enough for the effort to defeat the Crown and founded a sovereign state with the ratification of the Constitution in 1787. The exertions of Alexander Hamilton helped overcome early politicians' aversion to centralized power, and set in place the institutions that would ultimately yield a more unitary American state.

The critical periods of government growth occurred during the Civil War, World War I, and World War II. Pollack offers a catalog of statistics that reflects the growth in administrative capacity and expenditures during these conflicts. He rightly keys in on the income tax, formally adopted in 1861, as a watershed in American state building. The Union government looked like the fiscal-military state of Great Britain, but the Confederacy's revenue strategy more neatly resembled tribute-taking empires such as Russia, lending a decisive advantage

to the North in the military contest between the two armies.

Pollack offers a useful discussion of how the growth of pensions for Union veterans laid the foundation for the administrative state. Originally paying only disabled veterans, widows, and orphans, Congress expanded the pension system to include "dependent fathers and brothers," then again to pay Union veterans who had served for at least 90 days and were disabled—whether related to the war or not. Enabled by budget surpluses, Republicans began using pensions as party-building measures.

The author's account of World War I brings striking statistics—the cost of the first year of war was greater than the expenditures of the entire government from 1791 through 1917—and ample proof of the so-called ratchet effect, by which a government's power never shrinks after a war to the level it was before the war.

But perhaps the final nail in the coffin of the American Republic was the one-two punch of World War II and the Cold War. Strikingly, Pollack's treatment of the growth of the American state during World War II spans fewer than eight pages, and as such he misses interesting details. For example, one of the important contributors to the working group at the Treasury Department that successfully promoted income-tax withholding as a way to increase revenue went on to become a leader of the free-market movement: Milton Friedman. Friedman would note in a 1995 interview that he thought withholding was "a great mistake for peacetime, but in 1941-1943, all of us were concentrating on war." He did not regret his role, but wished that "there were some way of abolishing withholding now." This demonstrates how the exigencies of war overcame an instinctive American anti-statism.

War, Revenue, and State Building concludes on a solemn note. Despite the increasingly ingenious efforts to extract resources from its citizens, the American state faces important structural fiscal shortfalls. An infantile polity that clamors

for both tax cuts and increased welfare payments diminishes the prospect of solvency. Even voters who assure pollsters that they seek “less government” in the abstract perennially elect politicians who nurse them with a variety of benefits, only part of which are paid for by taxes.

Meanwhile, a commercialized nationalism thrusts a self-selected few out into the world to sow social virtue abroad while the rest of us go shopping. Belief in self-restraint and republican virtue has all but vanished, as generation after generation of Americans marvel like idiot children at the latest baubles proffered by electronics manufacturers. The American foreign policy establishment prefers that the American taxpayer fund the defenses of Europe, Japan, and a host of other places, rather than allowing foreign governments to do so themselves. As Pollack observes, “the system is financially unsustainable.” And yet, if one had sketched out on paper the predicament America faces today—over-borrowed, overcommitted, and over there—many would have predicted collapse long ago.

Pollack’s volume does a service if it succeeds in introducing the broader literature on state building to students of American politics. While the Founders “sought to steer a new course and avoid replicating the European state in North America,” Pollack points out that “the great irony is that the American state they built eventually became more powerful than the mighty states of Europe they so feared and despised.” Those who profess to admire the Founding Fathers and the principles they pursued should consider whether the American state that exists today is worthy of the esteem bestowed upon it. The political scientist Hans Morgenthau wrote, “throughout the nation’s history, the national destiny of the United States has been understood in antimilitaristic, libertarian terms.” But perhaps this understanding was wrong all along. Maybe our ultimate destiny was to become what we revolted against in the first place. ■

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Suicide of the West

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there are inherent limits to what raw physical power can achieve. As European colonialists in Africa discovered, the powerful can change the weak, but not according to their design. (For this we may thank God, for otherwise the nightmare of total control of populations might be implementable.)

Recent events have also shown that the U.S. is not immune to economic laws. By means of the extension of cheap credit resulting in asset inflation, its government has sought to create the illusion of private prosperity while increasing public expenditure. As the emitter of the world’s reserve currency, it behaved as if it could accumulate foreign debt forever without in the end losing control of the fate of that currency. During the Cold War, the military doctrine was one of Mutual Assured Destruction; now the U.S. finds itself in the same position vis-à-vis China with regard to the dollar. For the moment, the interests of both countries coincide, but there is no guarantee that this equilibrium will last.

In many respects, then, the United States is not in so different a position from that of Europe. The demographics of its core population are not very different: the natality of the population of European descent is below replacement level. It has a welfare state that can easily be expanded to European levels, and it looks as if this is likely to happen. And if the welfare state reaches European levels in the United States, one of its decisive advantages—its ability to assimilate immigrants—will disappear.

The United States finds itself at a historical juncture when its relative power in the world has weakened. To be sure, no decline in power comparable in extent to that of Europe in the 20th century is in view; nevertheless, the realization of this weakening, that the United States is re-entering a world in which it is only *primum inter pares* and not utterly dominant, might cause disappointment to those who see the cup of

power dashed from their lips. Self-hatred and self-denigration might then take hold with disastrous wider effect.

A combination of loss of power and historiographical miserabilism leaves a society in poor condition to maintain its social fabric. On the face of it, the history of the United States is less susceptible to a miserabilist interpretation than most countries. But miserabilism is never compelled by the evidence alone, and intellectual ingenuity can always descry the cloud in any silver lining. America could be described as a state founded first on genocide and then on slave-owning hypocrisy that subsequently appropriated half of Mexico, etc. Grievance-mongers can project their discontents backwards and easily demonstrate that America has been a paradise for racists, sexists, persecutors of homosexuals, etc. Corruption has always been rife, jobbing politicians have always led the population by the nose. Even the disillusionment that will inevitably follow the euphoria of Mr. Obama’s election will be grist to the miserabilist mill.

This is not, of course, to call for an opposite historiography in which there is nothing but a glorious upward ascent and everything American is best. One of the dangers of this kind of historiography is that, when disillusionment comes, it is total. And such a disillusionment is particularly strong when the pride in power, with which it is often associated, receives the shock that power has evaporated.

Rather, a defense of all that is best, and of all the achievement, in U.S. history is necessary. That is why the outcome of the so-called culture wars in America is so important to its future. A healthy modern society must know how to remain the same as well as change, to conserve as well as to reform. Europe has changed without knowing how to conserve: that is its tragedy. ■

Theodore Dalrymple is a retired physician who is the author of Not With a Bang But a Whimper and The New Vichy Syndrome, from which this essay is adapted. Used with permission from Encounter Books.