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[Sidney Awards 2011.docx](#)

Hey Matt,

For the last couple years I've compiled all of David Brooks' Sidney award articles and sent them out to a few friends. Figured you might enjoy a copy, if you haven't read them all already.

Happy new years,

Clay

# Sidney Awards 2011

## Table of Contents

Part 1.....	2
<b>The Sidney Awards</b> <i>The New York Times</i> By DAVID BROOKS.....	2
<b>Beware of Greeks Bearing Bonds</b> <i>Vanity Fair</i> By MICHAEL LEWIS.....	4
<b>The End of Men</b> <i>The Atlantic</i> By HANNA ROSIN.....	24
<b>Inside the Secret World of Trader Joe's Fortune</b> By BETH KOWITT.....	39
<b>The James Franco Project</b> <i>New York Magazine</i> By SAM ANDERSON.....	45
<b>Solitude and Leadership</b> <i>The American Scholar</i> By WILLIAM DERESIEWICZ.....	58
 Part 2.....	 68
<b>The Sidney Awards, Part II</b> <i>New York Times</i> By DAVID BROOKS.....	68
<b>Understanding Corruption</b> <i>The American Interest</i> By LAWRENCE ROSEN.....	70
<b>The Truth Wears Off</b> <i>The New Yorker</i> By JONAH LEHRER.....	76
<b>What Killed Aiyana Stanley-Jones?</b> <i>Mother Jones</i> By CHARLIE LeDUFF.....	86
<b>The Demographic Future</b> <i>Foreign Affairs</i> By NICHOLAS EBERSTADT.....	102
<b>The Inequality That Matters</b> <i>The American Interest</i> By TYLER COWEN.....	113
<b>Finest Hours</b> <i>The New Yorker</i> By ADAM GOPNIK.....	124
<b>The Worst of the Madness</b> <i>The New York Review of Books</i> By ANNE APPLEBAUM.....	137



# Part 1

## **The Sidney Awards**

*The New York Times*

By DAVID BROOKS

December 23, 2010

I try not to fall into a rut, but every December I give out Sidney Awards for the best magazine essays of the year, and every year it seems I give one to Michael Lewis. It would be more impressive if I was discovering obscure geniuses, but Lewis keeps churning out the masterpieces.

This year it was [a Vanity Fair piece](#) called “Beware of Greeks Bearing Bonds.” His large subject is the tsunami of cheap credit that swept over the world and “offered entire societies the chance to reveal aspects of their characters they could not normally afford to indulge.”

His specific subject is Greece, a country that plundered its public institutions while spoiling and atomizing itself. The Greek national railroad earned 100 million euros (about \$131.4 million) in revenues each year, but had a wage bill of 400 million euros plus 300 million euros in other expenses. The country reported a budget deficit of 3.7 percent a year, but that was inaccurate. It was really about 14 percent of G.D.P.

Lewis’s genius was to show how the moral breakdown spread into one of the most remote institutions on earth, a 1,000-year-old monastery cut off by water, culture and theology that, nonetheless, managed to put itself at the center of the great plundering.

If you go to a college classroom you’ll likely notice that the women tend to dominate the conversation. In [an essay](#) called “The End of Men” in *The Atlantic*, Hanna Rosin gathers the evidence, showing how women are beginning to dominate the information age.

At one clinic where parents are able to choose the sex of their babies, 75 percent choose girls. Three women earn college degrees for every two earned by men. Of the 15 job categories projected to grow the most in the next decade in the U.S., all but two are predominantly filled by women.

Rosin describes studies showing that corporations that have women in senior management perform better than male-dominated competitors. She visits admissions officers who are hunting for qualified boys. At a support group for men behind on their child support, the leader writes “\$85,000” on the board. “That’s her salary,” he barks. Then he writes “\$12,000” and shouts: “This is your salary. Who’s the damn man? Who’s the man now?”

In Fortune, Beth Kowitt had [an eye-popping piece](#) called “Inside the Secret World of Trader Joe’s.” The funky, gourmet grocery chain is actually owned by the secretive Albrecht family from Germany. Many of the products are made by large corporations — the pita chips are made by a division of PepsiCo and the yogurt is actually made by Danone Stonyfield Farm.

The company has brilliantly seized on the growing sophistication of American food tastes. It offers a much more limited selection than its rivals, thus reducing the anxiety of choice. It has an efficient supply chain (the Tasty Bite Punjab Eggplant that sold for \$3.39 at Whole Foods in Manhattan sold for more than a dollar less at the Trader Joe’s in Stamford, Conn.). It fosters community and makes shopping a form of belonging.

You may know James Franco as the actor who played Peter Parker’s best friend in the Spider-Man movies, or the lead character in the mountain-climbing movie, “127 Hours.” While pursuing a full-time acting career, he earned a bachelor’s degree at U.C.L.A. and then enrolled simultaneously in four graduate programs — New York University for film, Columbia for writing, Brooklyn College for writing and Warren Wilson College for poetry. He’s also pursuing a Ph.D. in English at Yale and taking classes at the Rhode Island School of Design. His fiction has been published in Esquire (his first book-length collection was published by Scribner). His first solo art show was at the Clocktower Gallery in New York City.

Sam Anderson superbly captures the everythingness of Franco’s life in [a New York Magazine piece](#) called “The James Franco Project.” It is a story of manic labor masking the man’s enigmatic core.

Last year, William Deresiewicz delivered a countercultural lecture at West Point. He told the cadets how to combat the frenetic, achievement-obsessed system in which they were raised. That speech was subsequently [published in The American Scholar](#) as “Solitude and Leadership.” It’s about how to be a leader, not an organization man.

Darin Wolfe wrote [a piece in American Scientist](#), called “To See for One’s Self,” about the decline of the autopsy. Autopsies frequently reveal major diagnostic errors and undiscovered illnesses, yet the number of autopsies performed each year is plummeting. Medical training no longer relies on this hands-on exercise. Doctors are afraid of information that might lead to malpractice suits. Medicare won’t pay for them. A form of practical inquiry is being lost.

Everybody’s worried about the future of print journalism, but this has been an outstanding year for magazines. On Tuesday, I’ll offer more suggestions for holiday reading.



## **Beware of Greeks Bearing Bonds**

*Vanity Fair*

By MICHAEL LEWIS

October 1, 2010

**As Wall Street hangs on the question “Will Greece default?,” the author heads for riot-stricken Athens, and for the mysterious Vatopaidi monastery, which brought down the last government, laying bare the country’s economic insanity. But beyond a \$1.2 trillion debt (roughly a quarter-million dollars for each working adult), there is a more frightening deficit. After systematically looting their own treasury, in a breathtaking binge of tax evasion, bribery, and creative accounting spurred on by Goldman Sachs, Greeks are sure of one thing: they can’t trust their fellow Greeks.**

After an hour on a plane, two in a taxi, three on a decrepit ferry, and then four more on buses driven madly along the tops of sheer cliffs by Greeks on cell phones, I rolled up to the front door of the vast and remote monastery. The spit of land poking into the Aegean Sea felt like the end of the earth, and just as silent. It was late afternoon, and the monks were either praying or napping, but one remained on duty at the guard booth, to greet visitors. He guided me along with seven Greek pilgrims to an ancient dormitory, beautifully restored, where two more solicitous monks offered ouzo, pastries, and keys to cells. I sensed something missing, and then realized: no one had asked for a credit card. The monastery was not merely efficient but free. One of the monks then said the next event would be the church service: Vespers. The next event, it will emerge, will almost always be a church service. There were 37 different chapels inside the monastery’s walls; finding the service is going to be like finding Waldo, I thought.

“Which church?” I asked the monk.

“Just follow the monks after they rise,” he said. Then he looked me up and down more closely. He wore an impossibly long and wild black beard, long black robes, a monk’s cap, and prayer beads. I wore white running shoes, light khakis, a mauve Brooks Brothers shirt, and carried a plastic laundry bag that said eagles palace hotel in giant letters on the side. “Why have you come?” he asked.

*How on earth do monks wind up as Greece’s best shot at a Harvard Business School case study? I work up the nerve to ask.*

That was a good question. Not for church; I was there for money. The tsunami of cheap credit that rolled across the planet between 2002 and 2007 has just now created a new



opportunity for travel: financial-disaster tourism. The credit wasn't just money, it was temptation. It offered entire societies the chance to reveal aspects of their characters they could not normally afford to indulge. Entire countries were told, "The lights are out, you can do whatever you want to do and no one will ever know." What they wanted to do with money in the dark varied. Americans wanted to own homes far larger than they could afford, and to allow the strong to exploit the weak. Icelanders wanted to stop fishing and become investment bankers, and to allow their alpha males to reveal a theretofore suppressed megalomania. The Germans wanted to be even more German; the Irish wanted to stop being Irish. All these different societies were touched by the same event, but each responded to it in its own peculiar way. No response was as peculiar as the Greeks', however: anyone who had spent even a few days talking to people in charge of the place could see that. But to see just how peculiar it was, you had to come to this monastery.

I had my reasons for being here. But I was pretty sure that if I told the monk what they were, he'd throw me out. And so I lied. "They say this is the holiest place on earth," I said.

I'd arrived in Athens just a few days earlier, exactly one week before the next planned riot, and a few days after German politicians suggested that the Greek government, to pay off its debts, should sell its islands and perhaps throw some ancient ruins into the bargain. Greece's new socialist prime minister, George Papandreou, had felt compelled to deny that he was actually thinking of selling any islands. Moody's, the ratings agency, had just lowered Greece's credit rating to the level that turned all Greek government bonds into junk—and so no longer eligible to be owned by many of the investors who currently owned them. The resulting dumping of Greek bonds onto the market was, in the short term, no big deal, because the International Monetary Fund and the European Central Bank had between them agreed to lend Greece—a nation of about 11 million people, or two million fewer than Greater Los Angeles—up to \$145 billion. In the short term Greece had been removed from the free financial markets and become a ward of other states.

That was the good news. The long-term picture was far bleaker. In addition to its roughly \$400 billion (and growing) of outstanding government debt, the Greek number crunchers had just figured out that their government owed another \$800 billion or more in pensions. Add it all up and you got about \$1.2 trillion, or more than a quarter-million dollars for every working Greek. Against \$1.2 trillion in debts, a \$145 billion bailout was clearly more of a gesture than a solution. And those were just the official numbers; the truth is surely worse. "Our people went in and couldn't believe what they found," a senior I.M.F. official told me, not long after he'd returned from the I.M.F.'s first Greek mission. "The way they were keeping track of their finances—they knew how much they had agreed to spend, but no one was keeping track of what he had actually spent. It wasn't even what you would call an emerging economy. It was a Third World country."

As it turned out, what the Greeks wanted to do, once the lights went out and they were alone in the dark with a pile of borrowed money, was turn their government into a piñata stuffed with fantastic sums and give as many citizens as possible a whack at it. In



just the past decade the wage bill of the Greek public sector has doubled, in real terms—and that number doesn't take into account the bribes collected by public officials. The average government job pays almost three times the average private-sector job. The national railroad has annual revenues of 100 million euros against an annual wage bill of 400 million, plus 300 million euros in other expenses. The average state railroad employee earns 65,000 euros a year. Twenty years ago a successful businessman turned minister of finance named Stefanos Manos pointed out that it would be cheaper to put all Greece's rail passengers into taxicabs: it's still true. "We have a railroad company which is bankrupt beyond comprehension," Manos put it to me. "And yet there isn't a single private company in Greece with that kind of average pay." The Greek public-school system is the site of breathtaking inefficiency: one of the lowest-ranked systems in Europe, it nonetheless employs four times as many teachers per pupil as the highest-ranked, Finland's. Greeks who send their children to public schools simply assume that they will need to hire private tutors to make sure they actually learn something. There are three government-owned defense companies: together they have billions of euros in debts, and mounting losses. The retirement age for Greek jobs classified as "arduous" is as early as 55 for men and 50 for women. As this is also the moment when the state begins to shovel out generous pensions, more than 600 Greek professions somehow managed to get themselves classified as arduous: hairdressers, radio announcers, waiters, musicians, and on and on and on. The Greek public health-care system spends far more on supplies than the European average—and it is not uncommon, several Greeks tell me, to see nurses and doctors leaving the job with their arms filled with paper towels and diapers and whatever else they can plunder from the supply closets.

*"The Greek people never learned to pay their taxes .... because no one is ever punished. It's like a gentleman not opening a door for a lady."*

Where waste ends and theft begins almost doesn't matter; the one masks and thus enables the other. It's simply assumed, for instance, that anyone who is working for the government is meant to be bribed. People who go to public health clinics assume they will need to bribe doctors to actually take care of them. Government ministers who have spent their lives in public service emerge from office able to afford multi-million-dollar mansions and two or three country homes.

Oddly enough, the financiers in Greece remain more or less beyond reproach. They never ceased to be anything but sleepy old commercial bankers. Virtually alone among Europe's bankers, they did not buy U.S. subprime-backed bonds, or leverage themselves to the hilt, or pay themselves huge sums of money. The biggest problem the banks had was that they had lent roughly 30 billion euros to the Greek government—where it was stolen or squandered. In Greece the banks didn't sink the country. The country sank the banks.

### ***And They Invented Math!***

The morning after I landed I walked over to see the Greek minister of finance, George Papaconstantinou, whose job it is to sort out this fantastic mess. Athens somehow manages to be bright white and grubby at the same time. The most beautiful freshly



painted neoclassical homes are defaced with new graffiti. Ancient ruins are everywhere, of course, but seem to have little to do with anything else. It's Los Angeles with a past.

At the dark and narrow entrance to the Ministry of Finance a small crowd of security guards screen you as you enter—then don't bother to check and see why you set off the metal detector. In the minister's antechamber six ladies, all on their feet, arrange his schedule. They seem frantic and harried and overworked ... and yet he still runs late. The place generally seems as if even its better days weren't so great. The furniture is worn, the floor linoleum. The most striking thing about it is how many people it employs. Minister Papaconstantinou ("It's O.K. to just call me George") attended N.Y.U. and the London School of Economics in the 1980s, then spent 10 years working in Paris for the O.E.C.D. (Organisation for Economic Co-operation and Development). He's open, friendly, fresh-faced, and clean-shaven, and like many people at the top of the new Greek government, he comes across less as Greek than as Anglo—indeed, almost American.

When Papaconstantinou arrived here, last October, the Greek government had estimated its 2009 budget deficit at 3.7 percent. Two weeks later that number was revised upward to 12.5 percent and actually turned out to be nearly 14 percent. He was the man whose job it had been to figure out and explain to the world why. "The second day on the job I had to call a meeting to look at the budget," he says. "I gathered everyone from the general accounting office, and we started this, like, discovery process." Each day they discovered some incredible omission. A pension debt of a billion dollars *every year* somehow remained off the government's books, where everyone pretended it did not exist, even though the government paid it; the hole in the pension plan for the self-employed was not the 300 million they had assumed but 1.1 billion euros; and so on. "At the end of each day I would say, 'O.K., guys, is this all?' And they would say 'Yeah.' The next morning there would be this little hand rising in the back of the room: 'Actually, Minister, there's this other 100-to-200-million-euro gap.'"

This went on for a week. Among other things turned up were a great number of off-the-books phony job-creation programs. "The Ministry of Agriculture had created an off-the-books unit employing 270 people to digitize the photographs of Greek public lands," the finance minister tells me. "The trouble was that none of the 270 people had any experience with digital photography. The actual professions of these people were, like, hairdressers."

By the final day of discovery, after the last little hand had gone up in the back of the room, a projected deficit of roughly 7 billion euros was actually more than 30 billion. The natural question—How is this possible?—is easily answered: until that moment, no one had bothered to count it all up. "We had no Congressional Budget Office," explains the finance minister. "There was no independent statistical service." The party in power simply gins up whatever numbers it likes, for its own purposes.

Once the finance minister had the numbers, he went off to his regularly scheduled monthly meetings with ministers of finance from all the European countries. As the new guy, he was given the floor. "When I told them the number, there were gasps," he said. "*How could this happen?* I was like, *You guys should have picked up that the numbers*



*weren't right.* But the problem was I sat behind a sign that said GREECE, not a sign that said, THE NEW GREEK GOVERNMENT." After the meeting the Dutch guy came up to him and said, "George, we know it's not your fault, but shouldn't someone go to jail?"

As he finishes his story the finance minister stresses that this isn't a simple matter of the government lying about its expenditures. "This wasn't all due to misreporting," he says. "In 2009, tax collection disintegrated, because it was an election year."

"What?"

He smiles.

"The first thing a government does in an election year is to pull the tax collectors off the streets."

"You're kidding."

Now he's laughing at me. I'm clearly naïve.

### ***Fraternal Revenue Service***

The costs of running the Greek government are only half the failed equation: there's also the matter of government revenues. The editor of one of Greece's big newspapers had mentioned to me in passing that his reporters had cultivated sources inside the country's revenue service. They'd done this not so much to expose tax fraud—which was so common in Greece that it wasn't worth writing about—but to find drug lords, human smugglers, and other, darker sorts. A handful of the tax collectors, however, were outraged by the systematic corruption of their business; it further emerged that two of them were willing to meet with me. The problem was that, for reasons neither wished to discuss, they couldn't stand the sight of each other. This, I'd be told many times by other Greeks, was very Greek.

The evening after I met with the minister of finance, I had coffee with one tax collector at one hotel, then walked down the street and had a beer with another tax collector at another hotel. Both had already suffered demotions, after their attempts to blow the whistle on colleagues who had accepted big bribes to sign off on fraudulent tax returns. Both had been removed from high-status fieldwork to low-status work in the back office, where they could no longer witness tax crimes. Each was a tiny bit uncomfortable; neither wanted anyone to know he had talked to me, as they feared losing their jobs in the tax agency. And so let's call them Tax Collector No. 1 and Tax Collector No. 2.

Tax Collector No. 1—early 60s, business suit, tightly wound but not obviously nervous—arrived with a notebook filled with ideas for fixing the Greek tax-collection agency. He just took it for granted that I knew that the only Greeks who paid their taxes were the ones who could not avoid doing so—the salaried employees of corporations, who had their taxes withheld from their paychecks. The vast economy of self-employed workers—everyone from doctors to the guys who ran the kiosks that sold the *International Herald Tribune*—cheated (one big reason why Greece has the highest percentage of self-employed workers of any European country). "It's become a cultural



trait,” he said. “The Greek people never learned to pay their taxes. And they never did because no one is punished. No one *has ever been* punished. It’s a cavalier offense—like a gentleman not opening a door for a lady.”

The scale of Greek tax cheating was at least as incredible as its scope: an estimated two-thirds of Greek doctors reported incomes under 12,000 euros a year—which meant, because incomes below that amount weren’t taxable, that even plastic surgeons making millions a year paid no tax at all. The problem wasn’t the law—there was a law on the books that made it a jailable offense to cheat the government out of more than 150,000 euros—but its enforcement. “If the law was enforced,” the tax collector said, “every doctor in Greece would be in jail.” I laughed, and he gave me a stare. “I am completely serious.” One reason no one is ever prosecuted—apart from the fact that prosecution would seem arbitrary, as everyone is doing it—is that the Greek courts take up to 15 years to resolve tax cases. “The one who does not want to pay, and who gets caught, just goes to court,” he says. Somewhere between 30 and 40 percent of the activity in the Greek economy that might be subject to the income tax goes officially unrecorded, he says, compared with an average of about 18 percent in the rest of Europe.

The easiest way to cheat on one’s taxes was to insist on being paid in cash, and fail to provide a receipt for services. The easiest way to launder cash was to buy real estate. Conveniently for the black market—and alone among European countries—Greece has no working national land registry. “You have to know where the guy bought the land—the address—to trace it back to him,” says the collector. “And even then it’s all handwritten and hard to decipher.” But, I say, if some plastic surgeon takes a million in cash, buys a plot on a Greek island, and builds himself a villa, there would be other records—say, building permits. “The people who give the building permits don’t inform the Treasury,” says the tax collector. In the apparently not-so-rare cases where the tax cheat gets caught, he can simply bribe the tax collector and be done with it. There are, of course, laws against tax collectors’ accepting bribes, explained the collector, “but if you get caught, it can take seven or eight years to get prosecuted. So in practice no one bothers.”

The systematic lying about one’s income had led the Greek government to rely increasingly on taxes harder to evade: real-estate and sales taxes. Real estate is taxed by formula—to take the tax collectors out of the equation—which generates a so-called “objective value” for each home. The boom in the Greek economy over the last decade caused the actual prices at which property changed hands to far outstrip the computer-driven appraisals. Given higher actual sales prices, the formula is meant to ratchet upward. The typical Greek citizen responded to the problem by not reporting the price at which the sale took place, but instead reporting a phony price—which usually happened to be the same low number at which the dated formula had appraised it. If the buyer took out a loan to buy the house, he took out a loan for the objective value and paid the difference in cash, or with a black-market loan. As a result the “objective values” grotesquely understate the actual land values. Astonishingly, it’s widely believed that all 300 members of the Greek Parliament declare the real value of their houses to be the computer-generated objective value. Or, as both the tax collector and a local real-estate agent put it to me, “every single member of the Greek Parliament is lying to evade taxes.”



On he went, describing a system that was, in its way, a thing of beauty. It mimicked the tax-collecting systems of an advanced economy—and employed a huge number of tax collectors—while it was in fact rigged to enable an entire society to cheat on their taxes. As he rose to leave, he pointed out that the waitress at the swanky tourist hotel failed to provide us with a receipt for our coffees. “There’s a reason for that,” he said. “Even this hotel doesn’t pay the sales tax it owes.”

I walked down the street and found waiting for me, in the bar of another swanky tourist hotel, the second tax collector. Tax Collector No. 2—casual in manner and dress, beer-drinking, but terrified that others might discover he had spoken to me—also arrived with a binder full of papers, only his was stuffed with real-world examples not of Greek people but Greek companies that had cheated on their taxes. He then started to rattle off examples (“only the ones I personally witnessed”). The first was an Athenian construction company that had built seven giant apartment buildings and sold off nearly 1,000 condominiums in the heart of the city. Its corporate tax bill honestly computed came to 15 million euros, but the company had paid nothing at all. Zero. To evade taxes it had done several things. First, it never declared itself a corporation; second, it employed one of the dozens of companies that do nothing but create fraudulent receipts for expenses never incurred and then, when the tax collector stumbled upon the situation, offered him a bribe. The tax collector blew the whistle and referred the case to his bosses—whereupon he found himself being tailed by a private investigator, and his phones tapped. In the end the case was resolved, with the construction company paying 2,000 euros. “After that I was taken off all tax investigations,” said the tax collector, “because I was good at it.”

He returned to his thick binder full of cases. He turned the page. Every page in his binder held a story similar to the one he had just told me, and he intended to tell me all of them. That’s when I stopped him. I realized that if I let him go on we’d be there all night. The extent of the cheating—the amount of energy that went into it—was breathtaking. In Athens, I several times had a feeling new to me as a journalist: a complete lack of interest in what was obviously shocking material. I’d sit down with someone who knew the inner workings of the Greek government: a big-time banker, a tax collector, a deputy finance minister, a former M.P. I’d take out my notepad and start writing down the stories that spilled out of them. Scandal after scandal poured forth. Twenty minutes into it I’d lose interest. There were simply too many: they could fill libraries, never mind a magazine article.

The Greek state was not just corrupt but also corrupting. Once you saw how it worked you could understand a phenomenon which otherwise made no sense at all: the difficulty Greek people have saying a kind word about one another. Individual Greeks are delightful: funny, warm, smart, and good company. I left two dozen interviews saying to myself, “What great people!” They do not share the sentiment about one another: the hardest thing to do in Greece is to get one Greek to compliment another behind his back. No success of any kind is regarded without suspicion. Everyone is pretty sure everyone is cheating on his taxes, or bribing politicians, or taking bribes, or lying about the value of his real estate. And this total absence of faith in one another is self-reinforcing. The epidemic of lying and cheating and stealing makes any sort of civic



life impossible; the collapse of civic life only encourages more lying, cheating, and stealing. Lacking faith in one another, they fall back on themselves and their families.

The structure of the Greek economy is collectivist, but the country, in spirit, is the opposite of a collective. Its real structure is every man for himself. Into this system investors had poured hundreds of billions of dollars. And the credit boom had pushed the country over the edge, into total moral collapse.

### ***Road to Perdition***

Knowing nothing else about the Vatopaidi monastery except that, in a perfectly corrupt society, it had somehow been identified as the soul of corruption, I made my way up to the north of Greece, in search of a bunch of monks who had found new, improved ways to work the Greek economy. The first stage was fairly easy: the plane to Greece's second city of Thessaloniki, the car being driven along narrow roads at nerve-racking speeds, and a night with a lot of Bulgarian tourists at a surprisingly delightful hotel in the middle of nowhere, called the Eagles Palace. There the single most helpful hotel employee I have ever met (ask for Olga) handed me a stack of books and said wistfully how lucky I was to be able to visit the place. The Vatopaidi monastery, along with 19 others, was built in the 10th century on a 37-mile-long-by-6-mile-wide peninsula in northeast Greece, called Mount Athos. Mount Athos now is severed from the mainland by a long fence, and so the only way onto it is by boat, which gives the peninsula the flavor of an island. And on this island no women are allowed—no female animals of any kind, in fact, except for cats. The official history ascribes the ban to the desire of the church to honor the Virgin; the unofficial one to the problem of monks hitting on female visitors. The ban has stood for 1,000 years.

This explains the high-pitched shrieks the next morning, as the ancient ferry packed with monks and pilgrims pulls away from the docks. Dozens of women gather there to holler at the tops of their lungs, but with such good cheer that it is unclear whether they are lamenting or celebrating the fact that they cannot accompany their men. Olga has told me that she was pretty sure I was going to need to hike some part of the way to Vatopaidi, and that the people she has seen off to the holy mountain don't usually carry with them anything so redolent of the modern material world as a wheelie bag. As a result, all I have is an Eagles Palace plastic laundry bag with spare underwear, a toothbrush, and a bottle of Ambien.

The ferry chugs for three hours along a rocky, wooded, but otherwise barren coastline, stopping along the way to drop monks and pilgrims and guest workers at other monasteries. The sight of the first one just takes my breath away. It's not a building but a spectacle: it's as if someone had taken Assisi or Todi or one of the other old central-Italian hill towns and plopped it down on the beach, in the middle of nowhere. Unless you know what to expect on Mount Athos—it has been regarded by the Eastern Orthodox Church for more than a millennium as the holiest place on earth, and it enjoyed for much of that time a symbiotic relationship with Byzantine emperors—these places come as a shock. There's nothing modest about them; they are grand and complicated and ornate and obviously in some sort of competition with one another. In the old days, pirates routinely plundered them, and you can see why: it would be almost shameful not to, for a pirate.



There are many places in the world where you can get away with not speaking Greek. Athens is one of them; the Mount Athos ferryboat is not. I am saved by an English-speaking young man who, to my untrained eye, looks like any other monk: long dark robes, long dark shaggy beard, fog of unfriendliness which, once penetrated, evaporates. He spots me using a map with thumbnail sketches of the monasteries and trying to determine where the hell I am meant to get off the boat: he introduces himself. His name is Cesar; he's Romanian, the son of a counter-espionage secret-policeman in the nightmarish regime of Nicolae Ceaușescu. Somehow he has retained his sense of humor, which counts as some kind of miracle. He explains that if I knew anything about anything I would know that he was no monk, merely another Romanian priest on holiday. He's traveled from Bucharest, with two enormous trunks on wheelies, to spend his summer vacation in one of the monasteries. Three months living on bread and water with no women in sight is his idea of a vacation. The world outside Mount Athos he finds somehow lacking.

*"The Greek newspapers, they call us a corporation, but I ask you, Michael, what company has lasted for 1,000 years?" says Father Arsenios.*

Cesar draws me a little map to use to get to Vatopaidi and gives me a more general lay of the land. The mere fact that I don't have a beard will expose me as a not terribly holy man, he explains, if my mauve Brooks Brothers shirt doesn't do it first. "But they are used to having visitors," he said, "so it shouldn't be a problem." Then he pauses and asks, "But what is your religion?"

"I don't have one."

"But you believe in God?"

"No."

He thinks this over.

"Then I'm pretty sure they can't let you in."

He lets the thought sink in, then says. "On the other hand, how much worse could it get for you?" he says, and chuckles.

An hour later I'm walking off the ferry holding nothing but the Eagles Palace hotel laundry bag and Cesar's little map, and he's still repeating his own punch line—"How much worse could it get for you?"—and laughing more loudly each time.

The monk who meets me at Vatopaidi's front gate glances at the laundry bag and hands me a form to fill in. An hour later, having pretended to settle into my surprisingly comfortable cell, I'm carried by a river of bearded monks through the church door. Fearing that I might be tossed out of the monastery before I got a sense of the place, I do what I can to fit in. I follow the monks into their church; I light candles and jam them into a tiny sandpit; I cross myself incessantly; I air-kiss the icons. No one seems to care one way or the other about the obviously not Greek guy in the mauve Brooks Brothers



shirt, though right through the service a fat young monk who looks a bit like Jack Black glares at me, as if I was neglecting some critical piece of instruction.

Otherwise the experience was sensational, to be recommended to anyone looking for a taste of 10th-century life. Beneath titanic polished golden chandeliers, and surrounded by freshly cleaned icons, the monks sang; the monks chanted; the monks vanished behind screens to utter strange incantations; the monks shook what sounded like sleigh bells; the monks floated by waving thuribles, leaving in their wake smoke and the ancient odor of incense. Every word that was said and sung and chanted was Biblical Greek (it seemed to have something to do with Jesus Christ), but I nodded right along anyway. I stood when they stood, and sat when they sat: up and down we went like pogos, for hours. The effect of the whole thing was heightened by the monks' magnificently wild beards. Even when left to nature, beards do not all grow in the same way. There are types: the hopelessly porous mass of fuzz; the Osama bin Laden/Assyrian-king trowel; the Karl Marx bird's nest. A surprising number of the monks resembled the Most Interesting Man in the World from the Dos Equis commercial. ("His beard alone has experienced more than a lesser man's entire body.")

The Vatopaidi monks have a reputation for knowing a lot more about you than you imagine they do, and for sensing what they do not know. A woman who runs one of the big Greek shipping firms told me over dinner in Athens that she had found herself seated on a flight not long ago beside Father Ephraim, the abbot of Vatopaidi (business class). "It was a *very* strange experience," she said. "He knew nothing about me, but he guessed everything. My marriage. How I felt about my work. I felt that he completely knew me." Inside their church I doubted their powers—in the middle of a great national scandal they have allowed a writer from *VANITY FAIR*, albeit one who has not formally announced himself, to show up, bunk down, and poke around their monastery without asking the first question.

But coming out of the church I finally get seized: a roundish monk with a salt-and-pepper beard and skin the color of a brown olive corners me. He introduces himself as Father Arsenios.

### ***Grecian Formulas***

For most of the 1980s and 1990s, Greek interest rates had run a full 10 percent higher than German ones, as Greeks were regarded as far less likely to repay a loan. There was no consumer credit in Greece: Greeks didn't have credit cards. Greeks didn't usually have mortgage loans either. Of course, Greece wanted to be treated, by the financial markets, like a properly functioning Northern European country. In the late 1990s they saw their chance: get rid of their own currency and adopt the euro. To do this they needed to meet certain national targets, to prove that they were capable of good European citizenship—that they would not, in the end, run up debts that other countries in the euro area would be forced to repay. In particular they needed to show budget deficits under 3 percent of their gross domestic product, and inflation running at roughly German levels. In 2000, after a flurry of statistical manipulation, Greece hit the targets. To lower the budget deficit the Greek government moved all sorts of expenses (pensions, defense expenditures) off the books. To lower Greek inflation the government



did things like freeze prices for electricity and water and other government-supplied goods, and cut taxes on gas, alcohol, and tobacco. Greek-government statisticians did things like remove (high-priced) tomatoes from the consumer price index on the day inflation was measured. “We went to see the guy who created all these numbers,” a former Wall Street analyst of European economies told me. “We could not stop laughing. He explained how he took out the lemons and put in the oranges. There was *a lot of* massaging of the index.”

Which is to say that even at the time, some observers noted that Greek numbers never seemed to add up. A former I.M.F. official turned economic adviser to former Greek prime minister Konstantinos Mitsotakis turned Salomon Brothers analyst named Miranda Xafa pointed out in 1998 that if you added up all the Greek budget deficits over the previous 15 years they amounted to only half the Greek debt. That is, the amount of money the Greek government had borrowed to fund its operations was twice its declared shortfalls. “At Salomon we used to call [the head of the Greek National Statistical Service] ‘the Magician,’ ” says Xafa, “because of his ability to magically make inflation, the deficit, and the debt disappear.”

In 2001, Greece entered the European Monetary Union, swapped the drachma for the euro, and acquired for its debt an implicit European (read German) guarantee. Greeks could now borrow long-term funds at roughly the same rate as Germans—not 18 percent but 5 percent. To remain in the euro zone, they were meant, in theory, to maintain budget deficits below 3 percent of G.D.P.; in practice, all they had to do was cook the books to show that they were hitting the targets. Here, in 2001, entered Goldman Sachs, which engaged in a series of apparently legal but nonetheless repellent deals designed to hide the Greek government’s true level of indebtedness. For these trades Goldman Sachs—which, in effect, handed Greece a \$1 billion loan—carved out a reported \$300 million in fees. The machine that enabled Greece to borrow and spend at will was analogous to the machine created to launder the credit of the American subprime borrower—and the role of the American investment banker in the machine was the same. The investment bankers also taught the Greek-government officials how to securitize future receipts from the national lottery, highway tolls, airport landing fees, and even funds granted to the country by the European Union. Any future stream of income that could be identified was sold for cash up front, and spent. As anyone with a brain must have known, the Greeks would be able to disguise their true financial state for only as long as (a) lenders assumed that a loan to Greece was as good as guaranteed by the European Union (read Germany), and (b) no one outside of Greece paid very much attention. Inside Greece there was no market for whistle-blowing, as basically everyone was in on the racket.

That changed on October 4 of last year, when the Greek government turned over. A scandal felled the last government and sent Prime Minister Kostas Karamanlis packing, which perhaps is not surprising. What’s surprising was the nature of the scandal. In late 2008, news broke that Vatopaidi had somehow acquired a fairly worthless lake and swapped it for far more valuable government-owned land. How the monks did this was unclear—paid some enormous bribe to some government official, it was assumed. No bribe could be found, however. It didn’t matter: the furor that followed drove Greek



politics for the next year. The Vatopaidi scandal registered in Greek public opinion like nothing in memory. “We’ve never seen a movement in the polls like we saw after the scandal broke,” the editor of one of Greece’s leading newspapers told me. “Without Vatopaidi, Karamanlis is still the prime minister, and everything is still going on as it was before.” Dimitri Contominas, the billionaire creator of a Greek life-insurance company and, as it happens, owner of the TV station that broke the Vatopaidi scandal, put it to me more bluntly: “The Vatopaidi monks brought George Papandreou to power.”

After the new party (the supposedly socialist Pasok) replaced the old party (the supposedly conservative New Democracy), it found so much less money in the government’s coffers than it had expected that it decided there was no choice but to come clean. The prime minister announced that Greece’s budget deficits had been badly understated—and that it was going to take some time to nail down the numbers. Pension funds and global bond funds and other sorts who buy Greek bonds, having seen several big American and British banks go belly-up, and knowing the fragile state of a lot of European banks, panicked. The new, higher interest rates Greece was forced to pay left the country—which needed to borrow vast sums to fund its operations—more or less bankrupt. In came the I.M.F. to examine the Greek books more closely; out went whatever tiny shred of credibility the Greeks had left. “How in the hell is it possible for a member of the euro area to say the deficit was 3 percent of G.D.P. when it was really 15 percent?” a senior I.M.F. official asks. “How could you possibly do something like that?”

Just now the global financial system is consumed with the question of whether the Greeks will default on their debts. At times it seems as if it is the only question that matters, for if Greece walks away from \$400 billion in debt, then the European banks that lent the money will go down, and other countries now flirting with bankruptcy (Spain, Portugal) might easily follow. But this question of whether Greece will repay its debts is really a question of whether Greece will change its culture, and that will happen only if Greeks want to change. I am told 50 times if I am told once that what Greeks care about is “justice” and what really boils the Greek blood is the feeling of unfairness. Obviously this distinguishes them from no human being on the planet, and ignores what’s interesting: exactly what a Greek finds unfair. It’s clearly not the corruption of their political system. It’s not cheating on their taxes, or taking small bribes in their service to the state. No: what bothers them is when some outside party—someone clearly different from themselves, with motives apart from narrow and easily understood self-interest—comes in and exploits the corruption of their system. Enter the monks.

Among the first moves made by the new minister of finance was to file a lawsuit against the Vatopaidi monastery, demanding the return of government property *and* damages. Among the first acts of the new Parliament was to open a second investigation of the Vatopaidi affair, to finally nail down exactly how the monks got their sweet deal. The one public official who has been strung up—he’s had his passport taken away, and remains free only because he posted a bail of 400,000 euros—is an assistant to the former prime minister, Giannis Angelou, who stands accused of helping these monks.



In a society that has endured something like total moral collapse, its monks had somehow become the single universally acceptable target of moral outrage. Every right-thinking Greek citizen is still furious with them and those who helped them, and yet no one knows exactly what they did, or why.

### ***Monk Business***

Father Arsenios looks to be in his late 50s—though who knows, as their beards cause them all to look 20 years older. He's about as famous as you can get, for a monk: everyone in Athens knows who he is. Mr. Inside, the consummate number two, the C.F.O., the real brains of the operation. "If they put Arsenios in charge of the government real-estate portfolio," a prominent Greek real-estate agent said to me, "this country would be *Dubai*. Before the crisis." If you are kindly disposed to these monks, Father Arsenios is the trusted assistant who makes possible the miraculous abbacy of Father Ephraim. If you are not, he's Jeff Skilling to Ephraim's Kenneth Lay.

I tell him who I am and what I do—and also that I have spent the past few days interviewing political types in Athens. He smiles, genuinely: he's pleased I've come! "The politicians all used to come here," he says, "but because of our scandal they don't now. They are afraid of being seen with us!"

He escorts me into the dining hall and plants me at what appears to be the pilgrim's table of honor, right next to the table filled with the top monks. Father Ephraim heads that table, with Arsenios beside him.

Most of what the monks eat they grow themselves within a short walk of the dining hall. Crude silver bowls contain raw, uncut onions, green beans, cucumbers, tomatoes, and beets. Another bowl holds bread baked by the monks, from their own wheat. There's a pitcher of water and, for dessert, a soupy orange sherbet-like substance and dark honeycomb recently plundered from some beehive. And that's pretty much it. If it were a restaurant in Berkeley, people would revel in the glorious self-righteousness of eating the locally grown; here the food just seems plain. The monks eat like fashion models before a shoot. Twice a day four days a week, and once a day for three: 11 meals, all of them more or less like this. Which raises an obvious question: Why are some of them fat? Most of them—maybe 100 out of the 110 now in residence—resemble their diet. Beyond thin: *narrow*. But a handful, including the two bosses, have an ampleness to them that cannot be explained by 11 helpings of raw onion and cucumber, no matter how much honeycomb they chew through.

After dinner the monks return to church, where they will remain chanting and singing and crossing and spraying incense until one in the morning. Arsenios grabs me and takes me for a walk. We pass Byzantine chapels and climb Byzantine stairs until we arrive at a door in a long Byzantine hall freshly painted but otherwise antique: his office. On the desk are two computers; behind it a brand-new fax machine—cum—printer; on top of it a cell phone and a Costco-size tub of vitamin-C pills. The walls and floor gleam like new. The cabinets exhibit row upon row of three-ring binders. The only sign that this isn't a business office circa 2010 is a single icon over the desk. Apart from that, if you put this office side by side with the office of Greece's minister of finance and asked which one housed the monk, this wouldn't be it.



“There is more of a spiritual thirst today,” he says when I ask him why his monastery has attracted so many important business and political people. “Twenty or 30 years ago they taught that science will solve all problems. There are so many material things and they are not satisfying. People have gotten tired of material pleasures. Of material things. And they realize they cannot really find success in these things.” And with that he picks up the phone and orders drinks and dessert. Moments later a silver tray arrives, bearing pastries and glasses of what appears to be crème de menthe.

Thus began what became a three-hour encounter. I’d ask simple questions—Why on earth would anyone become a monk? How do you handle life without women? How do people who spend 10 hours a day in church find time to create real-estate empires? Where did you get the crème de menthe?—and he would answer in 20-minute-long parables in which there would be, somewhere, a simple answer. (For example: “I believe there are many more beautiful things than sex.”) As he told his stories he waved and jumped around and smiled and laughed: if Father Arsenios feels guilty about anything, he has a rare talent for hiding it. Like a lot of people who come to Vatopaidi, I suppose, I was less than perfectly sure what I was after. I wanted to see if it felt like a front for a commercial empire (it doesn’t) and if the monks seemed insincere (hardly). But I also wondered how a bunch of odd-looking guys who had walked away from the material world had such a knack for getting their way in it: how on earth do monks, of all people, wind up as Greece’s best shot at a Harvard Business School case study?

After about two hours I work up the nerve to ask him. To my surprise he takes me seriously. He points to a sign he has tacked up on one of his cabinets, and translates it from the Greek: the smart person accepts. the idiot insists.

He got it, he says, on one of his business trips to the Ministry of Tourism. “This is the secret of success for anywhere in the world, not just the monastery,” he says, and then goes on to describe pretty much word for word the first rule of improvisational comedy, or for that matter any successful collaborative enterprise. Take whatever is thrown at you and build upon it. “Yes ... and” rather than “No ... but.” “The idiot is bound by his pride,” he says. “It always has to be *his* way. This is also true of the person who is deceptive or doing things wrong: he always tries to justify himself. A person who is bright in regard to his spiritual life is humble. He accepts what others tell him—criticism, ideas—and he works with them.”

I notice now that his windows open upon a balcony overlooking the Aegean Sea. The monks are not permitted to swim in it; why, I never asked. Just like them, though, to build a beach house and then ban the beach. I notice, also, that I am the only one who has eaten the pastries and drunk the crème de menthe. It occurs to me that I may have just failed some sort of test of my ability to handle temptation.

“The whole government says they are angry at us,” he says, “but we have nothing. We work for others. The Greek newspapers, they call us a corporation. But I ask you, Michael, what company has lasted for 1,000 years?”

At that moment, out of nowhere, Father Ephraim walks in. Round, with rosy cheeks and a white beard, he is more or less the spitting image of Santa Claus. He even has a twinkle



in his eye. A few months before, he'd been hauled before the Greek Parliament to testify. One of his interrogators said that the Greek government had acted with incredible efficiency when it swapped Vatopaidi's lake for the Ministry of Agriculture's commercial properties. He asked Ephraim how he had done it.

"Don't you believe in miracles?" Ephraim had said.

"I'm beginning to," said the Greek M.P.

When we are introduced, Ephraim clasps my hand and holds it for a very long time. It crosses my mind that he is about to ask me what I want for Christmas. Instead he says, "What is your faith?" "Episcopalian," I cough out. He nods; he calibrates: it could be worse; it probably is worse. "You are married?" he asks. "Yes." "You have children?" I nod; he calibrates: *I can work with this*. He asks for their names ...

### ***Notes on a Scandal***

The second parliamentary inquiry into the Vatopaidi affair is just getting under way, and you never know what it may turn up. But the main facts of the case are actually not in dispute; the main question left to answer is the motives of the monks and the public servants who helped them. In the late 1980s, Vatopaidi was a complete ruin—a rubble of stones overrun with rats. The frescoes were black. The icons went uncared for. The place had a dozen monks roaming around its ancient stones, but they were autonomous and disorganized. In church jargon they worshipped idiorrhythmically—which is another way of saying that in their quest for spiritual satisfaction it was every man for himself. No one was in charge; they had no collective purpose. Their relationship to their monastery, in other words, was a lot like the relationship of the Greek citizen to his state.

That changed in the early 1990s, when a group of energetic young Greek Cypriot monks from another part of Athos, led by Father Ephraim, saw a rebuilding opportunity: a fantastic natural asset that had been terribly mismanaged. Ephraim set about raising the money to restore Vatopaidi to its former glory. He dunned the European Union for cultural funds. He mingled with rich Greek businessmen in need of forgiveness. He cultivated friendships with important Greek politicians. In all of this he exhibited incredible chutzpah. For instance, after a famous Spanish singer visited and took an interest in Vatopaidi, he parlayed the interest into an audience with government officials from Spain. They were told a horrible injustice had occurred: in the 14th century a band of Catalan mercenaries, upset with the Byzantine emperor, had sacked Vatopaidi and caused much damage. The monastery received \$240,000 from the government officials.

Clearly one part of Ephraim's strategy was to return Vatopaidi to what it had been for much of the Byzantine Empire: a monastery with global reach. This, too, distinguished it from the country it happened to be inside. Despite its entry into the European Union, Greece has remained a closed economy; it's impossible to put one finger on the source of all the country's troubles, but if you laid a hand on them, one finger would touch its insularity. All sorts of things that might be more efficiently done by other people they do themselves; all sorts of interactions with other countries that they might profitably engage in simply do not occur. In the general picture the Vatopaidi monastery was a



stunning exception: it cultivated relations with the outside world. Most famously, until scandal hit, Prince Charles had visited three summers in a row, and stayed for a week each visit.

Relationships with the rich and famous were essential in Vatopaidi's pursuit of government grants and reparations for sackings, but also for the third prong of its new management's strategy: real estate. By far the smartest thing Father Ephraim had done was go rummaging around in an old tower where they kept the Byzantine manuscripts, untouched for decades. Over the centuries Byzantine emperors and other rulers had deeded to Vatopaidi various tracts of land, mainly in modern-day Greece and Turkey. In the years before Ephraim arrived, the Greek government had clawed back much of this property, but there remained a title, bestowed in the 14th century by Emperor John V Palaiologos, to a lake in northern Greece.

By the time Ephraim discovered the deed to the lake in Vatopaidi's vaults, it had been designated a nature preserve by the Greek government. Then, in 1998, suddenly it wasn't: someone had allowed the designation to lapse. Shortly thereafter, the monks were granted full title to the lake.

Back in Athens, I tracked down Peter Doukas, the official inside the Ministry of Finance first accosted by the Vatopaidi monks. Doukas now finds himself at the center of the two parliamentary investigations, but he had become, oddly, the one person in government willing to speak openly about what had happened. (He was by birth not an Athenian but a Spartan—but perhaps that's another story.) Unlike most of the people in the Greek government, Doukas wasn't a lifer but a guy who had made his fortune in the private sector, inside and outside of Greece, and then, in 2004, at the request of the prime minister, had taken a post in the Finance Ministry. He was then 52 years old and had spent most of his career as a banker with Citigroup in New York. He was tall and blond and loud and blunt and funny. It was Doukas who was responsible for the very existence of long-term Greek-government debt. Back when interest rates were low, and no one saw any risk in lending money to the Greek government, he talked his superiors into issuing 40- and 50-year bonds. Afterward the Greek newspapers ran headlines attacking him (DOUKAS MORTGAGES OUR CHILDREN'S FUTURE), but it was a very bright thing to have done. The \$18 billion of long-term bonds now trade at 50 cents on the dollar—which is to say that the Greek government could buy them back on the open market. "I created a \$9 billion trading profit for them," says Doukas, laughing. "They should give me a bonus!"

Not long after Doukas began his new job, two monks showed up unannounced in his Finance Ministry office. One was Father Ephraim, of whom Doukas had heard; the other, unknown to Doukas but clearly the sharp end of the operation, a fellow named Father Arsenios. They owned this lake, they said, and they wanted the Ministry of Finance to pay them cash for it. "Someone had given them full title to the lake," says Doukas. "What they wanted now was to monetize it. They came to me and said, 'Can you buy us out?'" Before the meeting, Doukas sensed, they had done a great deal of homework. "Before they come to you they know *a lot* about you—your wife, your parents, the extent of your religious beliefs," he said. "The first thing they asked me was



if I wanted them to take my confession.” Doukas decided that it would be unwise to tell the monks his secrets. Instead he told them he would not give them money for their lake—which he still didn’t see how exactly they had come to own. “They seemed to think I had all this money to spend,” says Doukas. “I said, ‘Listen, contrary to popular opinion, there is no money in the Finance Ministry.’ And they said, ‘O.K., if you cannot buy us out, why can’t you give us some of your pieces of land?’ ”

This turned out to be the winning strategy: exchanging the lake, which generated no rents, for government-owned properties that did. Somehow the monks convinced government officials that the land around the lake was worth far more than the 55 million euros an independent appraiser later assessed its value as, and then used that higher valuation to ask for one billion euros’ worth of government property. Doukas declined to give them any of the roughly 250 billion euros’ worth controlled by the Ministry of Finance. (“No fucking way I’m doing that,” he says he told them.) The monks went to the source of the next most valuable land—farmlands and forests controlled by the Ministry of Agriculture. Doukas recalls, “I get a call from the Minister of Agriculture saying, ‘We’re trading them all this land, but it’s not enough. Why don’t you throw in some of your pieces of land, too?’ ” After Doukas declined, he received another call—this one from the prime minister’s office. Still he said no. Next he receives this piece of paper saying he’s giving the monks government land, and all he needs to do is sign it. “I said, ‘Fuck you, I’m not signing it.’ ”

And he didn’t—at least not in its original form. But the prime minister’s office pressed him; the monks, it seemed to Doukas, had some kind of hold on the prime minister’s chief of staff. That fellow, Giannis Angelou, had come to know the monks a few years before, just after he had been diagnosed with a life-threatening illness. The monks prayed for him; he didn’t die, but instead made a miraculous recovery. He had, however, given them his confession.

By now Doukas thought of these monks less as simple con men than the savviest businessmen he had ever dealt with. “I told them they should be running the Ministry of Finance,” he says. “They didn’t disagree.” In the end, under pressure from his boss, Doukas signed two pieces of paper. The first agreed not to challenge the monks’ ownership of the lake; the second made possible the land exchange. It did not give the monks rights to any lands from the Finance Ministry, but, by agreeing to accept their lake into the Ministry of Finance’s real-estate portfolio, Doukas enabled their deal with the minister of agriculture. In exchange for their lake the monks received 73 different government properties, including what had formerly been the gymnastics center for the 2004 Olympics—which, like much of what the Greek government built for the Olympic Games, was now empty and abandoned space. And that, Doukas assumed, was that. “You figure they are holy people,” he says. “Maybe they want to use it to create an orphanage.”

What they wanted to create, as it turned out, was a commercial-real-estate empire. They began by persuading the Greek government to do something it seldom did: to re-zone a lot of uncommercial property for commercial purposes. Above and beyond the lands they received in their swap—which the Greek Parliament subsequently estimated to be



worth a billion euros—the monks, all by themselves, were getting 100 percent financing to buy commercial buildings in Athens, and to develop the properties they had acquired. The former Olympics gymnastics center was to become a fancy private hospital—with which the monks obviously enjoyed a certain synergy. Then, with the help of a Greek banker, the monks drew up plans for something to be called the Vatopaidi Real Estate Fund. Investors in the fund would, in effect, buy the monks out of the properties given to them by the government. And the monks would use the money to restore their monastery to its former glory.

From an ancient deed to a worthless lake the two monks had spun what the Greek newspapers were claiming, depending on the newspaper, to be a fortune of anywhere from tens of millions to many billions of dollars. But the truth was that no one knew the full extent of the monks' financial holdings; indeed, one of the criticisms of the first parliamentary investigation was that it had failed to lay hands on everything the monks owned. On the theory that if you want to know what rich people are really worth you are far better off asking other rich people—as opposed to, say, journalists—I polled a random sample of several rich Greeks who had made their fortune in real estate or finance. They put the monk's real-estate and financial assets at less than \$2 billion but more than \$1 billion—up from zero since the new management took over. And the business had started with nothing to sell but forgiveness.

The monks didn't finish with church until one in the morning. Normally, Father Arsenios explained, they would be up and at it all over again at four. On Sunday they give themselves a break and start at six. Throw in another eight hours a day working the gardens, or washing dishes, or manufacturing crème de menthe, and you can see how one man's idea of heaven might be another's of hell. The bosses of the operation, Fathers Ephraim and Arsenios, escape this grueling regime roughly five days a month; otherwise this is the life they lead. "Most people in Greece have this image of the abbot as a hustler," another monk, named Father Matthew, from Wisconsin, says to me in a moment of what I take to be candor. "Everyone in Greece is convinced that the abbot and Father Arsenios have their secret bank accounts. It's completely mad if you think about it. What are they going to do with it? They don't take a week off and go to the Caribbean. The abbot lives in a cell. It's a nice cell. But he's still a monk. And he *hates* leaving the monastery."

The knowledge that I am meant to be back in the church at six in the morning makes it more, not less, difficult to sleep, and I'm out of bed by five. Perfect silence: it's so rare to hear nothing that it takes a moment to identify the absence. Cupolas, chimneys, towers, and Greek crosses punctuate the gray sky. Also a pair of idle giant cranes: the freezing of the monks' assets has halted restoration of the monastery. At 5:15 come the first rumblings from inside the church; it sounds as if someone is moving around the icon screens, the sweaty backstage preparations before the show. At 5:30 a monk grabs a rope and clangs a church bell. Silence again and then, moments later, from the monk's long dormitory, the *beep beep beep* of electric alarm clocks. Twenty minutes later monks, alone or in pairs, stumble out of their dorm rooms and roll down the cobblestones to their church. It's like watching a factory springing to life in a one-industry town. The only thing missing are the lunchpails.



Three hours later, in the car on the way back to Athens, my cell phone rings. It's Father Matthew. He wants to ask me a favor. *Oh no, I think, they've figured out what I'm up to and he's calling to place all sorts of restrictions on what I write.* They had, sort of, but he didn't. The minister of finance insisted on checking his quotes, but the monks just let me run with whatever I had, which is sort of amazing, given the scope of the lawsuits they face. "We have this adviser in the American stock market," says the monk. "His name is Robert Chapman. [I'd never heard of him. He turned out to be the writer of a newsletter about global finance.] Father Arsenios is wondering what you think of him. Whether he is worth listening to ..."

### ***The Bonfire of Civilization***

The day before I left Greece the Greek Parliament debated and voted on a bill to raise the retirement age, reduce government pensions, and otherwise reduce the spoils of public-sector life. ("I'm all for reducing the number of public-sector employees," an I.M.F. investigator had said to me. "But how do you do that if you don't know how many there are to start with?") Prime Minister Papandreou presented this bill, as he has presented everything since he discovered the hole in the books, not as his own idea but as a non-negotiable demand of the I.M.F. The general idea seems to be that while the Greek people will never listen to any internal call for sacrifice they might listen to calls from outside. That is, they no longer really even want to govern themselves.

Thousands upon thousands of government employees take to the streets to protest the bill. Here is Greece's version of the Tea Party: tax collectors on the take, public-school teachers who don't really teach, well-paid employees of bankrupt state railroads whose trains never run on time, state hospital workers bribed to buy overpriced supplies. Here they are, and here we are: a nation of people looking for anyone to blame but themselves. The Greek public-sector employees assemble themselves into units that resemble army platoons. In the middle of each unit are two or three rows of young men wielding truncheons disguised as flagpoles. Ski masks and gas masks dangle from their belts so that they can still fight after the inevitable tear gas. "The deputy prime minister has told us that they are looking to have at least one death," a prominent former Greek minister had told me. "They want some blood." Two months earlier, on May 5, during the first of these protest marches, the mob offered a glimpse of what it was capable of. Seeing people working at a branch of the Marfin Bank, young men hurled Molotov cocktails inside and tossed gasoline on top of the flames, barring the exit. Most of the Marfin Bank's employees escaped from the roof, but the fire killed three workers, including a young woman four months pregnant. As they died, Greeks in the streets screamed at them that it served them right, for having the audacity to work. The events took place in full view of the Greek police, and yet the police made no arrests.

As on other days, the protesters have effectively shut down the country. The air-traffic controllers have also gone on strike and closed the airport. At the port of Piraeus, the mob prevents cruise-ship passengers from going ashore and shopping. At the height of the tourist season the tourist dollars this place so desperately needs are effectively blocked from getting into the country. Any private-sector employee who does not skip work in sympathy is in danger. All over Athens shops and restaurants close; so, for that matter, does the Acropolis.



The lead group assembles in the middle of a wide boulevard a few yards from the burned and gutted bank branch. That they burned a bank is, under the circumstances, incredible. If there were any justice in the world the Greek bankers would be in the streets marching to protest the morals of the ordinary Greek citizen. The Marfin Bank's marble stoop has been turned into a sad shrine: a stack of stuffed animals for the unborn child, a few pictures of monks, a sign with a quote from the ancient orator Isocrates: "Democracy destroys itself because it abuses its right to freedom and equality. Because it teaches its citizens to consider audacity as a right, lawlessness as a freedom, abrasive speech as equality, and anarchy as progress." At the other end of the street a phalanx of riot police stand, shields together, like Spartan warriors. Behind them is the Parliament building; inside, the debate presumably rages, though what is being said and done is a mystery, as the Greek journalists aren't working, either. The crowd begins to chant and march toward the vastly outnumbered police: the police stiffen. It's one of those moments when it feels as if anything might happen. Really, it's just a question of which way people jump.

That's how it feels in the financial markets too. The question everyone wants an answer to is: Will Greece default? There's a school of thought that says they have no choice: the very measures the government imposes to cut costs and raise revenues will cause what is left of the productive economy to flee the country. The taxes are lower in Bulgaria, the workers more pliable in Romania. But there's a second, more interesting question: Even if it is technically possible for these people to repay their debts, live within their means, and return to good standing inside the European Union, do they have the inner resources to do it? Or have they so lost their ability to feel connected to anything outside their small worlds that they would rather just shed themselves of the obligations? On the face of it, defaulting on their debts and walking away would seem a mad act: all Greek banks would instantly go bankrupt, the country would have no ability to pay for the many necessities it imports (oil, for instance), and the country would be punished for many years in the form of much higher interest rates, if and when it was allowed to borrow again. But the place does not behave as a collective; it lacks the monks' instincts. It behaves as a collection of atomized particles, each of which has grown accustomed to pursuing its own interest at the expense of the common good. There's no question that the government is resolved to at least try to re-create Greek civic life. The only question is: Can such a thing, once lost, ever be re-created?

## The End of Men

*The Atlantic*

By HANNA ROSIN

July/August 2010

**Earlier this year, women became the majority of the workforce for the first time in u.s. history. Most managers are now women too. And for every two men who get a college degree this year, three women will do the same. For years, women's progress has been cast as a struggle for equality. But what if equality isn't the end point? What if modern, postindustrial society is simply better suited to women? A report on the unprecedented role reversal now under way— and its vast cultural consequences**

IN THE 1970s the biologist Ronald Ericsson came up with a way to separate sperm carrying the male-producing Y chromosome from those carrying the X. He sent the two kinds of sperm swimming down a glass tube through ever-thicker albumin barriers. The sperm with the X chromosome had a larger head and a longer tail, and so, he figured, they would get bogged down in the viscous liquid. The sperm with the Y chromosome were leaner and faster and could swim down to the bottom of the tube more efficiently. Ericsson had grown up on a ranch in South Dakota, where he'd developed an Old West, cowboy swagger. The process, he said, was like "cutting out cattle at the gate." The cattle left flailing behind the gate were of course the X's, which seemed to please him. He would sometimes demonstrate the process using cartilage from a bull's penis as a pointer.

In the late 1970s, Ericsson leased the method to clinics around the U.S., calling it the first scientifically proven method for choosing the sex of a child. Instead of a lab coat, he wore cowboy boots and a cowboy hat, and doled out his version of cowboy poetry. (*People* magazine once suggested a TV miniseries based on his life called *Cowboy in the Lab*.) The right prescription for life, he would say, was "breakfast at five-thirty, on the saddle by six, no room for Mr. Limp Wrist." In 1979, he loaned out his ranch as the backdrop for the iconic "Marlboro Country" ads because he believed in the campaign's central image—"a guy riding on his horse along the river, no bureaucrats, no lawyers," he recalled when I spoke to him this spring. "He's the boss." (The photographers took some 6,500 pictures, a pictorial record of the frontier that Ericsson still takes great pride in.)



Feminists of the era did not take kindly to Ericsson and his Marlboro Man veneer. To them, the lab cowboy and his sperminator portended a dystopia of mass-produced boys. “You have to be concerned about the future of all women,” Roberta Steinbacher, a nun-turned-social-psychologist, said in [a 1984 People profile of Ericsson](#). “There’s no question that there exists a universal preference for sons.” Steinbacher went on to complain about women becoming locked in as “second-class citizens” while men continued to dominate positions of control and influence. “I think women have to ask themselves, ‘Where does this stop?’” she said. “A lot of us wouldn’t be here right now if these practices had been in effect years ago.”

Ericsson, now 74, laughed when I read him these quotes from his old antagonist. Seldom has it been so easy to prove a dire prediction wrong. In the ’90s, when Ericsson looked into the numbers for the two dozen or so clinics that use his process, he discovered, to his surprise, that couples were requesting more girls than boys, a gap that has persisted, even though Ericsson advertises the method as more effective for producing boys. In some clinics, Ericsson has said, the ratio is now as high as 2 to 1. Polling data on American sex preference is sparse, and does not show a clear preference for girls. But the picture from the doctor’s office unambiguously does. A newer method for sperm selection, called [MicroSort](#), is currently completing Food and Drug Administration clinical trials. The girl requests for that method run at about 75 percent.

Even more unsettling for Ericsson, it has become clear that in choosing the sex of the next generation, *he* is no longer the boss. “It’s the women who are driving all the decisions,” he says—a change the MicroSort spokespeople I met with also mentioned. At first, Ericsson says, women who called his clinics would apologize and shyly explain that they already had two boys. “Now they just call and [say] outright, ‘I want a girl.’ These mothers look at their lives and think their daughters will have a bright future their mother and grandmother didn’t have, brighter than their sons, even, so why wouldn’t you choose a girl?”

*Why wouldn’t you choose a girl?* That such a statement should be so casually uttered by an old cowboy like Ericsson—or by anyone, for that matter—is monumental. For nearly as long as civilization has existed, patriarchy—enforced through the rights of the firstborn son—has been the organizing principle, with few exceptions. Men in ancient Greece tied off their left testicle in an effort to produce male heirs; women have killed themselves (or been killed) for failing to bear sons. In her iconic 1949 book, *The Second Sex*, the French feminist Simone de Beauvoir suggested that women so detested their own “feminine condition” that they regarded their newborn daughters with irritation and disgust. Now the centuries-old preference for sons is eroding—or even reversing. “Women of our generation want daughters precisely because we like who we are,” breezes one woman in *Cookie* magazine. Even Ericsson, the stubborn old goat, can sigh and mark the passing of an era. “Did male dominance exist? Of course it existed. But it seems to be gone now. And the era of the firstborn son is totally gone.”

Ericsson’s extended family is as good an illustration of the rapidly shifting landscape as any other. His 26-year-old granddaughter—“tall, slender, brighter than hell, with a take-no-prisoners personality”—is a biochemist and works on genetic sequencing. His niece studied civil engineering at the University of Southern California. His grandsons, he says, are bright and handsome, but in school “their eyes glaze over. I have to tell ’em:



‘Just don’t screw up and crash your pickup truck and get some girl pregnant and ruin your life.’” Recently Ericsson joked with the old boys at his elementary-school reunion that he was going to have a sex-change operation. “Women live longer than men. They do better in this economy. More of ’em graduate from college. They go into space and do everything men do, and sometimes they do it a whole lot better. I mean, hell, get out of the way—these females are going to leave us males in the dust.”

Man has been the dominant sex since, well, the dawn of mankind. But for the first time in human history, that is changing—and with shocking speed. Cultural and economic changes always reinforce each other. And the global economy is evolving in a way that is eroding the historical preference for male children, worldwide. Over several centuries, South Korea, for instance, constructed one of the most rigid patriarchal societies in the world. Many wives who failed to produce male heirs were abused and treated as domestic servants; some families prayed to spirits to kill off girl children. Then, in the 1970s and ’80s, the government embraced an industrial revolution and encouraged women to enter the labor force. Women moved to the city and went to college. They advanced rapidly, from industrial jobs to clerical jobs to professional work. The traditional order began to crumble soon after. In 1990, the country’s laws were revised so that women could keep custody of their children after a divorce and inherit property. In 2005, the court ruled that women could register children under their own names. As recently as 1985, about half of all women in a national survey said they “must have a son.” That percentage fell slowly until 1991 and then plummeted to just over 15 percent by 2003. Male preference in South Korea “is over,” says Monica Das Gupta, a demographer and Asia expert at the World Bank. “It happened so fast. It’s hard to believe it, but it is.” The same shift is now beginning in other rapidly industrializing countries such as India and China.

Up to a point, the reasons behind this shift are obvious. As thinking and communicating have come to eclipse physical strength and stamina as the keys to economic success, those societies that take advantage of the talents of all their adults, not just half of them, have pulled away from the rest. And because geopolitics and global culture are, ultimately, Darwinian, other societies either follow suit or end up marginalized. In 2006, the Organization for Economic Cooperation and Development devised the Gender, Institutions and Development Database, which measures the economic and political power of women in 162 countries. With few exceptions, the greater the power of women, the greater the country’s economic success. Aid agencies have started to recognize this relationship and have pushed to institute political quotas in about 100 countries, essentially forcing women into power in an effort to improve those countries’ fortunes. In some war-torn states, women are stepping in as a sort of maternal rescue team. Liberia’s president, Ellen Johnson Sirleaf, portrayed her country as a sick child in need of her care during her campaign five years ago. Postgenocide Rwanda elected to heal itself by becoming the first country with a majority of women in parliament.

In feminist circles, these social, political, and economic changes are always cast as a slow, arduous form of catch-up in a continuing struggle for female equality. But in the U.S., the world’s most advanced economy, something much more remarkable seems to be happening. American parents are beginning to choose to have girls over boys. As they



imagine the pride of watching a child grow and develop and succeed as an adult, it is more often a girl that they see in their mind's eye.

What if the modern, postindustrial economy is simply more congenial to women than to men? For a long time, evolutionary psychologists have claimed that we are all imprinted with adaptive imperatives from a distant past: men are faster and stronger and hardwired to fight for scarce resources, and that shows up now as a drive to win on Wall Street; women are programmed to find good providers and to care for their offspring, and that is manifested in more-nurturing and more-flexible behavior, ordaining them to domesticity. This kind of thinking frames our sense of the natural order. But what if men and women were fulfilling not biological imperatives but social roles, based on what was more efficient throughout a long era of human history? What if that era has now come to an end? More to the point, what if the economics of the new era are better suited to women?

Once you open your eyes to this possibility, the evidence is all around you. It can be found, most immediately, in the wreckage of the Great Recession, in which three-quarters of the 8 million jobs lost were lost by men. The worst-hit industries were overwhelmingly male and deeply identified with macho: construction, manufacturing, high finance. Some of these jobs will come back, but the overall pattern of dislocation is neither temporary nor random. The recession merely revealed—and accelerated—a profound economic shift that has been going on for at least 30 years, and in some respects even longer.

Earlier this year, for the first time in American history, the balance of the workforce tipped toward women, who now hold a majority of the nation's jobs. The working class, which has long defined our notions of masculinity, is slowly turning into a matriarchy, with men increasingly absent from the home and women making all the decisions. Women dominate today's colleges and professional schools—for every two men who will receive a B.A. this year, three women will do the same. Of the 15 job categories projected to grow the most in the next decade in the U.S., all but two are occupied primarily by women. Indeed, the U.S. economy is in some ways becoming a kind of traveling sisterhood: upper-class women leave home and enter the workforce, creating domestic jobs for other women to fill.

The postindustrial economy is indifferent to men's size and strength. The attributes that are most valuable today—social intelligence, open communication, the ability to sit still and focus—are, at a minimum, not predominantly male. In fact, the opposite may be true. Women in poor parts of India are learning English faster than men to meet the demands of new global call centers. Women own more than 40 percent of private businesses in China, where a red Ferrari is the new status symbol for female entrepreneurs. Last year, Iceland elected Prime Minister Johanna Sigurdardottir, the world's first openly lesbian head of state, who campaigned explicitly against the male elite she claimed had destroyed the nation's banking system, and who vowed to end the "age of testosterone."

Yes, the U.S. still has a wage gap, one that can be convincingly explained—at least in part—by discrimination. Yes, women still do most of the child care. And yes, the upper reaches of society are still dominated by men. But given the power of the forces pushing



at the economy, this setup feels like the last gasp of a dying age rather than the permanent establishment. Dozens of college women I interviewed for this story assumed that they very well might be the ones working while their husbands stayed at home, either looking for work or minding the children. Guys, one senior remarked to me, “are the new ball and chain.” It may be happening slowly and unevenly, but it’s unmistakably happening: in the long view, the modern economy is becoming a place where women hold the cards.

In his final book, *The Bachelors’ Ball*, published in 2007, the sociologist Pierre Bourdieu describes the changing gender dynamics of Béarn, the region in southwestern France where he grew up. The eldest sons once held the privileges of patrimonial loyalty and filial inheritance in Béarn. But over the decades, changing economic forces turned those privileges into curses. Although the land no longer produced the impressive income it once had, the men felt obligated to tend it. Meanwhile, modern women shunned farm life, lured away by jobs and adventure in the city. They occasionally returned for the traditional balls, but the men who awaited them had lost their prestige and become unmarriageable. This is the image that keeps recurring to me, one that Bourdieu describes in his book: at the bachelors’ ball, the men, self-conscious about their diminished status, stand stiffly, their hands by their sides, as the women twirl away.

The role reversal that’s under way between American men and women shows up most obviously and painfully in the working class. In recent years, male support groups have sprung up throughout the Rust Belt and in other places where the postindustrial economy has turned traditional family roles upside down. Some groups help men cope with unemployment, and others help them reconnect with their alienated families. Mustafaa El-Scari, a teacher and social worker, leads some of these groups in Kansas City. El-Scari has studied the sociology of men and boys set adrift, and he considers it his special gift to get them to open up and reflect on their new condition. The day I visited one of his classes, earlier this year, he was facing a particularly resistant crowd.

None of the 30 or so men sitting in a classroom at a downtown Kansas City school have come for voluntary adult enrichment. Having failed to pay their child support, they were given the choice by a judge to go to jail or attend a weekly class on fathering, which to them seemed the better deal. This week’s lesson, from a workbook called *Quenching the Father Thirst*, was supposed to involve writing a letter to a hypothetical estranged 14-year-old daughter named Crystal, whose father left her when she was a baby. But El-Scari has his own idea about how to get through to this barely awake, skeptical crew, and letters to Crystal have nothing to do with it.

Like them, he explains, he grew up watching Bill Cosby living behind his metaphorical “white picket fence”—one man, one woman, and a bunch of happy kids. “Well, that check bounced a long time ago,” he says. “Let’s see,” he continues, reading from a worksheet. What are the four kinds of paternal authority? Moral, emotional, social, and physical. “But you ain’t none of those in that house. All you are is a paycheck, and now you ain’t even that. And if you try to exercise your authority, she’ll call 911. How does that make you feel? You’re supposed to be the authority, and she says, ‘Get out of the house, bitch.’ She’s calling you ‘bitch!’”



The men are black and white, their ages ranging from about 20 to 40. A couple look like they might have spent a night or two on the streets, but the rest look like they work, or used to. Now they have put down their sodas, and El-Scari has their attention, so he gets a little more philosophical. “Who’s doing what?” he asks them. “What is our role? Everyone’s telling us we’re supposed to be the head of a nuclear family, so you feel like you got robbed. It’s toxic, and poisonous, and it’s setting us up for failure.” He writes on the board: \$85,000. “This is her salary.” Then: \$12,000. “This is your salary. Who’s the damn man? Who’s the man now?” A murmur rises. “That’s right. She’s the man.”

Judging by the men I spoke with afterward, El-Scari seemed to have pegged his audience perfectly. Darren Henderson was making \$33 an hour laying sheet metal, until the real-estate crisis hit and he lost his job. Then he lost his duplex—“there’s my little piece of the American dream”—then his car. And then he fell behind on his child-support payments. “They make it like I’m just sitting around,” he said, “but I’m not.” As proof of his efforts, he took out a new commercial driver’s permit and a bartending license, and then threw them down on the ground like jokers, for all the use they’d been. His daughter’s mother had a \$50,000-a-year job and was getting her master’s degree in social work. He’d just signed up for food stamps, which is just about the only social-welfare program a man can easily access. Recently she’d seen him waiting at the bus stop. “Looked me in the eye,” he recalled, “and just drove on by.”

The men in that room, almost without exception, were casualties of the end of the manufacturing era. Most of them had continued to work with their hands even as demand for manual labor was declining. Since 2000, manufacturing has lost almost 6 million jobs, more than a third of its total workforce, and has taken in few young workers. The housing bubble masked this new reality for a while, creating work in construction and related industries. Many of the men I spoke with had worked as electricians or builders; one had been a successful real-estate agent. Now those jobs are gone too. Henderson spent his days shuttling between unemployment offices and job interviews, wondering what his daughter might be doing at any given moment. In 1950, roughly one in 20 men of prime working age, like Henderson, was not working; today that ratio is about one in five, the highest ever recorded.

Men dominate just two of the 15 job categories projected to grow the most over the next decade: janitor and computer engineer. Women have everything else—nursing, home health assistance, child care, food preparation. Many of the new jobs, says Heather Boushey of the Center for American Progress, “replace the things that women used to do in the home for free.” None is especially high-paying. But the steady accumulation of these jobs adds up to an economy that, for the working class, has become more amenable to women than to men.

The list of growing jobs is heavy on nurturing professions, in which women, ironically, seem to benefit from old stereotypes and habits. Theoretically, there is no reason men should not be qualified. But they have proved remarkably unable to adapt. Over the course of the past century, feminism has pushed women to do things once considered against their nature—first enter the workforce as singles, then continue to work while married, then work even with small children at home. Many professions that started out as the province of men are now filled mostly with women—secretary and teacher come to mind. Yet I’m not aware of any that have gone the opposite way. Nursing schools have



tried hard to recruit men in the past few years, with minimal success. Teaching schools, eager to recruit male role models, are having a similarly hard time. The range of acceptable masculine roles has changed comparatively little, and has perhaps even narrowed as men have shied away from some careers women have entered. [As Jessica Grose wrote in \*Slate\*](#), men seem “fixed in cultural aspic.” And with each passing day, they lag further behind.

As we recover from the Great Recession, some traditionally male jobs will return—men are almost always harder-hit than women in economic downturns because construction and manufacturing are more cyclical than service industries—but that won’t change the long-term trend. When we look back on this period, argues Jamie Ladge, a business professor at Northeastern University, we will see it as a “turning point for women in the workforce.”

The economic and cultural power shift from men to women would be hugely significant even if it never extended beyond working-class America. But women are also starting to dominate middle management, and a surprising number of professional careers as well. According to the Bureau of Labor Statistics, women now hold 51.4 percent of managerial and professional jobs—up from 26.1 percent in 1980. They make up 54 percent of all accountants and hold about half of all banking and insurance jobs. About a third of America’s physicians are now women, as are 45 percent of associates in law firms—and both those percentages are rising fast. A white-collar economy values raw intellectual horsepower, which men and women have in equal amounts. It also requires communication skills and social intelligence, areas in which women, according to many studies, have a slight edge. Perhaps most important—for better or worse—it increasingly requires formal education credentials, which women are more prone to acquire, particularly early in adulthood. Just about the only professions in which women still make up a relatively small minority of newly minted workers are engineering and those calling on a hard-science background, and even in those areas, women have made strong gains since the 1970s.

Office work has been steadily adapting to women—and in turn being reshaped by them—for 30 years or more. Joel Garreau picks up on this phenomenon in his 1991 book, [Edge City](#), which explores the rise of suburbs that are home to giant swaths of office space along with the usual houses and malls. Companies began moving out of the city in search not only of lower rent but also of the “best educated, most conscientious, most stable workers.” They found their brightest prospects among “underemployed females living in middle-class communities on the fringe of the old urban areas.” As Garreau chronicles the rise of suburban office parks, he places special emphasis on 1978, the peak year for women entering the workforce. When brawn was off the list of job requirements, women often measured up better than men. They were smart, dutiful, and, as long as employers could make the jobs more convenient for them, more reliable. The 1999 movie [Office Space](#) was maybe the first to capture how alien and dispiriting the office park can be for men. Disgusted by their jobs and their boss, Peter and his two friends embezzle money and start sleeping through their alarm clocks. At the movie’s end, a male co-worker burns down the office park, and Peter abandons desk work for a job in construction.



Near the top of the jobs pyramid, of course, the upward march of women stalls. Prominent female CEOs, past and present, are so rare that they count as minor celebrities, and most of us can tick off their names just from occasionally reading the business pages: Meg Whitman at eBay, Carly Fiorina at Hewlett-Packard, Anne Mulcahy and Ursula Burns at Xerox, Indra Nooyi at PepsiCo; the accomplishment is considered so extraordinary that Whitman and Fiorina are using it as the basis for political campaigns. Only 3 percent of *Fortune* 500 CEOs are women, and the number has never risen much above that.

But even the way this issue is now framed reveals that men's hold on power in elite circles may be loosening. In business circles, the lack of women at the top is described as a "brain drain" and a crisis of "talent retention." And while female CEOs may be rare in America's largest companies, they are highly prized: last year, they outearned their male counterparts by 43 percent, on average, and received bigger raises.

Even around the delicate question of working mothers, the terms of the conversation are shifting. Last year, in a story about breast-feeding, I complained about how the early years of child rearing keep women out of power positions. But the term *mommy track* is slowly morphing into the gender-neutral *flex time*, reflecting changes in the workforce. For recent college graduates of both sexes, flexible arrangements are at the top of the list of workplace demands, according to a study published last year in the *Harvard Business Review*. And companies eager to attract and retain talented workers and managers are responding. The consulting firm Deloitte, for instance, started what's now considered the model program, called Mass Career Customization, which allows employees to adjust their hours depending on their life stage. The program, Deloitte's Web site explains, solves "a complex issue—one that can no longer be classified as a woman's issue."

"Women are knocking on the door of leadership at the very moment when their talents are especially well matched with the requirements of the day," writes David Gergen in the introduction to *Enlightened Power: How Women Are Transforming the Practice of Leadership*. What are these talents? Once it was thought that leaders should be aggressive and competitive, and that men are naturally more of both. But psychological research has complicated this picture. In lab studies that simulate negotiations, men and women are just about equally assertive and competitive, with slight variations. Men tend to assert themselves in a controlling manner, while women tend to take into account the rights of others, but both styles are equally effective, write the psychologists Alice Eagly and Linda Carli, in their 2007 book, *Through the Labyrinth*.

Over the years, researchers have sometimes exaggerated these differences and described the particular talents of women in crude gender stereotypes: women as more empathetic, as better consensus-seekers and better lateral thinkers; women as bringing a superior moral sensibility to bear on a cutthroat business world. In the '90s, this field of feminist business theory seemed to be forcing the point. But after the latest financial crisis, these ideas have more resonance. Researchers have started looking into the relationship between testosterone and excessive risk, and wondering if groups of men, in some basic hormonal way, spur each other to make reckless decisions. The picture emerging is a mirror image of the traditional gender map: men and markets on the side of the irrational and overemotional, and women on the side of the cool and levelheaded.



We don't yet know with certainty whether testosterone strongly influences business decision-making. But the perception of the ideal business leader is starting to shift. The old model of command and control, with one leader holding all the decision-making power, is considered hidebound. The new model is sometimes called "post-heroic," or "transformational" in the words of the historian and leadership expert James MacGregor Burns. The aim is to behave like a good coach, and channel your charisma to motivate others to be hardworking and creative. The model is not explicitly defined as feminist, but it echoes literature about male-female differences. A program at Columbia Business School, for example, teaches sensitive leadership and social intelligence, including better reading of facial expressions and body language. "We never explicitly say, 'Develop your feminine side,' but it's clear that's what we're advocating," says Jamie Ladge.

A 2008 study attempted to quantify the effect of this more-feminine management style. Researchers at Columbia Business School and the University of Maryland analyzed data on the top 1,500 U.S. companies from 1992 to 2006 to determine the relationship between firm performance and female participation in senior management. Firms that had women in top positions performed better, and this was especially true if the firm pursued what the researchers called an "innovation intensive strategy," in which, they argued, "creativity and collaboration may be especially important"—an apt description of the future economy.

It could be that women boost corporate performance, or it could be that better-performing firms have the luxury of recruiting and keeping high-potential women. But the association is clear: innovative, successful firms are the ones that promote women. The same Columbia-Maryland study ranked America's industries by the proportion of firms that employed female executives, and the bottom of the list reads like the ghosts of the economy past: shipbuilding, real estate, coal, steelworks, machinery.

IF YOU REALLY want to see where the world is headed, of course, looking at the current workforce can get you only so far. To see the future—of the workforce, the economy, and the culture—you need to spend some time at America's colleges and professional schools, where a quiet revolution is under way. More than ever, college is the gateway to economic success, a necessary precondition for moving into the upper-middle class—and increasingly even the middle class. It's this broad, striving middle class that defines our society. And demographically, we can see with absolute clarity that in the coming decades the middle class will be dominated by women.

We've all heard about the collegiate gender gap. But the implications of that gap have not yet been fully digested. Women now earn 60 percent of master's degrees, about half of all law and medical degrees, and 42 percent of all M.B.A.s. Most important, women earn almost 60 percent of all bachelor's degrees—the minimum requirement, in most cases, for an affluent life. In a stark reversal since the 1970s, men are now more likely than women to hold only a high-school diploma. "One would think that if men were acting in a rational way, they would be getting the education they need to get along out there," says Tom Mortenson, a senior scholar at the Pell Institute for the Study of Opportunity in Higher Education. "But they are just failing to adapt."



This spring, I visited a few schools around Kansas City to get a feel for the gender dynamics of higher education. I started at the downtown campus of Metropolitan Community College. Metropolitan is the kind of place where people go to learn practical job skills and keep current with the changing economy, and as in most community colleges these days, men were conspicuously absent. One afternoon, in the basement cafeteria of a nearly windowless brick building, several women were trying to keep their eyes on their biology textbook and ignore the text messages from their babysitters. Another crew was outside the ladies' room, braiding each other's hair. One woman, still in her medical-assistant scrubs, looked like she was about to fall asleep in the elevator between the first and fourth floors.

When Bernard Franklin took over as campus president in 2005, he looked around and told his staff early on that their new priority was to "recruit more boys." He set up mentoring programs and men-only study groups and student associations. He made a special effort to bond with male students, who liked to call him "Suit." "It upset some of my feminists," he recalls. Yet, a few years later, the tidal wave of women continues to wash through the school—they now make up about 70 percent of its students. They come to train to be nurses and teachers—African American women, usually a few years older than traditional college students, and lately, working-class white women from the suburbs seeking a cheap way to earn a credential. As for the men? Well, little has changed. "I recall one guy who was really smart," one of the school's counselors told me. "But he was reading at a sixth-grade level and felt embarrassed in front of the women. He had to hide his books from his friends, who would tease him when he studied. Then came the excuses. 'It's spring, gotta play ball.' 'It's winter, too cold.' He didn't make it."

It makes some economic sense that women attend community colleges—and in fact, all colleges—in greater numbers than men. Women ages 25 to 34 with only a high-school diploma currently have a median income of \$25,474, while men in the same position earn \$32,469. But it makes sense only up to a point. The well-paid lifetime union job has been disappearing for at least 30 years. Kansas City, for example, has shifted from steel manufacturing to pharmaceuticals and information technologies. "The economy isn't as friendly to men as it once was," says Jacqueline King, of the American Council on Education. "You would think men and women would go to these colleges at the same rate." But they don't.

In 2005, King's group conducted a survey of lower-income adults in college. Men, it turned out, had a harder time committing to school, even when they desperately needed to retool. They tended to start out behind academically, and many felt intimidated by the schoolwork. They reported feeling isolated and were much worse at seeking out fellow students, study groups, or counselors to help them adjust. Mothers going back to school described themselves as good role models for their children. Fathers worried that they were abrogating their responsibilities as breadwinner.

The student gender gap started to feel like a crisis to some people in higher-education circles in the mid-2000s, when it began showing up not just in community and liberal-arts colleges but in the flagship public universities—the UCs and the SUNYs and the UNC's. Like many of those schools, the University of Missouri at Kansas City, a full research university with more than 13,000 students, is now tipping toward 60 percent women, a level many admissions officers worry could permanently shift the atmosphere



and reputation of a school. In February, I visited with Ashley Burress, UMKC's student-body president. (The other three student-government officers this school year were also women.) Burress, a cute, short, African American 24-year-old grad student who is getting a doctor-of-pharmacy degree, had many of the same complaints I heard from other young women. Guys high-five each other when they get a C, while girls beat themselves up over a B-minus. Guys play video games in each other's rooms, while girls crowd the study hall. Girls get their degrees with no drama, while guys seem always in danger of drifting away. "In 2012, I will be Dr. Burress," she said. "Will I have to deal with guys who don't even have a bachelor's degree? I would like to date, but I'm putting myself in a really small pool."

UMKC is a working- and middle-class school—the kind of place where traditional sex roles might not be anathema. Yet as I talked to students this spring, I realized how much the basic expectations for men and women had shifted. Many of the women's mothers had established their careers later in life, sometimes after a divorce, and they had urged their daughters to get to their own careers more quickly. They would be a campus of Tracy Flicks, except that they seemed neither especially brittle nor secretly falling apart.

Victoria, Michelle, and Erin are sorority sisters. Victoria's mom is a part-time bartender at a hotel. Victoria is a biology major and wants to be a surgeon; soon she'll apply to a bunch of medical schools. She doesn't want kids for a while, because she knows she'll "be at the hospital, like, 100 hours a week," and when she does have kids, well, she'll "be the hotshot surgeon, and he"—a nameless he—"will be at home playing with the kiddies."

Michelle, a self-described "perfectionist," also has her life mapped out. She's a psychology major and wants to be a family therapist. After college, she will apply to grad school and look for internships. She is well aware of the career-counseling resources on campus. And her fiancé?

MICHELLE: He's changed majors, like, 16 times. Last week he wanted to be a dentist. This week it's environmental science.

ERIN: Did he switch again this week? When you guys have kids, he'll definitely stay home. Seriously, what does he want to do?

MICHELLE: It depends on the day of the week. Remember last year? It was bio. It really is a joke. But it's not. It's funny, but it's not.

Among traditional college students from the highest-income families, the gender gap pretty much disappears. But the story is not so simple. Wealthier students tend to go to elite private schools, and elite private schools live by their own rules. Quietly, they've been opening up a new frontier in affirmative action, with boys playing the role of the underprivileged applicants needing an extra boost. In 2003, a study by the economists Sandy Baum and Eban Goodstein found that among selective liberal-arts schools, being male raises the chance of college acceptance by 6.5 to 9 percentage points. Now the U.S. Commission on Civil Rights has voted to investigate what some academics have described as the "open secret" that private schools "are discriminating in admissions in order to maintain what they regard as an appropriate gender balance."



Jennifer Delahunty, the dean of admissions and financial aid at Kenyon College, in Ohio, [let this secret out in a 2006 \*New York Times\* op-ed](#). Gender balance, she wrote back then, is the elephant in the room. And today, she told me, the problem hasn't gone away. A typical female applicant, she said, manages the process herself—lines up the interviews, sets up a campus visit, requests a visit with faculty members. But the college has seen more than one male applicant “sit back on the couch, sometimes with their eyes closed, while their mom tells them where to go and what to do. Sometimes we say, ‘What a nice essay his mom wrote,’” she said, in that funny-but-not vein.

To avoid crossing the dreaded 60 percent threshold, admissions officers have created a language to explain away the boys' deficits: “Brain hasn't kicked in yet.” “Slow to cook.” “Hasn't quite peaked.” “Holistic picture.” At times Delahunty has become so worried about “overeducated females” and “undereducated males” that she jokes she is getting conspiratorial. She once called her sister, a pediatrician, to vet her latest theory: “Maybe these boys are genetically like canaries in a coal mine, absorbing so many toxins and bad things in the environment that their DNA is shifting. Maybe they're like those frogs—they're more vulnerable or something, so they've gotten deformed.”

Clearly, some percentage of boys are just temperamentally unsuited to college, at least at age 18 or 20, but without it, they have a harder time finding their place these days. “Forty years ago, 30 years ago, if you were one of the fairly constant fraction of boys who wasn't ready to learn in high school, there were ways for you to enter the mainstream economy,” says Henry Farber, an economist at Princeton. “When you woke up, there were jobs. There were good industrial jobs, so you could have a good industrial, blue-collar career. Now those jobs are gone.”

Since the 1980s, as women have flooded colleges, male enrollment has grown far more slowly. And the disparities start before college. Throughout the '90s, various authors and researchers agonized over why boys seemed to be failing at every level of education, from elementary school on up, and identified various culprits: a misguided feminism that treated normal boys as incipient harassers (Christina Hoff Sommers); different brain chemistry (Michael Gurian); a demanding, verbally focused curriculum that ignored boys' interests (Richard Whitmire). But again, it's not all that clear that boys have become more dysfunctional—or have changed in any way. What's clear is that schools, like the economy, now value the self-control, focus, and verbal aptitude that seem to come more easily to young girls.

Researchers have suggested any number of solutions. A movement is growing for more all-boys schools and classes, and for respecting the individual learning styles of boys. Some people think that boys should be able to walk around in class, or take more time on tests, or have tests and books that cater to their interests. In their desperation to reach out to boys, some colleges have formed football teams and started engineering programs. Most of these special accommodations sound very much like the kind of affirmative action proposed for women over the years—which in itself is an alarming flip.

Whether boys have changed or not, we are well past the time to start trying some experiments. It is fabulous to see girls and young women poised for success in the coming years. But allowing generations of boys to grow up feeling rootless and obsolete



is not a recipe for a peaceful future. Men have few natural support groups and little access to social welfare; the men's-rights groups that do exist in the U.S. are taking on an angry, antiwoman edge. Marriages fall apart or never happen at all, and children are raised with no fathers. Far from being celebrated, women's rising power is perceived as a threat.

WHAT WOULD A SOCIETY in which women are on top look like? We already have an inkling. This is the first time that the cohort of Americans ages 30 to 44 has more college-educated women than college-educated men, and the effects are upsetting the traditional Cleaver-family dynamics. In 1970, women contributed 2 to 6 percent of the family income. Now the typical working wife brings home 42.2 percent, and four in 10 mothers—many of them single mothers—are the primary breadwinners in their families. The whole question of whether mothers should work is moot, argues Heather Boushey of the Center for American Progress, “because they just do. This idealized family—he works, she stays home—hardly exists anymore.”

The terms of marriage have changed radically since 1970. Typically, women's income has been the main factor in determining whether a family moves up the class ladder or stays stagnant. And increasing numbers of women—unable to find men with a similar income and education—are forgoing marriage altogether. In 1970, 84 percent of women ages 30 to 44 were married; now 60 percent are. In 2007, among American women without a high-school diploma, 43 percent were married. And yet, for all the hand-wringing over the lonely spinster, the real loser in society—the only one to have made just slight financial gains since the 1970s—is the single man, whether poor or rich, college-educated or not. Hens rejoice; it's the bachelor party that's over.

The sociologist Kathryn Edin spent five years talking with low-income mothers in the inner suburbs of Philadelphia. Many of these neighborhoods, she found, had turned into matriarchies, with women making all the decisions and dictating what the men should and should not do. “I think something feminists have missed,” Edin told me, “is how much power women have” when they're not bound by marriage. The women, she explained, “make every important decision”—whether to have a baby, how to raise it, where to live. “It's definitely ‘my way or the highway,’” she said. “Thirty years ago, cultural norms were such that the fathers might have said, ‘Great, catch me if you can.’ Now they are desperate to father, but they are pessimistic about whether they can meet her expectations.” The women don't want them as husbands, and they have no steady income to provide. So what do they have?

“Nothing,” Edin says. “They have nothing. The men were just annihilated in the recession of the '90s, and things never got better. Now it's just awful.”

The situation today is not, as Edin likes to say, a “feminist nirvana.” The phenomenon of children being born to unmarried parents “has spread to barrios and trailer parks and rural areas and small towns,” Edin says, and it is creeping up the class ladder. After staying steady for a while, the portion of American children born to unmarried parents jumped to 40 percent in the past few years. Many of their mothers are struggling financially; the most successful are working and going to school and hustling to feed the children, and then falling asleep in the elevator of the community college.



Still, they are in charge. “The family changes over the past four decades have been bad for men and bad for kids, but it’s not clear they are bad for women,” says W. Bradford Wilcox, the head of the University of Virginia’s National Marriage Project.

Over the years, researchers have proposed different theories to explain the erosion of marriage in the lower classes: the rise of welfare, or the disappearance of work and thus of marriageable men. But Edin thinks the most compelling theory is that marriage has disappeared because women are setting the terms—and setting them too high for the men around them to reach. “I want that white-picket-fence dream,” one woman told Edin, and the men she knew just didn’t measure up, so she had become her own one-woman mother/father/nurturer/provider. The whole country’s future could look much as the present does for many lower-class African Americans: the mothers pull themselves up, but the men don’t follow. First-generation college-educated white women may join their black counterparts in a new kind of middle class, where marriage is increasingly rare.

As the traditional order has been upended, signs of the profound disruption have popped up in odd places. Japan is in a national panic over the rise of the “herbivores,” the cohort of young men who are rejecting the hard-drinking salaryman life of their fathers and are instead gardening, organizing dessert parties, acting cartoonishly feminine, and declining to have sex. The generational young-women counterparts are known in Japan as the “carnivores,” or sometimes the “hunters.”

American pop culture keeps producing endless variations on the omega male, who ranks even below the beta in the wolf pack. This often-unemployed, romantically challenged loser can show up as a perpetual adolescent (in Judd Apatow’s *Knocked Up* or *The 40-Year-Old Virgin*), or a charmless misanthrope (in Noah Baumbach’s *Greenberg*), or a happy couch potato (in a Bud Light commercial). He can be sweet, bitter, nostalgic, or cynical, but he cannot figure out how to be a man. “We call each other ‘man,’” says Ben Stiller’s character in *Greenberg*, “but it’s a joke. It’s like imitating other people.” The American male novelist, meanwhile, has lost his mojo and entirely given up on sex as a way for his characters to assert macho dominance, Katie Roiphe explains in her essay “The Naked and the Conflicted.” Instead, she writes, “the current sexual style is more childlike; innocence is more fashionable than virility, the cuddle preferable to sex.” At the same time, a new kind of alpha female has appeared, stirring up anxiety and, occasionally, fear. The cougar trope started out as a joke about desperate older women. Now it’s gone mainstream, even in Hollywood, home to the 50-something producer with a starlet on his arm. Susan Sarandon and Demi Moore have boy toys, and Aaron Johnson, the 19-year-old star of *Kick-Ass*, is a proud boy toy for a woman 24 years his senior. The *New York Times* columnist Gail Collins recently wrote that the cougar phenomenon is beginning to look like it’s not about desperate women at all but about “desperate young American men who are latching on to an older woman who’s a good earner.” *Up in the Air*, a movie set against the backdrop of recession-era layoffs, hammers home its point about the shattered ego of the American man. A character played by George Clooney is called too old to be attractive by his younger female colleague and is later rejected by an older woman whom he falls in love with after she sleeps with him—and who turns out to be married. George Clooney! If the sexiest man alive can get twice rejected (and sexually played) in a movie, what hope is there for



anyone else? The message to American men is summarized by the title of a recent offering from the romantic-comedy mill: *She's Out of My League*.

In fact, the more women dominate, the more they behave, fittingly, like the dominant sex. Rates of violence committed by middle-aged women have skyrocketed since the 1980s, and no one knows why. High-profile female killers have been showing up regularly in the news: Amy Bishop, the homicidal Alabama professor; Jihad Jane and her sidekick, Jihad Jamie; the latest generation of Black Widows, responsible for suicide bombings in Russia. In Roman Polanski's *The Ghost Writer*, the traditional political wife is rewritten as a cold-blooded killer at the heart of an evil conspiracy. In her recent video *Telephone*, Lady Gaga, with her infallible radar for the cultural edge, rewrites *Thelma and Louise* as a story not about elusive female empowerment but about sheer, ruthless power. Instead of killing themselves, she and her girlfriend (played by Beyoncé) kill a bad boyfriend and random others in a homicidal spree and then escape in their yellow pickup truck, Gaga bragging, "We did it, Honey B."

The Marlboro Man, meanwhile, master of wild beast and wild country, seems too far-fetched and preposterous even for advertising. His modern equivalents are the stunted men in the Dodge Charger ad that ran during this year's Super Bowl in February. Of all the days in the year, one might think, Super Bowl Sunday should be the one most dedicated to the cinematic celebration of macho. The men in Super Bowl ads should be throwing balls and racing motorcycles and doing whatever it is men imagine they could do all day if only women were not around to restrain them.

Instead, four men stare into the camera, unsmiling, not moving except for tiny blinks and sways. They look like they've been tranquilized, like they can barely hold themselves up against the breeze. Their lips do not move, but a voice-over explains their predicament—how they've been beaten silent by the demands of tedious employers and enviro-fascists and women. Especially women. "I will put the seat down, I will separate the recycling, I will carry your lip balm." This last one—lip balm—is expressed with the mildest spit of emotion, the only hint of the suppressed rage against the dominatrix. Then the commercial abruptly cuts to the fantasy, a Dodge Charger vrooming toward the camera punctuated by bold all caps: MAN'S LAST STAND. But the motto is unconvincing. After that display of muteness and passivity, you can only imagine a woman—one with shiny lips—steering the beast.



## Inside the secret world of Trader Joe's

*Fortune*

By BETH KOWITT

August 23, 2010

FORTUNE -- Apple's retail stores aren't the only place where lines form these days. It's 7:30 on a July morning, and already a crowd has gathered for the opening of Trader Joe's newest outpost, in Manhattan's Chelsea neighborhood. The waiting shoppers chat about their favorite Trader Joe's foods, and a woman in line launches into a monologue comparing the retailer's West Coast and East Coast locations. Another customer suggests that the chain will be good for Chelsea, even though the area is already brimming with places to buy groceries, including Whole Foods and several upscale food boutiques.

But Trader Joe's is no ordinary grocery chain. It's an offbeat, fun discovery zone that elevates food shopping from a chore to a cultural experience. It stocks its shelves with a winning combination of low-cost, yuppie-friendly staples (cage-free eggs and organic blue agave sweetener) and exotic, affordable luxuries -- Belgian butter waffle cookies or Thai lime-and-chili cashews -- that you simply can't find anywhere else.

Employees dress in goofy trademark Hawaiian shirts, hand stickers out to your squirming kids, and cheerfully refund your money if you're unhappy with a purchase -- no questions asked. At the Chelsea store opening, workers greeted customers with high-fives and free cookies. Try getting that kind of love at the Piggly Wiggly.

It's little wonder that Trader Joe's is one of the hottest retailers in the U.S. It now boasts 344 stores in 25 states and Washington, D.C., and strip-mall operators and consumers alike aggressively lobby the chain, based in Monrovia, Calif., to come to their towns. A Trader Joe's brings with it good jobs, and its presence in your community is like an affirmation that you and your neighbors are worldly and smart.

The privately held company's sales last year were roughly \$8 billion, the same size as Whole Foods' ([WFMI](#), [Fortune 500](#)) and bigger than those of Bed Bath & Beyond, [No. 314](#) on the *Fortune* 500 list. Unlike those massive shopping emporiums, Trader Joe's has a deliberately scaled-down strategy: It is opening just five more locations this year. The company selects relatively small stores with a carefully curated selection of items. (Typical grocery stores can carry 50,000 stock-keeping units, or SKUs; Trader Joe's sells about 4,000 SKUs, and about 80% of the stock bears the Trader Joe's brand.) The result: Its stores sell an estimated \$1,750 in merchandise per square foot, more than double Whole Foods'. The company has no debt and funds all growth from its own coffers.

You'd think Trader Joe's would be eager to trumpet its success, but management is obsessively secretive. There are no signs with the company's name or logo at headquarters in Monrovia, about 25 miles east of downtown Los Angeles. Few



customers realize the chain is owned by Germany's ultra-private Albrecht family, the people behind the Aldi Nord supermarket empire. (A different branch of the family controls Aldi Süd, parent of the U.S. Aldi grocery chain.) Famous in Germany for not talking to the press, the Albrechts have passed their tightlipped ways on to their U.S. business: Trader Joe's and its CEO, Dan Bane, declined repeated requests to speak to *Fortune*, and the company has never participated in a major story about its business operations.

Some of that may be because Trader Joe's business tactics are often very much at odds with its image as the funky shop around the corner that sources its wares from local farms and food artisans. Sometimes it does, but big, well-known companies also make many of Trader Joe's products. Those Trader Joe's pita chips? Made by Stacy's, a division of PepsiCo's ([PEP](#), [Fortune 500](#)) Frito-Lay. On the East Coast much of its yogurt is supplied by Danone's Stonyfield Farm. And finicky foodies probably don't like to think about how Trader Joe's scale enables the chain to sell a pound of organic lemons for \$2.

To get inside the mysterious world of Trader Joe's, *Fortune* spent two months speaking with former executives, competitors, industry analysts, and suppliers, most of whom asked not to be named. What emerged is a picture of a business at a crossroads: As the company expands into new markets and adds stores -- analysts say the grocer could easily triple its size in the coming years -- it must find a way to maintain its small-store vibe with customers. "They see themselves as a national chain of neighborhood specialty grocery stores," says Mark Mallinger, a Pepperdine University professor who has done research for the company. "It means you want to create an image of mom and pop as you grow." That's no easy task. Just ask Starbucks ([SBUX](#), [Fortune 500](#)) CEO Howard Schultz, whose expansion has been a huge success but has come at the expense of credibility with some coffee aficionados. The alternative is to remain a small brand with unflagging devotees, like outdoor clothier Patagonia. If it can get the balance right, Trader Joe's may be one of the few retailers to marry cult appeal with scale. Just don't expect anyone from the company to talk about it.

**Who's a fan** of Trader Joe's? Young Hollywood types like Jessica Alba are regularly photographed brandishing Trader Joe's shopping bags -- but Supreme Court Justice Sonia Sotomayor reportedly is a fan too. "What's not to like?" says Costco ([COST](#), [Fortune 500](#)) co-founder and CEO Jim Sinegal. "They're very good retailers, and we admire them a lot." Visit a Trader Joe's early in the day, and there are senior citizens on fixed incomes shopping for bargains; on weekends and evenings a well-heeled crowd takes over. Kevin Kelley, whose consulting firm Shook Kelley has researched Trader Joe's for its competitors, jokes that the typical shopper is the "Volvo-driving professor who could be CEO of a *Fortune* 100 company if he could get over his capitalist angst."

The rise of Trader Joe's reflects Americans' changing attitudes about food. While Trader Joe's is not a health food chain, it stocks a dizzying array of organics. It sells billions of dollars in food and beverages that years ago would have been considered gourmet but are now mainstays of the U.S. diet, such as craft beers and white-cheese popcorn. The genius of Trader Joe's is staying a step ahead of Americans' increasingly adventurous palates with interesting new items that shoppers will collectively buy in big volumes.



The retailer's foodie roots and quirky in-store culture date to [the original Joe](#). Joe Coulombe (pronounced COO-lomb), now 80, opened the first Trader Joe's 43 years ago in Pasadena to serve a sophisticated -- but strapped -- consumer. He named the store Trader Joe's to evoke images of the South Seas. He stocked it with convenience-store items and good booze, and at one time his shop boasted the world's largest assortment of California wine. (Decades later Trader Joe's would again become famous for wine, specifically its \$1.99 Charles Shaw label, better known as "Two-Buck Chuck.") Coulombe then added health food -- a seemingly odd combination that totally worked in 1970s California. By the late 1970s he was operating more than 20 locations.

The company's success did not go unnoticed. German grocery mogul Theo Albrecht, who died in July at age 88, coveted Trader Joe's -- not as part of a major U.S. expansion but as a smart financial investment. Even in the early days, Trader Joe's appeal was its narrow but zany selection and loyal customers, recalls Dieter Brandes, who did due diligence on the company for Albrecht. "It was fantastic. It was different," he says. In 1979, Coulombe sold his company to Albrecht. Coulombe tells *Fortune* he "can't remember" the selling price.

The Albrechts, who own Trader Joe's through a family trust, have generally stayed out of the business. They visit the U.S. operation about once a year, and word around the office spreads that "the Germans" are coming. Coulombe stayed on without a management contract for a decade; in 1987 he hired John Shields, a fraternity brother from his undergraduate days at Stanford, who was CEO until 2001. Under Shields' reign, Trader Joe's expanded outside California to Arizona in 1993 and to the Pacific Northwest in 1995. Although executives worried that Northeastern shoppers wouldn't "get" Trader Joe's, the company in 1996 leapfrogged the country and opened two stores in places crawling with college professors and other bargain-hunting elites: Brookline and Cambridge, both outside Boston.

Push your way into the bustling Trader Joe's in Manhattan's Union Square neighborhood, and it's hard to believe that executives ever worried that East Coasters wouldn't groove on the experience. Make no mistake: A typical family couldn't do all its shopping at the store. There's no baby food, toothpicks, or other necessities. But for this crowd of urbanites and college kids, Trader Joe's is nirvana.

A closer look at its selection of items underscores the brilliance of Coulombe's limited-selection, high-turnover model. Take peanut butter. Trader Joe's sells 10 varieties. That might sound like a lot, but most supermarkets sell about 40 SKUs. For simplicity's sake, say both a typical supermarket and a Trader Joe's sell 40 jars a week. Trader Joe's would sell an average of four of each type, while the supermarket might sell only one. With the greater turnover on a smaller number of items, Trader Joe's can buy large quantities and secure deep discounts. And it makes the whole business -- from stocking shelves to checking out customers -- much simpler.

Swapping selection for value turns out not to be much of a tradeoff. Customers may think they want variety, but in reality too many options can lead to shopping paralysis. "People are worried they'll regret the choice they made," says Barry Schwartz, a Swarthmore professor and author of *The Paradox of Choice*. "People don't want to feel



they made a mistake." Studies have found that buyers enjoy purchases more if they know the pool of options isn't quite so large. Trader Joe's organic creamy unsalted peanut butter will be more satisfying if there are only nine other peanut butters a shopper might have purchased instead of 39. Having a wide selection may help get customers in the store, but it won't increase the chances they'll buy. (It also explains why so often people are on their cellphones at the supermarket asking their significant other which detergent to get.) "It takes them out of the purchasing process and puts them into a decision-making process," explains Stew Leonard Jr., CEO of grocer Stew Leonard's, which also subscribes to the "less is more" mantra.

Customers accept that Trader Joe's has only two kinds of pudding or one kind of polenta because they trust that those few items will be very good. "If they're going to get behind only one jar of Greek olives, then they're sure as heck going to make sure it's the most fabulous jar of Greek olives they can find for the price," explains one former employee. To ferret out those wow items, Trader Joe's has four top buyers, called product developers, do some serious globetrotting. A former senior executive told me that Trader Joe's biggest R&D expense is travel for those product-finding missions. Trade shows that feature the flavor of the moment "are for rookies," a former buyer said. Trader Joe's doesn't pick up on trends -- it sets them.

The other dozen or so buyers, or category leaders, spend more time in the office, fielding hundreds of cold calls a week from vendors tripping over themselves to make Trader Joe's a customer. Trader Joe's is a supplier's dream account: It pays on time and doesn't mess with extra charges for advertising, couponing, or slotting fees that traditional supermarkets charge suppliers to get their products onto the shelves. "It's all transparent -- no BS," says a former executive. In exchange, suppliers have to agree to operate under Trader Joe's cloak of secrecy. *Fortune* obtained a copy of a standard vendor agreement, which states, "Vendor shall not publicize its business relationship with TJ's in any manner."

Why the lockdown? Former executives say that Trader Joe's wants neither its shoppers nor its competitors to know who's making its products. And many suppliers aren't that keen on consumers knowing that they produce a lower-cost version for Trader Joe's either. Take Tasty Bite, which makes much of Trader Joe's Indian food. The Tasty Bite Punjab Eggplant ran \$3.39 at a Whole Foods in Manhattan. The seemingly identical Punjab Eggplant that the Stamford, Conn., company makes for Trader Joe's is more than \$1 cheaper.

Over the years Trader Joe's has improved the way it distributes Joe's-branded goodies to its stores. Management has sought to minimize the number of hands that touch a product; whenever possible, Trader Joe's purchases directly from the manufacturers, which then ship their wares straight to Trader Joe's distribution centers. A U.S.-made cheese, for example, is sent to distribution centers nationwide, where it's sometimes cut and wrapped, taking another cost out of the equation. At a traditional supermarket, that same cheese would probably go through a distributor first, tacking on another cost. Trucks leave the distribution centers daily for the stores. Trader Joe's small stores don't have much of a back room, so ordering from the distribution centers has to be precise.



This distribution process helps determine where the company opens its stores. Texas and Florida have cities that boast consumers Trader Joe's covets, but insiders say the current distribution infrastructure makes it difficult for the company to efficiently get products to those states. To pick their next locales, employees look at demographics such as education level. In the past they've even looked at who's subscribing to high-end food and cooking magazines as a way of divining where the epicures are.

On a Tuesday evening just before dinnertime, retail expert Burt P. Flickinger III joins the steady hum of foot traffic at the Trader Joe's in Larchmont, N.Y. Because Trader Joe's won't give *Fortune* any information on its stores, Flickinger, of consulting firm Strategic Resource Group, has agreed to walk through a few suburban locales and offer feedback. In Larchmont, Flickinger does a little bit of his own shopping. (It's what happens when you walk into a Trader Joe's -- you get sucked into buying stuff you didn't plan to.) An employee, noticing that he has his arms full, brings him a basket. At the register the perky cashier offers up that the mango sorbet Flickinger has selected is on her top 10 list of favorite Trader Joe's items.

You can't buy engagement from employees, but the pay at Trader Joe's helps. Store managers, "captains" in Trader Joe's parlance -- the nautical titles are a holdover from Coulombe (newly promoted captains are commanders; assistant store managers are first mates) -- can make in the low six figures, and full-time crew members can start in the \$40,000 to \$60,000 range. But on top of the pay, Trader Joe's annually contributes 15.4% of employees' gross income to tax-deferred retirement accounts.

All of that can lead to a better customer experience. A ringing bell instead of an intercom signals that more help is needed at the registers. Registers don't have conveyor belts or scales, and perishables are sold by unit instead of weight, speeding up checkout. Crew members aren't told the margins on products, so placement decisions are made based not on profits but on what's best for the shopper. Every employee works all aspects of the store, and if you ask where the roasted chestnuts are he'll walk you over instead of just saying "aisle five." Want to know what they taste like? He can probably tell you, and he might even open the bag on the spot for you to try.

Can Trader Joe's maintain that kind of charm as it expands? Former employees worry that the company is losing its entrepreneurial zeal and that CEO Dan Bane has made the place more corporate, adding more senior vice presidents, and creating new titles such as product developer. At headquarters Bane encourages employees to wear Hawaiian shirts and name tags. But putting systems in place isn't necessarily a bad thing. "You have to grow up at some point," says a former employee. "You have to start following rules. You have to start putting in checks and balances." The stakes are higher now that Trader Joe's has hundreds of stores. A buying error could cost the company millions.

Bane, 62, who has a background in accounting, graduated in 1969 from the University of Southern California, where he played baseball -- or, as he's said, "spent a lot of the time on the bench." During a talk at USC, Bane said that he's modeled his leadership style on his famed coach, Rod Dedeaux. Bane joined the company in 1998 as president of West Coast operations and became CEO only three years later.



A few former employees describe him as gruff, but he also has a softer side. In a video tribute to a sixth-grade teacher named Mrs. Bidwell, he talked about how she helped him adjust to life in El Dorado, Ark., after the Navy relocated Bane's father there from Southern California.

Some former employees say Trader Joe's has already lost its quirky cool. "In the early days we never tried to be the neighborhood store," says a former employee. They didn't have to: Trader Joe's *was* the neighborhood store. And yet walk into the Chelsea location on a busy weekday night and you'll see something you almost never see in Manhattan: strangers chatting with one another. Veteran customers tell newbies what products they absolutely have to try, and serious cooks share tips on how to spike sauces and semi-prepared foods to make them even tastier. If Trader Joe's can maintain that kind of mojo, it could end up the biggest neighborhood store ever.



## The James Franco Project

*New York Magazine*

By SAM ANDERSON

July 25, 2010

**Movie star, conceptual artist, fiction writer, grad student, cipher—he’s turned a Hollywood career into an elaborate piece of performance art. But does it mean anything? A critical investigation, with bathroom break.**

### 1. The Wink

“Franco is here. And he is seriously good looking, but very weird.”

“Weird how?”

—Maxie and Lulu, *General Hospital*, November 23, 2009

James Franco will not stop bouncing around. We’re standing on the sixth floor of a building at NYU, in the Department of Cinema Studies, outside a small theater. He’s wearing a standard grad-student uniform: washed-out jeans, charcoal sweater, gray sneakers, messy hair. His face—the face whose sculpted smoothness has won him countless film roles, and a Gucci endorsement, and daily floods of heartsick prose poetry on Internet comment boards—has been abducted by a mildly disturbing mustache. (He had to grow it for a role, he says.) We’ve just finished listening to a lecture by the performance artist Marina Abramovic—a talk Franco introduced with a charming but rambling overview of Abramovic’s career: the time she screamed herself hoarse, the time she took medication to give herself seizures, the time she cut her own hand with a knife, the time she ate an entire raw onion. It’s unclear whether people have come tonight to see Abramovic or Franco or just the symbiotic fusion of the two—this rare public marriage of Hollywood and art-world stars.

The crowd has dispersed now, and Franco is out here in the lobby bouncing around, weirdly, like a boxer before a fight, hopping back and forth, telling me about how stressed he is. He’s just flown back from Berlin this afternoon, he says, and he has a 35-page paper due tomorrow. Next weekend he has to shoot a student film, because in two weeks he’ll be flying out to Salt Lake City to start acting in a movie called *127 Hours*, director Danny Boyle’s follow-up to *Slumdog Millionaire*, in which Franco will play a hiker who gets pinned by a boulder and has to amputate his own arm. Revisions are due soon on his book of short stories, which will be published in October by Scribner. He’s trying to nail down the details of an art show that will be based, somehow, on his recent performance on the soap opera *General Hospital*. Also, he has class every day, which—since he’s enrolled in four graduate programs at once—requires commuting among Brooklyn, Greenwich Village, Morningside Heights, and occasionally North Carolina. He looks exhausted; it occurs to me that maybe he’s bouncing around to keep himself awake.



After a few minutes, Franco apologizes for his hopping and says he really just desperately needs to urinate. He keeps talking about his work as we walk down the hall—most of his student films, he tells me, have been adaptations of poems—and then he talks about it some more as he enters the bathroom. His voice takes on the ring of institutional porcelain and tile. His next film, he says, will be based on Spencer Reece’s poem “The Clerk’s Tale,” a dramatic monologue by a man who works in a mall. Franco is still talking about all of this as he starts to urinate, matter-of-factly, into a urinal—a process that goes on for an extremely long time. (He’s a compulsive drinker of Starbucks coffee, and Abramovic talked for well over an hour.) He’ll be filming at an actual mall in Queens next weekend, he says, still urinating, and the movie will star the performance artist John Kelly, who’s best known for appearing onstage, in drag, as Joni Mitchell. As I stand behind Franco, here in the tiny bathroom, taking notes, I feel a strange little thrill of low-grade intimacy—equal parts discomfort, amusement, affection, and an excitement whose source I can’t quite trace.

Franco washes his hands, and we head back out to the lobby, where he’s met by a small group that’s been milling around—it’s hard to tell if it’s an entourage or just a few lingering friends and classmates, a Hollywood thing or a student thing. Before he turns to walk away, Franco does something surprising: He winks at me. I have no idea what this is supposed to mean. As he and Abramovic walk off together toward the elevators, my mind starts to run through all the possible interpretations. Was it a cheesy Hollywood-schmooser wink, meant to charm and titillate me—the equivalent of a personalized James Franco autograph on our conversation? Or was it sincere, a gesture of goodwill and openhearted, rakish, devil-may-care bonhomie? (Is a sincere wink even possible, here in the cinema-studies department at NYU, in the year 2010?) Was it ironic—a wink set in quotation marks? Was he making fun of me, and of himself, and of the whole vexed transaction of celebrity journalism? Was he flirting with me, or metaflirting—making a sly reference to all the gay rumors swirling around him, and to our strange homosocial trip to the bathroom together?

In the hours after our brief meeting, and then in the months that followed, I would come to believe that everything important about Franco and his career could be derived from that mystifying wink. The only problem was that I had no idea, really none at all, what he meant by it.

## **2. The Everything-ist**

“Believe what you want. But here’s a clue. The secret to life: Anyone can die at any time.”

“So what do we do about it?”

“Amuse ourselves. Don’t live by rules or boundaries. And take what you want, when you want.”

—Franco and Maxie, *General Hospital*, November 24, 2009

Not so long ago, James Franco’s life and career were fairly normal. He grew up in Palo Alto, California, where his parents had met as Stanford students. Young James was, at



his father's urging, a math whiz—he even got an internship at Lockheed Martin. As a teenager, he rebelled, got in trouble with the law (drinking, shoplifting, graffiti), and eventually migrated toward the arts. His hero was Faulkner. He fell in love with acting when he played the lead in a couple of dark and heavy high-school plays. After freshman year, he dropped out of UCLA, very much against his parents' wishes, to try to make a career of it. He was good, lucky, and driven, and within a couple of years, he got his first big break: Judd Apatow cast him in what would become the cult TV series *Freaks and Geeks*. When the series was canceled after just a season, Franco landed the lead in the TNT biopic *James Dean*. He played the part with a slumping intensity that seemed like a reasonable replication of the real thing—or at least much closer than anyone had a right to expect from a TNT biopic—and the performance won a Golden Globe. Soon after, he was cast as Robert De Niro's drug-addicted son in the film *City by the Sea*. That same year, he entered mainstream consciousness as Peter Parker's best friend in *Spider-Man*.

Franco had become, in other words, a working Hollywood actor. An unusual actor—he overprepared for minor roles, read Dostoyevsky and Proust between takes, and occasionally drove colleagues crazy with his intensity—but still identifiably an actor, with an actor's career. As he climbed toward leading-man status, however, Franco had a crisis of faith. He found himself cast in a string of mediocre films—*Annapolis*, *Flyboys*, *Tristan + Isolde*—most of which bombed. He felt like he was funneling all his effort into glossy, big-budget entertainment over which he had no control, and of which he wasn't proud.

At age 28, ten years after dropping out, Franco decided to go back to college. He enrolled in a couple of UCLA extension courses (literature, creative writing) and found them so magically satisfying—so safe and pure compared with the world of acting—that he threw himself back into his education with crazy abandon. He persuaded his advisers to let him exceed the maximum course load, then proceeded to take 62 credits a quarter, roughly three times the normal limit. When he had to work—to fly to San Francisco, for instance, to film *Milk*—he'd ask classmates to record lectures for him, then listen to them at night in his trailer. He graduated in two years with a degree in English and a GPA over 3.5. He wrote a novel as his honors thesis.

It was interesting timing. As soon as Franco decided his Hollywood career wasn't enough, his Hollywood career exploded—which meant that his intellectual pursuits got picked up on the radar of the A-list Hollywood publicity machine. Which was, of course, baffled by all of it. Plenty of actors dabble in side projects—rock bands, horse racing, college, veganism—but none of them, and maybe no one else in the history of anything, anywhere, seems to approach extracurricular activities with the ferocity of Franco.

Take, for instance, graduate school. As soon as Franco finished at UCLA, he moved to New York and enrolled in four of them: NYU for filmmaking, Columbia for fiction writing, Brooklyn College for fiction writing, and—just for good measure—a low-residency poetry program at Warren Wilson College in North Carolina. This fall, at 32, before he's even done with all of these, he'll be starting at Yale, for a Ph.D. in English, and also at the Rhode Island School of Design. After which, obviously, he will become president of the United Nations, train a flock of African gray parrots to perform free



colonoscopies in the developing world, and launch himself into space in order to explain the human heart to aliens living at the pulsing core of interstellar quasars.

Franco says all of his pursuits are possible, at least in part, because he's cut down on his acting, but he's still doing plenty of that. In the next year or so, he'll be appearing in the films *Eat, Pray, Love* (as Julia Roberts's boyfriend), *Howl* (as Allen Ginsberg), *127 Hours* (as the one-armed hiker), *Your Highness* (a medieval comedy), *William Vincent* (an indie film by one of his NYU professors), *Maladies* (put out by his own production company), and *Rise of the Apes* (a prequel to *Planet of the Apes*). And of course there's his epically weird stint on *General Hospital*—the crown jewel in the current science project of his career.

All of which raises a small army of questions:

(1) Can James Franco possibly be for real?

(2) If he is, then—just logistically—how is all this possible?

(3) And perhaps the biggest mystery of all: Why is Franco doing it? Are his motives honest or dishonest? Neurotic or healthy? Arrogant or humble? Ironic or sincere? Naïve or sophisticated? Should we reward him with our attention or punish him with our contempt? Is he genuinely trying to improve himself or is he just messing with us—using celebrity itself as the raw material for some kind of public prank?

### 3. Logistics

“You are so full of crap.”

“You keep saying that.”

—Maxie and Franco, *General Hospital*, November 24, 2009

“I'm not like everyone else—remember that.”

—Franco, *General Hospital*, December 11, 2009

It's hard not to be a little skeptical. Anyone who's ever been to grad school will tell you that a single high-level program is pretty much crippling. Not to mention that topflight programs like Yale's are designed to “professionalize” students, shearing away all of their outside interests and hobbies. Some professors frown on students having relationships, much less other careers—much less twelve of them. So while Franco's adventure in overeducation might seem, from a distance, admirable, or at least lovably naïve, it also seems basically impossible. This skepticism was bolstered last year when a photo circulated online showing Franco sitting in class at Columbia, his head tilted back, dead asleep. The photo's unspoken message was that the cynics were probably right: Franco's pretty smile had given him a free pass to cultural realms the rest of us have to work our whole lumpy-faced lives just to get an outside shot at. He wasn't so much attending grad school as he was endorsing it: lending these programs his celebrity in exchange for easy intellectual cred.



Franco's professors, classmates, and colleagues insist, however, that this is not the case. According to everyone I spoke with, Franco has an unusually high metabolism for productivity. He seems to suffer, or to benefit, from the opposite of ADHD: a superhuman ability to focus that allows him to shuttle quickly between projects and to read happily in the midst of chaos. He hates wasting time—a category that includes, for him, sleeping. (He'll get a few hours a night, then survive on catnaps, which he can fall into at any second, sometimes even in the middle of a conversation.) He doesn't drink or smoke or—despite his convincingness in *Pineapple Express*—do drugs. He's engineered his life so he can spend all his time either making or learning about art. When I asked people if Franco actually does all of his own homework, some of them literally laughed right out loud at me, because apparently homework is all James Franco ever really wants to do. The photo of him sleeping in class, according to his assistant, wasn't even from one of his classes: It was an extra lecture he was sitting in on, after a full day of work and school, because he wanted to hear the speaker.

Vince Jolivette, Franco's roommate and general right-hand man (he runs Franco's production company and plays bit parts in many of his films), met Franco in acting class in 1996. "Our teacher made us rehearse at least once a day outside of class," he told me. "James would get eight or nine rehearsals. Everyone else would do, at most, one. If we didn't rehearse, or if I had to cancel, he'd be pissed."

John Tintori, chair of NYU's filmmaking program, told me that Franco convinced him of his sincerity in the entrance interview. "He was an hour early. He just sat outside my office waiting. In the interview, the two faculty members who were with me were skeptical and really held his feet to the fire. He said, 'I am not going to be the guy who's not pulling his weight.' And he isn't. In fact, he's loading up and doing extra credit. Normally, we're a three-year program. My guess is he'll probably finish in two and a half years. A few months ago, he said, 'I really like it here. Is it okay, after I finish all my requirements—can I keep taking classes?' I'm looking into that, because I don't know if it's allowed."

According to his mother, Betsy, Franco has been this way since he was born. In kindergarten, he wouldn't just build regular little block towers—he'd build structures that used every single block in the playroom. At night, he would organize his *Star Wars* toys before he slept. When Franco was 4 years old, a friend of the family died. Betsy gave him the standard Mortality Talk: *no longer with us, just a part of life—yes, but hopefully not for a very long time*. Little James burst into tears. He was inconsolable. Eventually, he managed to choke out, between sobs, "But I don't want to die! I have so much to do!"

This is, no doubt, mildly insane, even if it's a form of insanity many of us might want to have.

One of Franco's most serious productivity advantages is his personal assistant, Dana Morgan. "I tease him when people say, 'How do you do it?'" she tells me. "'You don't! You do all the things they know about, but you don't do the normal human-being things.'"



Morgan, a former UCLA classmate of Franco's, manages his minute-to-minute existence: makes sure he wakes up, gets dressed, eats. "I guarantee you he would not eat unless I fed him," she says. "He'll do the hand-to-mouth part, but I definitely bring it to his hands. It's not that he's helpless. It's just that he would not take the time to find food. He has the luxury of not having to worry about it."

Despite the hired help, Morgan tells me, Franco's hyperproductive life is not always easy. "He definitely gets overwhelmed at times. Sometimes we'll look at each other, and it's been 36 hours since either of us has closed our eyes, and he's switched from decaf to regular, and we're on a train or a plane or a car and he'll go, 'What am I doing? What's going on?' But then it's like: 'Well, we're making things happen the way you want.'"

#### **4. The After-Party**

"The camera never lies. Except it always does."

—Franco, *General Hospital*, July 7, 2010

James Franco's homework has had an incredible year. Short stories he worked on at Columbia and Brooklyn College were published in *Esquire* and *McSweeney's*. His NYU student films—including the artsy adaptations of poetry he was telling me about in the bathroom—graced all the major film festivals. His documentary *Saturday Night*, which began life as a seven-minute NYU assignment, blossomed—thanks to unprecedented behind-the-scenes access to *SNL* (a show Franco has hosted twice)—into a full-length feature.

The next time I see Franco is at the Tribeca Film Festival, at an after-party for *Saturday Night*. The party is sponsored by Polaroid, which is using the occasion to promote its new Polaroid 300 camera so aggressively it feels almost like a satire of publicity: Everyone is taking photos, or photos of photos, or video of photographers taking photos of photos. It's like Andy Warhol has thrown a surprise party for a Don DeLillo novel.

Over the course of the party, Franco stands mainly right near the front door, creating a bulge of admirers that makes it hard to get in and out of the building. He looks, tonight, not like a grad student but like a swashbuckling young Hollywood leading man: He's wearing jeans and a brown leather jacket; his sketchy mustache has been normalized by the addition of a goatee; his hair is curly and wild. His job here at the party seems to be to make chitchat—to spread the limited resource of his attention affably across hundreds of targets, never locking in for more than a few minutes at a time, but also never making anyone feel slighted.

Partygoers approach and compliment him, exchange pleasantries with him, take cell-phone pictures of him. He talks to his agent, to his NYU classmates, to the TV critic of the *New York Post*. Midway through the party, I manage to break into the golden orb of Franco's attentional sphere. We talk about his latest projects, and he can't resist making a prediction.



“The new critique you’re gonna start hearing about James Franco,” says James Franco, “is ‘He’s spreading himself too thin.’”

I tell him I’ve already heard that critique many times.

“But what does that even mean?” he asks. He seems impatient, genuinely baffled. “Spreading himself too thin?”

Well, I say, isn’t it a reasonable concern? How many targets can one person’s brain realistically hit with any kind of accuracy?

“If the work is good,” Franco says, “what does it matter? I’m doing it because I love it. Why not do as many things I love as I can? As long as the work is good.”

Soon he gets whisked away to a back room to have his portrait taken, in Polaroids, over and over by someone a company rep keeps calling “a real artist.” Franco sits in a kind of *Thinker* pose, with his face resting on the tripod of his fingers. At the end of the session, the real artist tapes all of his portraits together into one big collage of fractured Franco.

## 5. The Adolescent

“The best art is understood by the fewest number of people.”

“Okay. Well, you’re incredibly popular. Does that mean you’re not good?”

“I’m good.”

—Franco and Maxie, *General Hospital*, November 23, 2009

The critic Kenneth Tynan once wrote about Orson Welles, history’s archetypal writer-actor-director, “Orson is the man who tried it all: And every time he tried a medium, it capitulated.” The same cannot be said, as of yet, for Franco. Artistic media don’t seem to capitulate to him. They struggle against him, making him earn every modest inch of success. Watching that struggle is fascinating and a big part of Franco’s appeal: He’s not a savant or an obvious genius—he’s someone of mortal abilities who seems to be working immortally hard. Outside of acting—at which he is, by all accounts, very good and sometimes excellent—Franco’s work gives off a student-y vibe. It exudes effort. His directing is daring but often heavy-handed. His fiction reads like promising work from a writing seminar—not a student whose success you’d guarantee but someone you could see eventually getting there. (When Franco’s story “[Just Before the Black](#)” was published in *Esquire*, it set off a huge online hullabaloo of negativity. Salon called it a “crush killer.” One writer tweeted that “Franco makes Ethan Hawke seem like Herman Melville.”) Still, Franco grades well on a curve. He’s an excellent writer, for an actor. He’s brilliant, for a heartthrob. But he has yet to produce art that’s good enough to break the huge gravitational pull of his fame and fly off on its own merits.

Franco’s main artistic obsession—the subject that echoes across all of his various media—is adolescence. This seems appropriate on several levels. His own adolescence



was unusually formative: It turned him from an obedient young math prodigy into a turbocharged art fanatic. His defining characteristic, as an actor, is an engaging restlessness—adolescence personified. In fact, you could say that Franco's entire career is suspended, right now, in a kind of artistic adolescence. We're watching him transition, a little awkwardly, from one creature (the Hollywood-dependent star) to another (the self-actualized, multiplatform artist). Like real adolescence, it's a propulsive phase in which energy exceeds control. It's about extremes—the hysteria to distinguish oneself, to break the rules, to leap into the world and do impossible things. Franco is developing all kinds of new strengths, but at the cost of some of his dignity: His intellectual skin is a little spotty, his artistic legs are suddenly too long for the rest of his body.

It's the kind of ragged transition that most actors pay good money to have smoothed over by publicity teams. Yet Franco is making a spectacle of it. Which is, in a way, brave. One of the central points of Franco's art and career, as I read them, is that adolescence isn't something we should look away from, a shameful churning of dirty hormones. It's the crucible of our identity, the answer to everything that comes later, and we need to look long and hard at it, no matter how gross or painful it might sometimes feel.

## 6. A Queer Career

"You're priceless. I should take you to my apartment and put you on my mantel—you can be your own little work of art."

"Oh, yeah, you think people would pay money for me?"

"Oh, yeah, Mr. Franco. I know quite a few women who would be happy to keep you occupied."

"For a while. And then what?"

—Maxie and Franco, *General Hospital*, November 24, 2009

One defining characteristic of adolescence is, of course, our emergence into the world as sexual beings. In this sense, too, Franco seems to be living an extended public adolescence. Many people are obsessed—and Franco has given them ample reason to be—with the question of whether he's gay or straight. For a Hollywood heartthrob, he's been unusually drawn to gay or bisexual roles: Allen Ginsberg, James Dean, Harvey Milk's long-term boyfriend Scott Smith. Even seemingly straight roles—e.g., the pot dealer in *Pineapple Express*—end up bursting, in Franco's hands, with homoerotic energy.

Although Franco has been silent on this subject, he seems to enjoy stoking the controversy. His art, across the spectrum, revels in gay culture. His student film *The Feast of Stephen* involves an extended fantasy scene in which a group of teenage boys gang-rape another boy—who then smiles meaningfully at the camera as the screen goes dark. (An intimate screening of the film was sponsored, last summer, by *Butt* magazine.) The narrator of Franco's *Esquire* short story asks a friend: "Don't you ever get jealous of those girls in pornos that get to be on their knees in the middle of all those dicks?" Franco researched his role for the 2002 film *Sonny* by hanging out at gay strip clubs in New Orleans, and even tagged along with a stripper as he serviced a male client in a



hotel room. In a guest spot on *30 Rock*, he played a version of himself whose sexual obsession with a Japanese body pillow is an open public secret—a perfect allegory for his alleged homosexuality.

When Franco mentioned to me, via e-mail, that he was leaning toward going to Yale for his Ph.D., the faculty member he singled out was Michael Warner. Warner happens to be one of the pioneers of queer theory, a school of thought born in the early nineties (just as Franco was hitting adolescence) that argues that sexuality is not a trivial, personal matter but fundamental to how we all experience the world. “Queer,” in this sense, transcends the simplistic binary of gay versus straight. As Warner puts it in his canonical anthology *Fear of a Queer Planet*, queer defines itself “against the normal rather than the heterosexual.” Thinking about sexuality—particularly exposing the assumptions embedded in heteronormative culture—is a form of radical social critique, a way to challenge arbitrary boundaries and institutions.

Which is, of course, basically a description of Franco’s current career: He’s systematically challenging mass-cultural norms. Franco, you might say, is queering celebrity: erasing the border not just between gay and straight but between actor and artist, heartthrob and intellectual, junk TV and art museum. His obvious relish for gay roles challenges the default heterosexuality of Hollywood leading men like Clooney or Pitt. He seems more interested in fluidity, in every sense, than in a fixed identity. As a commenter on the website Queerty put it: “He’s the World’s Gayest Heterosexual!” But he’s also the world’s most heterosexual gay, the world’s highest lowbrow, and the world’s most ironic earnest guy. It is also possible that he’s just engaged in the world’s most public, and confused, coming-out process.

Given all of this, “James Franco’s girlfriend” would seem to be a fraught position. And yet Ahna O’Reilly seems not to be bothered. “You do a movie where you’re gay,” she says, “or, in James’s case, more than one, it’s going to happen. I know that a lot of people wish he were gay, or think I’m not his real girlfriend. But there’s nothing you can do about that.”

O’Reilly and Franco met five years ago, just before his career took its radical turn. She was an acting student at Playhouse West, the school Franco had studied at years before. He was an increasingly famous actor on the brink of a career crisis. They discovered that they’d both grown up in Palo Alto, ten minutes away from each other, and that their mothers used to chat at the public pool. They’ve been together ever since, through all the rumors, and the schoolwork, and the move to New York. It seems emblematic that Ahna, who lives in L.A., is speaking to me from Franco’s apartment in New York—she’s here to film a movie—while Franco is in L.A. filming new episodes of *General Hospital*.

“The choice to go back to school really changed everything,” O’Reilly remembers. “He was reading all the time and writing papers all the time—just constant schoolwork. He was so, so happy. And it was funny how it worked: Once he gave up trying to control his acting career, everything kind of came his way. *Pineapple Express* came along, and then *Milk*.”



I tell O'Reilly that I wonder sometimes if Franco's entire life—the sexual play, the grad school, even my article—is a work of performance art. “No,” she says. “But if someone were doing a performance piece like that, it would be him.”

## 7. Meta/Earnest

“I wonder if his \*\*\*sensarity\*\*\* is real or fake?”

—YouTube comment on *General Hospital* Franco clip

“Since when is performance art a crime?”

—Franco, *General Hospital*, January 8, 2010

As Franco adds layer upon layer, wink upon wink—as he slides further along the continuum from Gyllenhaal to Warhol—his entire career is beginning to look less like an actual career than like some kind of gonzo performance piece: a high-concept parody of cultural ambition. He's become a node of pop-cultural curiosity in roughly the same universe as Lady Gaga. Blogs report Franco's texting habits at parties and spread bizarre secondhand rumors about his film shoots. (“Franco is in a wheelchair, with a blanket over his legs like FDR, and a camcorder in his hand ...”) There are YouTube tributes that splice together all his onscreen kisses, a Tumblr account that publishes daily pictures of him, and even an online interactive James Franco dress-up doll. It's hard to imagine this is all accidental: It seems like the work of a virtuoso public-image artist. And yet Franco plays the role, fairly convincingly, of the earnest boy just following his interests. (It's worth noting that, although the web is obsessed with him, he maintains zero web presence—no Twitter account, no blog.) In interviews he's charming and affable but rarely says anything provocative. His work itself, his career choices, are more interesting than his words.

My favorite Franco art project, the one that best combines all of his interests (high/low, gay/straight, earnest/ironic) is his work on *General Hospital*. It started as a joke between Franco and his artist friend Carter, who were discussing a movie in which Franco would play a former soap star. It occurred to them that it would be funny if Franco actually showed up, sometime, on a real soap opera. This fit nicely into a constellation of ideas Franco had already been thinking about: the difference between high art and mass art, the space between performance and real life, the vagaries of taste. So Franco called *General Hospital*, one of TV's most popular and longest-running soap operas. The result is a small, double-edged pop-culture masterpiece—a black hole of publicity in which everything works both within the frame of the show and as a commentary on Franco's career.

Franco's *General Hospital* character is a transparent soap-world portrait of Franco himself: a dashing multimedia artist (graffiti, photography, performance art) named “Franco” who sweeps into town and fascinates, angers, seduces, and generally confuses everyone around him. Like Franco, “Franco” is obsessed with art that crosses over into reality: He re-creates, in galleries, actual crime scenes—until eventually the people of Port Charles come to suspect that he might be a murderer himself.



Franco plays “Franco” with deliciously campy intensity. He unleashes the full soap-opera repertoire: brooding stares, sudden outbursts, feverish make-out sessions, deadpan quips. (“Keep the change,” he says, flipping a quarter onto a corpse.) His story arc will culminate, this month, in a very special episode set in the Museum of Contemporary Art in L.A., at which “Franco” will stage an art show that doubles as some kind of explosive evil-genius doomsday scenario. Franco himself, the real human, is also going to have a show at MoCA this summer based on his experience on *General Hospital*. (He brought a camera crew along to film the filming of the episodes.) In December, Franco wrote an article in *The Wall Street Journal* in which he declared that he intends his *General Hospital* cameo to be seen as performance art. (“My hope was for people to ask themselves if soap operas are really that far from entertainment that is considered critically legitimate.”) The article was accompanied, online, by a video conversation between Franco and Abramovic, held in her apartment, during which she had him put on a white lab coat, peel almonds, and eat a dessert ball wrapped in a sheet of gold.

For an earnest guy, Franco has always been ragingly addicted to meta. He loves to play James Franco—not just in *General Hospital* (sort of), but in *Knocked Up*, *30 Rock*, and a series of short videos he’s made for the website Funny or Die (e.g., “Acting With James Franco,” in which he instructs his younger brother Dave in the rudiments of the profession). The more Franco self-dramatizes like this, and the more we become accustomed to it, the more he’s actually James Franco playing James Franco playing James Franco—a *mise en abyme* of artsy pomo heartthrob.

## 8. The Opening

“Art’s like a mirror. It’s pretty clear what you see.”

—Franco, *General Hospital*, November 23, 2009

“Don’t be afraid. You and I are ... intimates. Say what you feel.”

—Franco, *General Hospital*, July 6, 2010

The last time I see James Franco is at the opening of his first solo art show, at the Clocktower Gallery in downtown New York. The Clocktower is a nonprofit gallery that’s prestigious but not at all flashy; it’s hidden on the thirteenth floor of an enormously bland municipal building. When I enter, I’m pulled aside by Alanna Heiss, the curator of the show, who tells me that this opening is not about a red carpet, or creating buzz, or making money. She chose Franco, she says, not for his celebrity but because he has a special vision—an understanding, above all, of the connectivity among media—that she thinks is going to influence the way future generations look at art. But there’s no denying that Franco’s celebrity will be an incredible draw—it may as well be one of the pieces in the show.

The show is called “The Dangerous Book Four Boys,” a corruption of the book title *The Dangerous Book for Boys*, which is a tongue-in-cheek primer of young masculinity. (Franco has torn out, doodled on, and framed pages of that book all over the gallery.)



One of its first rooms features a large pile of junk heaped on the floor: T-shirts, books, VHS tapes, lunch boxes. It looks like the bedroom of a 12-year-old hoarder. (Heiss tells me that it's all authentic Franco junk, shipped out from his childhood room in California.) The rest of the show feels similarly haphazard. It's a hodgepodge of media: film, doodles, wooden structures, photos. The uniting theme seems to be the messy transition from boyhood to adolescence, with special emphasis on the messiest markers of that shift—sex and violence. The wall text says it was made possible, in part, by funding from Gucci. (Franco is the face of the company's men's fragrance.)

Much of the art is violent or explicitly obscene. A video called *Masculinity and Me* intersperses lurid monologues about rape and murder and diarrhea with close-up shots of a urinating penis and a defecating anus. (Many of the speeches sound like comments from an undergrad queer-theory seminar: "Man and woman are impossible ideals," one character says. "We're all gender-fucked—we're all something in between, floating like angels.") Another short film, *Dicknose in Paris*, features Franco as the title character, with a big floppy prosthetic penis—complete with dangling testicles and a bush of pubic hair—hanging down from the middle of his face. (When Dicknose walks the streets of Paris, he has to cover his face with a sweatshirt.) Franco often wears masks in his work: a wolf, a clown, a freakish bald-headed man-monster. It comes off as a rebuke to his own outlandishly pretty face: the face that has won him so much in the world (including, at least in part, this art show)—but also the face that stands between him and serious artistic credibility.

The show's most prominent piece is a big barnlike structure made of plywood, the kind of playhouse a perfect father might build for his 9-year-old son. I step inside to find a small room lined with plywood benches. It's sweltering. On the far wall, a video is being projected: footage of a plywood house burning to the ground. One of the other visitors walks out, and suddenly there are only two of us, here in the house that contains an image of its own destruction, and the other person is James Franco.

I stand very still, like a hiker who's just seen a bear. Franco's publicist has recently informed me that—after all these months of e-mailing (he always responds immediately, and likes to sign off with "Peace") and brief conversations—Franco and I are no longer allowed to talk. He's signed an exclusivity agreement with another magazine. Under no circumstances am I to speak to him, I'm told, not even to say hello. I can see him now in my peripheral vision: He looks not like a grad student or a hipster but like an international golden boy, a corporate spokesman—unmasked and cleanly shaven, dressed in a gray Gucci suit and pointy black Gucci shoes. His hair is sculptural, bushy but managed. Surely, I think, if someone sees us together, I will be thrown out. On the opposite wall, the flames have stripped the house to its frame, reducing it to some kind of glowing black non-substance, half-wood, half-ash.

A few seconds pass.

"Hi, Sam," James Franco says.



I feel the same low-grade thrill of intimacy I felt at our first meeting in the NYU bathroom—this time spiced with a new kind of danger.

“I think we’re not supposed to be talking,” I say.

“Why, what happened?” he says. “Did somebody call you? Did you get a talking to?”

I tell him that his inner circle has done everything short of surrounding him with barbed wire.

“You know that’s not coming from me, right?” he says.

I don’t know if this is true, here in the room that’s consuming itself, or if James Franco is just trying to paralyze me with his charm. But my heart melts a little anyway. I have the feeling I had once when I ran into Bill Clinton, randomly, and he shook my hand in a way that made me want to devote the rest of my life to hugging him.

Franco slaps me on the shoulder. “Don’t be scared,” he says. And he walks back out into the thickening crowd.

After that I stand for a long time, just outside the plywood house, watching old home videos being projected onto a gallery wall: Franco in a diaper, spraying a garden hose wildly around the yard; Franco climbing in and out of a laundry basket; Franco naked with a yellow balloon. Franco putting both hands up against a mirror, trying to disappear into his own reflection.

I go back and watch the obscene films again, trying to square them with the expensively dressed man standing across the room. This is the paradox of James Franco: Dicknose in Gucci. It’s either hypocrisy or complexity, self-delusion or radical self-acceptance. It’s the defining fault line of his career, the source of much of his energy. Were he to resolve it in one direction or the other, he might cease to be so interesting.



## **Solitude and Leadership**

*The American Scholar*

By WILLIAM DERESIEWICZ

March 1, 2010

*The lecture below was delivered to the plebe class at the United States Military Academy at West Point in October of last year.*

My title must seem like a contradiction. What can solitude have to do with leadership? Solitude means being alone, and leadership necessitates the presence of others—the people you’re leading. When we think about leadership in American history we are likely to think of Washington, at the head of an army, or Lincoln, at the head of a nation, or King, at the head of a movement—people with multitudes behind them, looking to them for direction. And when we think of solitude, we are apt to think of Thoreau, a man alone in the woods, keeping a journal and communing with nature in silence.

*Leadership* is what you are here to learn—the qualities of character and mind that will make you fit to command a platoon, and beyond that, perhaps, a company, a battalion, or, if you leave the military, a corporation, a foundation, a department of government. *Solitude* is what you have the least of here, especially as plebes. You don’t even have privacy, the opportunity simply to be physically alone, never mind solitude, the ability to be alone with your thoughts. And yet I submit to you that solitude is one of the most important necessities of true leadership. This lecture will be an attempt to explain why.

We need to begin by talking about what leadership really means. I just spent 10 years teaching at another institution that, like West Point, liked to talk a lot about leadership, Yale University. A school that some of you might have gone to had you not come here, that some of your friends might be going to. And if not Yale, then Harvard, Stanford, MIT, and so forth. These institutions, like West Point, also see their role as the training of leaders, constantly encourage their students, like West Point, to regard themselves as leaders among their peers and future leaders of society. Indeed, when we look around at the American elite, the people in charge of government, business, academia, and all our other major institutions—senators, judges, CEOs, college presidents, and so forth—we find that they come overwhelmingly either from the Ivy League and its peer institutions or from the service academies, especially West Point.

So I began to wonder, as I taught at Yale, what leadership really consists of. My students, like you, were energetic, accomplished, smart, and often ferociously ambitious, but was that enough to make them leaders? Most of them, as much as I liked and even admired them, certainly didn’t seem to me like leaders. Does being a leader, I wondered, just mean being accomplished, being successful? Does getting straight As make you a leader? I didn’t think so. Great heart surgeons or great novelists or great shortstops may be terrific at what they do, but that doesn’t mean they’re leaders.



Leadership and aptitude, leadership and achievement, leadership and even excellence have to be different things, otherwise the concept of leadership has no meaning. And it seemed to me that that had to be especially true of the kind of excellence I saw in the students around me.

See, things have changed since I went to college in the '80s. Everything has gotten much more intense. You have to do much more now to get into a top school like Yale or West Point, and you have to start a lot earlier. We didn't begin thinking about college until we were juniors, and maybe we each did a couple of extracurriculars. But I know what it's like for you guys now. It's an endless series of hoops that you have to jump through, starting from way back, maybe as early as junior high school. Classes, standardized tests, extracurriculars in school, extracurriculars outside of school. Test prep courses, admissions coaches, private tutors. I sat on the Yale College admissions committee a couple of years ago. The first thing the admissions officer would do when presenting a case to the rest of the committee was read what they call the "brag" in admissions lingo, the list of the student's extracurriculars. Well, it turned out that a student who had six or seven extracurriculars was already in trouble. Because the students who got in—in addition to perfect grades and top scores—usually had 10 or 12.

So what I saw around me were great kids who had been trained to be world-class hoop jumpers. Any goal you set them, they could achieve. Any test you gave them, they could pass with flying colors. They were, as one of them put it herself, "excellent sheep." I had no doubt that they would continue to jump through hoops and ace tests and go on to Harvard Business School, or Michigan Law School, or Johns Hopkins Medical School, or Goldman Sachs, or McKinsey consulting, or whatever. And this approach would indeed take them far in life. They would come back for their 25th reunion as a partner at White & Case, or an attending physician at Mass General, or an assistant secretary in the Department of State.

That is exactly what places like Yale mean when they talk about training leaders. Educating people who make a big name for themselves in the world, people with impressive titles, people the university can brag about. People who make it to the top. People who can climb the greasy pole of whatever hierarchy they decide to attach themselves to.

But I think there's something desperately wrong, and even dangerous, about that idea. To explain why, I want to spend a few minutes talking about a novel that many of you may have read, *Heart of Darkness*. If you haven't read it, you've probably seen *Apocalypse Now*, which is based on it. Marlow in the novel becomes Captain Willard, played by Martin Sheen. Kurtz in the novel becomes Colonel Kurtz, played by Marlon Brando. But the novel isn't about Vietnam; it's about colonialism in the Belgian Congo three generations before Vietnam. Marlow, not a military officer but a merchant marine, a civilian ship's captain, is sent by the company that's running the country under charter from the Belgian crown to sail deep upriver, up the Congo River, to retrieve a manager who's ensconced himself in the jungle and gone rogue, just like Colonel Kurtz does in the movie.



Now everyone knows that the novel is about imperialism and colonialism and race relations and the darkness that lies in the human heart, but it became clear to me at a certain point, as I taught the novel, that it is also about bureaucracy—what I called, a minute ago, hierarchy. The Company, after all, is just that: a company, with rules and procedures and ranks and people in power and people scrambling for power, just like any other bureaucracy. Just like a big law firm or a governmental department or, for that matter, a university. Just like—and here’s why I’m telling you all this—just like the bureaucracy you are about to join. The word *bureaucracy* tends to have negative connotations, but I say this in no way as a criticism, merely a description, that the U.S. Army is a bureaucracy and one of the largest and most famously bureaucratic bureaucracies in the world. After all, it was the Army that gave us, among other things, the indispensable bureaucratic acronym “snafu”: “situation normal: all fucked up”—or “all fouled up” in the cleaned-up version. That comes from the U.S. Army in World War II.

You need to know that when you get your commission, you’ll be joining a bureaucracy, and however long you stay in the Army, you’ll be operating within a bureaucracy. As different as the armed forces are in so many ways from every other institution in society, in that respect they are the same. And so you need to know how bureaucracies operate, what kind of behavior—what kind of character—they reward, and what kind they punish.

So, back to the novel. Marlow proceeds upriver by stages, just like Captain Willard does in the movie. First he gets to the Outer Station. Kurtz is at the Inner Station. In between is the Central Station, where Marlow spends the most time, and where we get our best look at bureaucracy in action and the kind of people who succeed in it. This is Marlow’s description of the manager of the Central Station, the big boss:

He was commonplace in complexion, in features, in manners, and in voice. He was of middle size and of ordinary build. His eyes, of the usual blue, were perhaps remarkably cold. . . . Otherwise there was only an indefinable, faint expression of his lips, something stealthy—a smile—not a smile—I remember it, but I can’t explain. . . . He was a common trader, from his youth up employed in these parts—nothing more. He was obeyed, yet he inspired neither love nor fear, nor even respect. He inspired uneasiness. That was it! Uneasiness. Not a definite mistrust—just uneasiness—nothing more. You have no idea how effective such a . . . a . . . faculty can be. He had no genius for organizing, for initiative, or for order even. . . . He had no learning, and no intelligence. His position had come to him—why? . . . He originated nothing, he could keep the routine going—that’s all. But he was great. He was great by this little thing that it was impossible to tell what could control such a man. He never gave that secret away. Perhaps there was nothing within him. Such a suspicion made one pause.

Note the adjectives: *commonplace*, *ordinary*, *usual*, *common*. There is nothing distinguished about this person. About the 10th time I read that passage, I realized it was a perfect description of the kind of person who tends to prosper in the bureaucratic environment. And the only reason I did is because it suddenly struck me that it was a perfect description of the head of the bureaucracy that *I* was part of, the chairman of my



academic department—who had that exact same smile, like a shark, and that exact same ability to make you uneasy, like you were doing something wrong, only she wasn't ever going to tell you what. Like the manager—and I'm sorry to say this, but like so many people you will meet as you negotiate the bureaucracy of the Army or for that matter of whatever institution you end up giving your talents to after the Army, whether it's Microsoft or the World Bank or whatever—the head of my department had no genius for organizing or initiative or even order, no particular learning or intelligence, no distinguishing characteristics at all. Just the ability to keep the routine going, and beyond that, as Marlow says, her position had come to her—why?

That's really the great mystery about bureaucracies. Why is it so often that the best people are stuck in the middle and the people who are running things—the leaders—are the mediocrities? Because excellence isn't usually what gets you up the greasy pole. What gets you up is a talent for maneuvering. Kissing up to the people above you, kicking down to the people below you. Pleasing your teachers, pleasing your superiors, picking a powerful mentor and riding his coattails until it's time to stab him in the back. Jumping through hoops. Getting along by going along. Being whatever other people want you to be, so that it finally comes to seem that, like the manager of the Central Station, you have nothing inside you at all. Not taking stupid risks like trying to change how things are done or question why they're done. Just keeping the routine going.

I tell you this to forewarn you, because I promise you that you will meet these people and you will find yourself in environments where what is rewarded above all is conformity. I tell you so you can decide to be a different kind of leader. And I tell you for one other reason. As I thought about these things and put all these pieces together—the kind of students I had, the kind of leadership they were being trained for, the kind of leaders I saw in my own institution—I realized that this is a national problem. We have a crisis of leadership in this country, in every institution. Not just in government. Look at what happened to American corporations in recent decades, as all the old dinosaurs like General Motors or TWA or U.S. Steel fell apart. Look at what happened to Wall Street in just the last couple of years.

Finally—and I know I'm on sensitive ground here—look at what happened during the first four years of the Iraq War. We were stuck. It wasn't the fault of the enlisted ranks or the noncoms or the junior officers. It was the fault of the senior leadership, whether military or civilian or both. We weren't just not winning, we weren't even changing direction.

We have a crisis of leadership in America because our overwhelming power and wealth, earned under earlier generations of leaders, made us complacent, and for too long we have been training leaders who only know how to keep the routine going. Who can answer questions, but don't know how to ask them. Who can fulfill goals, but don't know how to set them. Who think about *how* to get things done, but not whether they're worth doing in the first place. What we have now are the greatest technocrats the world has ever seen, people who have been trained to be incredibly good at one specific thing, but who have no interest in anything beyond their area of expertise. What we *don't* have are leaders.



What we don't have, in other words, are *thinkers*. People who can think for themselves. People who can formulate a new direction: for the country, for a corporation or a college, for the Army—a new way of doing things, a new way of looking at things. People, in other words, with *vision*.

Now some people would say, great. Tell this to the kids at Yale, but why bother telling it to the ones at West Point? Most people, when they think of this institution, assume that it's the last place anyone would want to talk about thinking creatively or cultivating independence of mind. It's the Army, after all. It's no accident that the word *regiment* is the root of the word *regimentation*. Surely you who have come here must be the ultimate conformists. Must be people who have bought in to the way things are and have no interest in changing it. Are not the kind of young people who think about the world, who ponder the big issues, who question authority. If you were, you would have gone to Amherst or Pomona. You're at West Point to be told what to do and how to think.

But you know that's not true. I know it, too; otherwise I would never have been invited to talk to you, and I'm even more convinced of it now that I've spent a few days on campus. To quote Colonel Scott Krawczyk, your course director, in a lecture he gave last year to English 102:

From the very earliest days of this country, the model for our officers, which was built on the model of the citizenry and reflective of democratic ideals, was to be different. They were to be possessed of a democratic spirit marked by independent judgment, the freedom to measure action and to express disagreement, and the crucial responsibility never to tolerate tyranny.

All the more so now. Anyone who's been paying attention for the last few years understands that the changing nature of warfare means that officers, including junior officers, are required more than ever to be able to think independently, creatively, flexibly. To deploy a whole range of skills in a fluid and complex situation. Lieutenant colonels who are essentially functioning as provincial governors in Iraq, or captains who find themselves in charge of a remote town somewhere in Afghanistan. People who know how to do more than follow orders and execute routines.

Look at the most successful, most acclaimed, and perhaps the finest soldier of his generation, General David Petraeus. He's one of those rare people who rises through a bureaucracy for the right reasons. He is a thinker. He is an intellectual. In fact, *Prospect* magazine named him Public Intellectual of the Year in 2008—that's *in the world*. He has a Ph.D. from Princeton, but what makes him a thinker is not that he has a Ph.D. or that he went to Princeton or even that he taught at West Point. I can assure you from personal experience that there are a lot of highly educated people who don't know how to think at all.

No, what makes him a thinker—and a leader—is precisely that he is able to think things through for himself. And because he can, he has the confidence, the *courage*, to argue for his ideas even when they aren't popular. Even when they don't please his superiors.



Courage: there is physical courage, which you all possess in abundance, and then there is another kind of courage, moral courage, the courage to stand up for what you believe.

It wasn't always easy for him. His path to where he is now was not a straight one. When he was running Mosul in 2003 as commander of the 101st Airborne and developing the strategy he would later formulate in the *Counterinsurgency Field Manual* and then ultimately apply throughout Iraq, he pissed a lot of people off. He was way ahead of the leadership in Baghdad and Washington, and bureaucracies don't like that sort of thing. Here he was, just another two-star, and he was saying, implicitly but loudly, that the leadership was wrong about the way it was running the war. Indeed, he was not rewarded at first. He was put in charge of training the Iraqi army, which was considered a blow to his career, a dead-end job. But he stuck to his guns, and ultimately he was vindicated. Ironically, one of the central elements of his counterinsurgency strategy is precisely the idea that officers need to think flexibly, creatively, and independently.

That's the first half of the lecture: the idea that true leadership means being able to think for yourself and act on your convictions. But how do you learn to do that? How do you learn to think? Let's start with how you *don't* learn to think. A study by a team of researchers at Stanford came out a couple of months ago. The investigators wanted to figure out how today's college students were able to multitask so much more effectively than adults. How do they manage to do it, the researchers asked? The answer, they discovered—and this is by no means what they expected—is that they don't. The enhanced cognitive abilities the investigators expected to find, the mental faculties that enable people to multitask effectively, were simply not there. In other words, people do not multitask effectively. And here's the really surprising finding: the more people multitask, the worse they are, not just at other mental abilities, but at multitasking itself.

One thing that made the study different from others is that the researchers didn't test people's cognitive functions while they were multitasking. They separated the subject group into high multitaskers and low multitaskers and used a different set of tests to measure the kinds of cognitive abilities involved in multitasking. They found that in every case the high multitaskers scored worse. They were worse at distinguishing between relevant and irrelevant information and ignoring the latter. In other words, they were more distractible. They were worse at what you might call "mental filing": keeping information in the right conceptual boxes and being able to retrieve it quickly. In other words, their minds were more disorganized. And they were even worse at the very thing that defines multitasking itself: switching between tasks.

Multitasking, in short, is not only not thinking, it impairs your ability to think. *Thinking means concentrating on one thing long enough to develop an idea about it.* Not learning other people's ideas, or memorizing a body of information, however much those may sometimes be useful. Developing your own ideas. In short, thinking for yourself. You simply cannot do that in bursts of 20 seconds at a time, constantly interrupted by Facebook messages or Twitter tweets, or fiddling with your iPod, or watching something on YouTube.



I find for myself that my first thought is never my best thought. My first thought is always someone else's; it's always what I've already heard about the subject, always the conventional wisdom. It's only by concentrating, sticking to the question, being patient, letting all the parts of my mind come into play, that I arrive at an original idea. By giving my brain a chance to make associations, draw connections, take me by surprise. And often even that idea doesn't turn out to be very good. I need time to think about it, too, to make mistakes and recognize them, to make false starts and correct them, to outlast my impulses, to defeat my desire to declare the job done and move on to the next thing.

I used to have students who bragged to me about how fast they wrote their papers. I would tell them that the great German novelist Thomas Mann said that a writer is someone for whom writing is more difficult than it is for other people. The best writers write much more slowly than everyone else, and the better they are, the slower they write. James Joyce wrote *Ulysses*, the greatest novel of the 20th century, at the rate of about a hundred words a day—half the length of the selection I read you earlier from *Heart of Darkness*—for seven years. T. S. Eliot, one of the greatest poets our country has ever produced, wrote about 150 pages of poetry over the course of his entire 25-year career. That's half a page a month. So it is with any other form of thought. You do your best thinking by slowing down and concentrating.

Now that's the third time I've used that word, *concentrating*. Concentrating, focusing. You can just as easily consider this lecture to be about concentration as about solitude. Think about what the word means. It means gathering yourself together into a single point rather than letting yourself be dispersed everywhere into a cloud of electronic and social input. It seems to me that Facebook and Twitter and YouTube—and just so you don't think this is a generational thing, TV and radio and magazines and even newspapers, too—are all ultimately just an elaborate excuse to run away from yourself. To avoid the difficult and troubling questions that being human throws in your way. Am I doing the right thing with my life? Do I believe the things I was taught as a child? What do the words I live by—words like *duty*, *honor*, and *country*—really mean? Am I happy?

You and the members of the other service academies are in a unique position among college students, especially today. Not only do you know that you're going to have a job when you graduate, you even know who your employer is going to be. But what happens after you fulfill your commitment to the Army? Unless you know who you are, how will you figure out what you want to do with the rest of your life? Unless you're able to listen to yourself, to that quiet voice inside that tells you what you really care about, what you really believe in—indeed, how those things might be evolving under the pressure of your experiences. Students everywhere else agonize over these questions, and while you may not be doing so now, you are only postponing them for a few years.

Maybe some of you *are* agonizing over them now. Not everyone who starts here decides to finish here. It's no wonder and no cause for shame. You are being put through the most demanding training anyone can ask of people your age, and you are committing yourself to work of awesome responsibility and mortal danger. The very rigor and regimentation to which you are quite properly subject here naturally has a tendency to make you lose touch with the passion that brought you here in the first place. I saw



exactly the same kind of thing at Yale. It's not that my students were robots. Quite the reverse. They were intensely idealistic, but the overwhelming weight of their practical responsibilities, all of those hoops they had to jump through, often made them lose sight of what those ideals were. Why they were doing it all in the first place.

So it's perfectly natural to have doubts, or questions, or even just difficulties. The question is, what do you do with them? Do you suppress them, do you distract yourself from them, do you pretend they don't exist? Or do you confront them directly, honestly, courageously? If you decide to do so, you will find that the answers to these dilemmas are not to be found on Twitter or Comedy Central or even in *The New York Times*. They can only be found within—without distractions, without peer pressure, in solitude.

But let me be clear that solitude doesn't always have to mean introspection. Let's go back to *Heart of Darkness*. It's the solitude of concentration that saves Marlow amidst the madness of the Central Station. When he gets there he finds out that the steamboat he's supposed to sail upriver has a giant hole in it, and no one is going to help him fix it. "I let him run on," he says, "this papier-mâché Mephistopheles"—he's talking not about the manager but his assistant, who's even worse, since he's still trying to kiss his way up the hierarchy, and who's been raving away at him. You can think of him as the Internet, the ever-present social buzz, chattering away at you 24/7:

I let him run on, this papier-mâché Mephistopheles and it seemed to me that if I tried I could poke my forefinger through him, and would find nothing inside but a little loose dirt. . . .

It was a great comfort to turn from that chap to . . . the battered, twisted, ruined, tin-pot steamboat. . . . I had expended enough hard work on her to make me love her. No influential friend would have served me better. She had given me a chance to come out a bit—to find out what I could do. No, I don't like work. I had rather laze about and think of all the fine things that can be done. I don't like work—no man does—but I like what is in the work,—the chance to find yourself. Your own reality—for yourself, not for others—what no other man can ever know.

"The chance to find yourself." Now that phrase, "finding yourself," has acquired a bad reputation. It suggests an aimless liberal-arts college graduate—an English major, no doubt, someone who went to a place like Amherst or Pomona—who's too spoiled to get a job and spends his time staring off into space. But here's Marlow, a mariner, a ship's captain. A more practical, hardheaded person you could not find. And I should say that Marlow's creator, Conrad, spent 19 years as a merchant marine, eight of them as a ship's captain, before he became a writer, so this wasn't just some artist's idea of a sailor. Marlow believes in the need to find yourself just as much as anyone does, and the way to do it, he says, is work, solitary work. Concentration. Climbing on that steamboat and spending a few uninterrupted hours hammering it into shape. Or building a house, or cooking a meal, or even writing a college paper, if you really put yourself into it.

"Your own reality—for yourself, not for others." Thinking for yourself means finding yourself, finding your own reality. Here's the other problem with Facebook and Twitter



and even *The New York Times*. When you expose yourself to those things, especially in the constant way that people do now—older people as well as younger people—you are continuously bombarding yourself with a stream of other people's thoughts. You are marinating yourself in the conventional wisdom. In other people's reality: for others, not for yourself. You are creating a cacophony in which it is impossible to hear your own voice, whether it's yourself you're thinking about or anything else. That's what Emerson meant when he said that "he who should inspire and lead his race must be defended from travelling with the souls of other men, from living, breathing, reading, and writing in the daily, time-worn yoke of their opinions." Notice that he uses the word *lead*. Leadership means finding a new direction, not simply putting yourself at the front of the herd that's heading toward the cliff.

So why is reading books any better than reading tweets or wall posts? Well, sometimes it isn't. Sometimes, you need to put down your book, if only to think about what you're reading, what *you* think about what you're reading. But a book has two advantages over a tweet. First, the person who wrote it thought about it a lot more carefully. The book is the result of *his* solitude, *his* attempt to think for himself.

Second, most books are old. This is not a disadvantage: this is precisely what makes them valuable. They stand against the conventional wisdom of today simply because they're not *from* today. Even if they merely reflect the conventional wisdom of their own day, they say something different from what you hear all the time. But the great books, the ones you find on a syllabus, the ones people have continued to read, don't reflect the conventional wisdom of their day. They say things that have the permanent power to disrupt our habits of thought. They were revolutionary in their own time, and they are still revolutionary today. And when I say "revolutionary," I am deliberately evoking the American Revolution, because it was a result of precisely this kind of independent thinking. Without solitude—the solitude of Adams and Jefferson and Hamilton and Madison and Thomas Paine—there would be no America.

So solitude can mean introspection, it can mean the concentration of focused work, and it can mean sustained reading. All of these help you to know yourself better. But there's one more thing I'm going to include as a form of solitude, and it will seem counterintuitive: friendship. Of course friendship is the opposite of solitude; it means being with other people. But I'm talking about one kind of friendship in particular, the deep friendship of intimate conversation. Long, uninterrupted talk with one other person. Not Skyping with three people and texting with two others at the same time while you hang out in a friend's room listening to music and studying. That's what Emerson meant when he said that "the soul environs itself with friends, that it may enter into a grander self-acquaintance or solitude."

Introspection means talking to yourself, and one of the best ways of talking to yourself is by talking to another person. One other person you can trust, one other person to whom you can unfold your soul. One other person you feel safe enough with to allow you to acknowledge things—to acknowledge things to yourself—that you otherwise can't. Doubts you aren't supposed to have, questions you aren't supposed to ask. Feelings or opinions that would get you laughed at by the group or reprimanded by the authorities.



This is what we call thinking out loud, discovering what you believe in the course of articulating it. But it takes just as much time and just as much patience as solitude in the strict sense. And our new electronic world has disrupted it just as violently. Instead of having one or two true friends that we can sit and talk to for three hours at a time, we have 968 “friends” that we never actually talk to; instead we just bounce one-line messages off them a hundred times a day. This is not friendship, this is distraction.

I know that none of this is easy for you. Even if you threw away your cell phones and unplugged your computers, the rigors of your training here keep you too busy to make solitude, in any of these forms, anything less than very difficult to find. But the highest reason you need to try is precisely because of what the job you are training *for* will demand of you.

You’ve probably heard about the hazing scandal at the U.S. naval base in Bahrain that was all over the news recently. Terrible, abusive stuff that involved an entire unit and was orchestrated, allegedly, by the head of the unit, a senior noncommissioned officer. What are you going to do if you’re confronted with a situation like that going on in *your* unit? Will you have the courage to do what’s right? Will you even know what the right thing is? It’s easy to read a code of conduct, not so easy to put it into practice, especially if you risk losing the loyalty of the people serving under you, or the trust of your peer officers, or the approval of your superiors. What if you’re not the commanding officer, but you see your superiors condoning something you think is wrong?

How will you find the strength and wisdom to challenge an unwise order or question a wrongheaded policy? What will you do the first time you have to write a letter to the mother of a slain soldier? How will you find words of comfort that are more than just empty formulas?

These are truly formidable dilemmas, more so than most other people will ever have to face in their lives, let alone when they’re 23. The time to start preparing yourself for them is now. And the way to do it is by thinking through these issues for yourself—morality, mortality, honor—so you will have the strength to deal with them when they arise. Waiting until you have to confront them in practice would be like waiting for your first firefight to learn how to shoot your weapon. Once the situation is upon you, it’s too late. You have to be prepared in advance. You need to know, already, who you are and what you believe: not what the Army believes, not what your peers believe (that may be exactly the problem), but what *you* believe.

How can you know that unless you’ve taken counsel with yourself in solitude? I started by noting that solitude and leadership would seem to be contradictory things. But it seems to me that solitude is the very essence of leadership. The position of the leader is ultimately an intensely solitary, even intensely lonely one. However many people you may consult, you are the one who has to make the hard decisions. And at such moments, all you really have is yourself.



## Part 2

### **The Sidney Awards, Part II**

*New York Times*

By DAVID BROOKS

December 27, 2010

The Sidney Awards go to some of the best magazine essays of the year. The one-man jury is biased against political essays, since politics already gets so much coverage. But the jury is biased in favor of pieces that illuminate the ideas and conditions undergirding political events.

For example, there's been a lot of talk this year about trying to reduce corruption in Afghanistan, Iraq and across the Middle East. But in a piece in The American Interest called "Understanding Corruption," Lawrence Rosen asks: What does corruption mean?

For Westerners, it means one set of things: bribery and nepotism, etc. But when Rosen asks people in the Middle East what corruption is, he gets variations on an entirely different meaning: "Corruption is the failure to share any largess you have received with those with whom you have formed ties of dependence."

Our view of corruption makes sense in a nation of laws and impersonal institutions. But, Rosen explains, "Theirs is a world in which the defining feature of a man is that he has formed a web of indebtedness, a network of obligations that prove his capacity to maneuver in a world of relentless uncertainty." So to not give a job to a cousin is corrupt; to not do deals with tribesmen is corrupt. Reducing corruption in Afghanistan is not a question of replacing President Hamid Karzai with a more honest man. It's a deeper process.

In earlier ages, people consulted oracles. We consult studies. We rely on scientific findings to guide health care decisions, policy making and much else. But in an essay called "The Truth Wears Off" in The New Yorker, Jonah Lehrer reports on something strange.

He describes a class of antipsychotic drugs, whose effectiveness was demonstrated by several large clinical trials. But in a subsequent batch of studies, the therapeutic power of the drugs appeared to wane precipitously.

This is not an isolated case. "But now all sorts of well-established, multiply confirmed findings have started to look increasingly uncertain," Lehrer writes. "It's as if our facts were losing their truth: claims that have been enshrined in textbooks are suddenly unprovable."



The world is fluid. Bias and randomness can creep in from all directions. For example, between 1966 and 1995 there were 47 acupuncture studies conducted in Japan, Taiwan and China, and they all found it to be an effective therapy. There were 94 studies in the U.S., Sweden and Britain, and only 56 percent showed benefits. The lesson is not to throw out studies, but to never underestimate the complexity of the world around.

There's been a lot written about Detroit, but Charlie LeDuff's essay "Who Killed Aiyana Stanley-Jones" in *Mother Jones* packs a special power. It starts with a killing of a little girl in a police raid, then pulls back to the idiotic murder of a teenage boy that precipitated the raid — that murder victim may have smirked at his killer for riding a moped.

Then LeDuff touches on the decay all around — a city in which 80 percent of the eighth graders are unable to do basic math, the crime lab was closed because of ineptitude, 500 fires are set every month and 50 percent of the drivers are operating without a license.

LeDuff, a former reporter for *The Times*, travels from broad context to the specific details — from the collapse of the industrial economy to the fact that a local minister was left with the girl's \$4,000 funeral costs, claiming the girl's father ran off with the donations.

In an essay in *Foreign Affairs* called "The Demographic Future," Nicholas Eberstadt describes the coming global manpower decline. Over the next two decades, for example, there will be a 30 percent decline in the number of Chinese between the ages of 15 and 29 — 100 million fewer workers.

Tyler Cowen wrote a superb, counterintuitive piece on income inequality for *The American Interest* called "The Inequality That Matters." It's filled with interesting observations. For example, the inequality that really bites is local — the guy down the street who can spend three bucks more for a case of beer, not Bill Gates's billions across the country.

But his main insight is this. Smart people, especially in the financial sector, now have tremendous incentives to take great risks. If the risks fail, they still have millions in the bank. If the risks pay off, they get enormously rich. The result is a society with more inequality and more financial instability. It's not clear we know how to address this phenomenon.

Finally, two historical essays deserve mention. Adam Gopnik wrote a fresh piece on *Winston Churchill* for *The New Yorker* called "Finest Hours." Anne Applebaum wrote a chilling essay on central Europe in the 20th century called "The Worst of the Madness" in *The New York Review of Books*. (The online version of this column has links to the essays.)

I've been doing these awards for several years now. This was the richest year, with the best essays.



## Understanding Corruption

*The American Interest*

By LAWRENCE ROSEN

March/April 2010

Gathered in the guest room of a Berber friend's house in the Atlas Mountains of Morocco after the Friday prayers, Hussein turned from the assembled village men and asked me: "Is there corruption in America?"

"Yes", I answered.

"Give us an example", he gently inquired.

So, as the room quieted, I gave an example of a kickback arrangement. "Ah, no", said Hussein, as the others' heads shook in unison, "that is just buying and selling." So I mentioned the Watergate scandal. "No, no", Hussein replied to common assent, "that is just politics." So I gave an example of nepotism. "No, no, *no*", all voices cried out, "that is just family solidarity." So, as I struggled to think of an example that would maintain the honor of my country for being every bit as corrupt as anyone else's, Hussein turned to the others and said, with genuine admiration: "You see why America is so strong—the Americans have no corruption!"

A few years later I attended a meeting with workers from "buildings and grounds" to explain the anti-nepotism rules our university committee had proposed. One after another, the workers expressed concern. "What do you mean I can't hire a fishing buddy's kid or my nephew?" said one. "Often guys don't show up on time or at all, but if the kid is my nephew and he doesn't get here or pull his weight, I'll go to my brother who will see to it the kid shapes up. If I don't have that kind of hook in a guy, how am I ever going to be sure he will do his work?" To the bafflement of my colleagues on the university committee, none of whom had any experience with how many large city governments in the United States actually work—let alone any familiarity with Moroccans—all of the workers present heartily agreed.

English-language dictionaries define corruption as "morally degraded", "debased in character", or "the perversion of an original state of purity." But you do not have to be an unrepentant relativist, or even to have experienced an undergraduate course in anthropology, to suspect that this definition begs many questions. When, for example, I asked the men in Hussein's village, as I have so many in the Arab world, what passes for corruption in their view, I always receive the same answer: *Corruption is the failure to share any largess you have received with those with whom you have formed ties of dependence.* Theirs is a world in which the defining feature of a man is that he has formed a web of indebtedness, a network of obligations that prove his capacity to maneuver in a world of relentless uncertainty. It is a world in which the separation of



impersonal institutions from personal attachments is very scarce. Failure to service such attachments is thus regarded as not only stupid but corrupt.

This is, of course, rather different than the American view of corruption. We mean by the term the influencing of the performance of a public duty—meant to be carried out in accordance with objective, impersonal protocols—for personal ends. The position trumps the individual who holds it. More generally, we mean by corruption disrupting “the level playing field” owed to all as citizens equal under the law. And bathed in the glow of our Enlightenment universalism, we take it as second nature that it is everywhere the same.

It is not. Whether in the United States or the Middle East there may be, of course, subtle commonalities affecting corruption. Debt may entail fear, as one may have to accept less than was bargained for, or one may become obliged in ways that cannot be fulfilled—both of which may lead to cutting some corners. So, too, the cost of favoritism may simply be passed along, “a supplementary tax in disguise”—whether it is in the mafia control of the waste removal and construction businesses, or the more genteel pricing of pharmaceuticals and aircraft. But it is invariably the local pattern of corruption—its connections among a wide range of distinctive social, religious, economic and political factors—that shapes its meaning and public policy implications. As these patterns differ, so these shapes and meanings differ.

Nowhere are the cultural features of corruption more important to understand than in our current political aims in the Middle East and the wider Muslim-majority world. And that is why it has been simply breathtaking that in recent months U.S. officials (at least one of whom knows very well how major U.S. cities are run) have somehow been able to use the word “corruption” in sentences also including such words as “Afghanistan” and “Karzai”, remaining all the while oblivious to what one would have thought was an obvious truth.

There is an Arab saying: “God loves those who hide their sins.” It sounds hypocritical to most Western ears, but for the Arabs it implies that it is only when a private act adversely affects others’ nested sets of relationships that it becomes a matter of public concern. Traditionally, therefore, unlawful sex was regarded as socially disruptive only if it could be verified by four eyewitnesses—the juridical standard of proof required under *sharia* for punishment. A man carrying a bottle of liquor under his cloak could not be faulted since no relationships are affected so long as the forbidden substance remains unseen. The very terms for corruption in Arabic convey its capacity to disrupt: *fasad*, which means to dirty or prostitute, may originally have implied something so rotted from within that it can no longer be used as a support, while a common term for a bribe, *reshwa*, originally meant water drawn from a well with a bucket, in contrast to the more natural flow of a stream.

Most important, however, is the concept of *fitna*, a term that properly translates as “chaos.” Through its added meanings of “temptation”, “fascination” and “disbelief”, it implies not only risky allure and political disaffection but the dissolution of all those ties that hold society together. Society is thus conceived as being somewhat like an electrical system in which it is the relation of pluses and minuses perpetually darting about that



holds the system together. To render everything static, and therefore equal, is like pulling the plug. Even the Quran refers to this life as a sport, or a game, in which it is the running imbalance of ties, regularized by keeping to one's contracts and sustained by sharing with one's momentary allies, that alone preserves "the community of believers" from destruction (Sura 6:82 and 57:19).

This premonitory fear of social chaos, underscored in sacred texts and common perception over many centuries, is reflected in various usages. Ask Americans what the opposite of tyranny is and most will undoubtedly say "freedom" or "liberty." Ask the same question of Arabs and they will reply "chaos." Many sayings support this contrast: "Tyranny is preferable to chaos"; "an unjust government is better even than corruption"; "to make a person live in chaos is worse than killing him." This is the context in which corruption, understood as the failure to share with one's dependents, becomes the fearful solvent that renders social ties vulnerable to dissociation and death.

Seen from this perspective, forms of interdependence that Westerners would regard as corrupt are commonly regarded in the Arab and much of the wider Muslim worlds as constitutive of a workable preservation of social order. It was Hussein who, in his characteristically sardonic but utterly serious view of politics, once surprised me by saying: "You know, bribery is our form of democracy."

"Really?", I said, "Explain to me please how that works."

"Well", he replied, "if the big man says do such-and-such but someone below him is bribed to do otherwise, isn't that a check on the power of the big man, and isn't the point of democracy that it be a system of limited powers?" Indeed, to some, bribery and favoritism are essential to the working of the state. In the Moroccan novelist Tahar Ben Jelloun's *Corruption* a bureaucrat tries to convince a reluctant colleague to accept gratuities:

Everyone knows that most salaries are symbolic. The state knows it. It closes its eyes. It has to; otherwise there would be a revolution. Citizens participate in whatever ways are available to them to fill the gaps. It's normal. It's a national consensus, a balancing mechanism. The whole trick is to do it discreetly, even elegantly if possible. What you are placing in the realm of morality and what you call corruption I choose to call a parallel economy—it isn't even underground, it's a necessity.

As an aspect of the political, then, corruption highlights the inherent weakness and immorality of the state amid far stronger and, in the Middle East, often tribal societies.<sup>1</sup> For it is only in relations of negotiated reciprocity—relations that partake of the face-to-face contact by which men assess one another's reliability and obligational bonds—that a relationship of trust can be forged. But the state is non-reciprocity incarnate: You cannot have a personalized relationship with so faceless an entity. "Injustice can be committed only by persons who have power and authority", said Ibn Khaldun in the 14th century, because only such figures can bar one from access to the multiple bases on which mutual indebtedness can be constructed. Figures of authority, then, must build up their constellations of indebtedness in order for people to begin to attribute to them the qualities of someone who will share benefits with his dependents



and not (in the local idiom) “eat” everything himself. It is the formation and maintenance of such a network that renders the exercise of power legitimate.

The result is not a system of “amoral familism”, where one justifies acts outside some bounded domain that would be immoral within. On the contrary: The need to form beneficial ties of reciprocity wherever possible undercuts such discrete boundaries of moral behavior. Indeed, as one seeks favorable connections or raises money to grease the system, those bonds of indebtedness that grant predictability to others’ behavior are further reinforced. Corruption, as bribery or favoritism, may just be incidental to the formation of these embedded associations and actually contribute to that sense of equal opportunity through which, as one saying has it, you could be a beggar in the morning, a vizier of the king in the afternoon and hanged in the marketplace the next day.

Ironically, too, such favoritism contributes to transparency, since discerning or displaying connections are vital to one’s own reliability. Similarly, the whole process brings new players into the game, constrains players whose questionable conduct is known or rumored, and fits with those other mechanisms—from gossip and scandal to the deep-seated ambivalence toward power—that inform so much of Arab social organization and ritual.

But there has arisen in recent decades a strong countercurrent to this ethos. This is a countercurrent of massive movements from countryside to city, and of greater anonymity within the urban environment. The whole basis of mutual dependence that renders many practices permissible has now been so overwhelmed by the disruption of “the game” that one has no way to preserve the constraints that had accompanied its organization. Now, in the overgrown urban environments ever more typical of the Arab world, you may have to give a “gift” to a clerk you never before laid eyes on to produce a document, to a policeman who arbitrarily stops you at a roadblock, to a utility employee to get any service—and all without having a chance to form a relationship in which you may later expect some return. What bites deeply for many Arabs and other Muslims is not just that money has become the overriding medium of human relationships, but the gnawing sense of incivility that accompanies it.

This loss of personalized interaction may, as suggested, be much exacerbated by the massive movement of people from the countryside to anonymizing cities. But it may also owe much to the state’s domination of information or resources. Sadly, too, corruption may also accompany increased levels of education, with poorly paid government jobs and the decline of informal mechanisms of social leveling contributing to one-off relationships rather than long-term alliances. In all of this, one cannot underestimate how uncomfortable people feel in so depersonalized an atmosphere, how hurt they are by its incivility, how lost at sea they feel when a debt incurred, say, in arranging a marriage or a loan, cannot be carried over into a different form of “favor” at a later time. And always, they ask, how can it be changed? How can everything be put right?

In a September 15, 2009 article in the *New York Times*, a U.S. Army captain who has served in Iraq and Afghanistan writes that to eliminate corruption in those countries one must promulgate clear rules, institute a reporting mechanism for ordinary citizens, and—a genuine pleasure to hear—constantly attend to the forms of action that the local



people themselves regard as corrupt. Such reforms sound admirable and, thanks to this third requisite, may even be tailored to different cultures. But they are not self-evident or self-executing. After all, is a lobbyist in this country who puts one in touch with a decision-maker always corrupt? Not always, just sometimes. Is help given a client to gain entry to an exclusive club an act redolent of immorality? That may depend on the club as much as on the kind of help given to access it. Put a bit differently: Can one so readily dissociate arguably corrupt practices from the whole web of religious, social and economic concepts in which they are necessarily, and almost always ambiguously, embedded?

Reducing corruption in a place like Afghanistan is no easy thing to do. It is certainly not just a matter of “teaching the Afghans to elect good men”, as Woodrow Wilson once said about Mexicans. For Afghans to understand corruption as Americans do more or less entails their having to experience the whole web of religious, social and economic concepts that Americans have experienced. That really is asking too much.

The history of anti-corruption efforts may nevertheless be instructive here. If we set aside such mechanisms as hanging corrupt officials or only appointing as overseers one’s closest kin—hardly always effective in any event—the reduction of corruption usually entails a decisive overriding element. The reference here is not to the development of a civil service alone: Increased salaries may allay some rationalizations for accepting gifts, and advancement in the service may hold off illicit entanglements in some cases. Rather, it may be that professional pride is the key to reform.

Just as many of the lawyers and accountants, businessmen and educators in the Arab world would love to be able to practice their craft without having to engage in petty bribery and favoritism, so too they need an independent forum in which those desires can receive expression and reinforcement. The rise of professional associations in the West coincided with the civil service reforms of the early 20th century, and those forums—which were not agencies of the state and were not configured as nongovernmental organizations in order to avoid government control—built on the self-respect and pride their participants craved. When one sees lawyers or teachers taking to the streets of Cairo or Casablanca or Lahore to protest a corrupt legal decision or a dysfunctional and unfair educational policy, one is seeing this yearning to express professional pride at its moment of effervescence.

Nor is pride limited to the technical professions or the craftsmen’s guilds or the nascent labor trade unions: It is the base on which so many in the Arab world would hope to build. Of the many attractions of fundamentalist organizations not the least is that they have a reputation for being uncorrupt. People will even choose to buy from a merchant with a long beard in the belief that he may be more honest than one not dressed as an ardent believer. Purification has always been imagined as an antidote to corruption, even if it, too, may carry its own corrupting forms. Archibald MacLeish was right when he said there are two kinds of people in the world—the pure and the responsible. Pride can go either way in that dichotomy, but being indispensable to both, it cannot be ignored in either.



Hussein was right to think that reducing corruption lies at the heart of a nation's strength. But there is no simple correlation of political form or cultural construct to its reduction: Edward Gibbon, after all, called corruption "the most infallible symptom of constitutional liberty", a truth that the U.S. Congress seems to prove each and every day.

And those who define corruption as the absence of an opportunity to be treated equally would have to say why, in some traditions, not allowing a woman to be a priest or rabbi or imam is necessarily worthy of being called corrupt. To grasp that, for most Arabs, practical equivalence is of greater relevance to justice than abstract equality, that it is only realistic to believe that society is better served by webs of obligation than impersonal roles, and that institutions are always defined by their occupants and not by depersonalized powers, is to enter a world of enormous decency and order, even if it is not our world. Perhaps if we in the West attend to the longing for integrity that accompanies this complex web of relations and crosscutting constraints, we may still have a chance to form with Arabs and other Muslims incorruptible ties of mutual indebtedness and moral worth. Simply complaining about how "corrupt" they are won't get us very far, that's for sure.

<sup>1</sup>I use the word tribal in the descriptive sense of social anthropology simply to mean a society in which primordial ties count for a lot, and in which patrilineal lineages and endogamous marriage tend to define the loci and operation of social authority.



## **The Truth Wears Off**

*The New Yorker*

By JONAH LEHRER

December 13, 2010

### ***Is there something wrong with the scientific method?***

Many results that are rigorously proved and accepted start shrinking in later studies.

On September 18, 2007, a few dozen neuroscientists, psychiatrists, and drug-company executives gathered in a hotel conference room in Brussels to hear some startling news. It had to do with a class of drugs known as atypical or second-generation antipsychotics, which came on the market in the early nineties. The drugs, sold under brand names such as Abilify, Seroquel, and Zyprexa, had been tested on schizophrenics in several large clinical trials, all of which had demonstrated a dramatic decrease in the subjects' psychiatric symptoms. As a result, second-generation antipsychotics had become one of the fastest-growing and most profitable pharmaceutical classes. By 2001, Eli Lilly's Zyprexa was generating more revenue than Prozac. It remains the company's top-selling drug.

But the data presented at the Brussels meeting made it clear that something strange was happening: the therapeutic power of the drugs appeared to be steadily waning. A recent study showed an effect that was less than half of that documented in the first trials, in the early nineteen-nineties. Many researchers began to argue that the expensive pharmaceuticals weren't any better than first-generation antipsychotics, which have been in use since the fifties. "In fact, sometimes they now look even worse," John Davis, a professor of psychiatry at the University of Illinois at Chicago, told me.

Before the effectiveness of a drug can be confirmed, it must be tested and tested again. Different scientists in different labs need to repeat the protocols and publish their results. The test of replicability, as it's known, is the foundation of modern research. Replicability is how the community enforces itself. It's a safeguard for the creep of subjectivity. Most of the time, scientists know what results they want, and that can influence the results they get. The premise of replicability is that the scientific community can correct for these flaws.

But now all sorts of well-established, multiply confirmed findings have started to look increasingly uncertain. It's as if our facts were losing their truth: claims that have been enshrined in textbooks are suddenly unprovable. This phenomenon doesn't yet have an official name, but it's occurring across a wide range of fields, from psychology to ecology. In the field of medicine, the phenomenon seems extremely widespread,



affecting not only antipsychotics but also therapies ranging from cardiac stents to Vitamin E and antidepressants: Davis has a forthcoming analysis demonstrating that the efficacy of antidepressants has gone down as much as threefold in recent decades.

For many scientists, the effect is especially troubling because of what it exposes about the scientific process. If replication is what separates the rigor of science from the squishiness of pseudoscience, where do we put all these rigorously validated findings that can no longer be proved? Which results should we believe? Francis Bacon, the early-modern philosopher and pioneer of the scientific method, once declared that experiments were essential, because they allowed us to “put nature to the question.” But it appears that nature often gives us different answers.

Jonathan Schooler was a young graduate student at the University of Washington in the nineteen-eighties when he discovered a surprising new fact about language and memory. At the time, it was widely believed that the act of describing our memories improved them. But, in a series of clever experiments, Schooler demonstrated that subjects shown a face and asked to describe it were much less likely to recognize the face when shown it later than those who had simply looked at it. Schooler called the phenomenon “verbal overshadowing.”

The study turned him into an academic star. Since its initial publication, in 1990, it has been cited more than four hundred times. Before long, Schooler had extended the model to a variety of other tasks, such as remembering the taste of a wine, identifying the best strawberry jam, and solving difficult creative puzzles. In each instance, asking people to put their perceptions into words led to dramatic decreases in performance.

But while Schooler was publishing these results in highly reputable journals, a secret worry gnawed at him: it was proving difficult to replicate his earlier findings. “I’d often still see an effect, but the effect just wouldn’t be as strong,” he told me. “It was as if verbal overshadowing, my big new idea, was getting weaker.” At first, he assumed that he’d made an error in experimental design or a statistical miscalculation. But he couldn’t find anything wrong with his research. He then concluded that his initial batch of research subjects must have been unusually susceptible to verbal overshadowing. (John Davis, similarly, has speculated that part of the drop-off in the effectiveness of antipsychotics can be attributed to using subjects who suffer from milder forms of psychosis which are less likely to show dramatic improvement.) “It wasn’t a very satisfying explanation,” Schooler says. “One of my mentors told me that my real mistake was trying to replicate my work. He told me doing that was just setting myself up for disappointment.”

Schooler tried to put the problem out of his mind; his colleagues assured him that such things happened all the time. Over the next few years, he found new research questions, got married and had kids. But his replication problem kept on getting worse. His first attempt at replicating the 1990 study, in 1995, resulted in an effect that was thirty per cent smaller. The next year, the size of the effect shrank another thirty per cent. When other labs repeated Schooler’s experiments, they got a similar spread of



data, with a distinct downward trend. “This was profoundly frustrating,” he says. “It was as if nature gave me this great result and then tried to take it back.” In private, Schooler began referring to the problem as “cosmic habituation,” by analogy to the decrease in response that occurs when individuals habituate to particular stimuli. “Habituation is why you don’t notice the stuff that’s always there,” Schooler says. “It’s an inevitable process of adjustment, a ratcheting down of excitement. I started joking that it was like the cosmos was habituating to my ideas. I took it very personally.”

Schooler is now a tenured professor at the University of California at Santa Barbara. He has curly black hair, pale-green eyes, and the relaxed demeanor of someone who lives five minutes away from his favorite beach. When he speaks, he tends to get distracted by his own digressions. He might begin with a point about memory, which reminds him of a favorite William James quote, which inspires a long soliloquy on the importance of introspection. Before long, we’re looking at pictures from Burning Man on his iPhone, which leads us back to the fragile nature of memory.

Although verbal overshadowing remains a widely accepted theory—it’s often invoked in the context of eyewitness testimony, for instance—Schooler is still a little peeved at the cosmos. “I know I should just move on already,” he says. “I really should stop talking about this. But I can’t.” That’s because he is convinced that he has stumbled on a serious problem, one that afflicts many of the most exciting new ideas in psychology.

One of the first demonstrations of this mysterious phenomenon came in the early nineteen-thirties. Joseph Banks Rhine, a psychologist at Duke, had developed an interest in the possibility of extrasensory perception, or E.S.P. Rhine devised an experiment featuring Zener cards, a special deck of twenty-five cards printed with one of five different symbols: a card was drawn from the deck and the subject was asked to guess the symbol. Most of Rhine’s subjects guessed about twenty per cent of the cards correctly, as you’d expect, but an undergraduate named Adam Linzmayer averaged nearly fifty per cent during his initial sessions, and pulled off several uncanny streaks, such as guessing nine cards in a row. The odds of this happening by chance are about one in two million. Linzmayer did it three times.

Rhine documented these stunning results in his notebook and prepared several papers for publication. But then, just as he began to believe in the possibility of extrasensory perception, the student lost his spooky talent. Between 1931 and 1933, Linzmayer guessed at the identity of another several thousand cards, but his success rate was now barely above chance. Rhine was forced to conclude that the student’s “extra-sensory perception ability has gone through a marked decline.” And Linzmayer wasn’t the only subject to experience such a drop-off: in nearly every case in which Rhine and others documented E.S.P. the effect dramatically diminished over time. Rhine called this trend the “decline effect.”

Schooler was fascinated by Rhine’s experimental struggles. Here was a scientist who had repeatedly documented the decline of his data; he seemed to have a talent for finding results that fell apart. In 2004, Schooler embarked on an ironic imitation of



Rhine's research: he tried to replicate this failure to replicate. In homage to Rhine's interests, he decided to test for a parapsychological phenomenon known as precognition. The experiment itself was straightforward: he flashed a set of images to a subject and asked him or her to identify each one. Most of the time, the response was negative—the images were displayed too quickly to register. Then Schooler randomly selected half of the images to be shown again. What he wanted to know was whether the images that got a second showing were more likely to have been identified the first time around. Could subsequent exposure have somehow influenced the initial results? Could the effect become the cause?

The craziness of the hypothesis was the point: Schooler knows that precognition lacks a scientific explanation. But he wasn't testing extrasensory powers; he was testing the decline effect. "At first, the data looked amazing, just as we'd expected," Schooler says. "I couldn't believe the amount of precognition we were finding. But then, as we kept on running subjects, the effect size"—a standard statistical measure—"kept on getting smaller and smaller." The scientists eventually tested more than two thousand undergraduates. "In the end, our results looked just like Rhine's," Schooler said. "We found this strong paranormal effect, but it disappeared on us."

The most likely explanation for the decline is an obvious one: regression to the mean. As the experiment is repeated, that is, an early statistical fluke gets cancelled out. The extrasensory powers of Schooler's subjects didn't decline—they were simply an illusion that vanished over time. And yet Schooler has noticed that many of the data sets that end up declining seem statistically solid—that is, they contain enough data that any regression to the mean shouldn't be dramatic. "These are the results that pass all the tests," he says. "The odds of them being random are typically quite remote, like one in a million. This means that the decline effect should almost never happen. But it happens all the time! Hell, it's happened to me multiple times." And this is why Schooler believes that the decline effect deserves more attention: its ubiquity seems to violate the laws of statistics. "Whenever I start talking about this, scientists get very nervous," he says. "But I still want to know what happened to my results. Like most scientists, I assumed that it would get easier to document my effect over time. I'd get better at doing the experiments, at zeroing in on the conditions that produce verbal overshadowing. So why did the opposite happen? I'm convinced that we can use the tools of science to figure this out. First, though, we have to admit that we've got a problem."

In 1991, the Danish zoologist Anders Møller, at Uppsala University, in Sweden, made a remarkable discovery about sex, barn swallows, and symmetry. It had long been known that the asymmetrical appearance of a creature was directly linked to the amount of mutation in its genome, so that more mutations led to more "fluctuating asymmetry." (An easy way to measure asymmetry in humans is to compare the length of the fingers on each hand.) What Møller discovered is that female barn swallows were far more likely to mate with male birds that had long, symmetrical feathers. This suggested that the picky females were using symmetry as a proxy for the quality of male genes. Møller's



paper, which was published in *Nature*, set off a frenzy of research. Here was an easily measured, widely applicable indicator of genetic quality, and females could be shown to gravitate toward it. Aesthetics was really about genetics.

In the three years following, there were ten independent tests of the role of fluctuating asymmetry in sexual selection, and nine of them found a relationship between symmetry and male reproductive success. It didn't matter if scientists were looking at the hairs on fruit flies or replicating the swallow studies—females seemed to prefer males with mirrored halves. Before long, the theory was applied to humans. Researchers found, for instance, that women preferred the smell of symmetrical men, but only during the fertile phase of the menstrual cycle. Other studies claimed that females had more orgasms when their partners were symmetrical, while a paper by anthropologists at Rutgers analyzed forty Jamaican dance routines and discovered that symmetrical men were consistently rated as better dancers.

Then the theory started to fall apart. In 1994, there were fourteen published tests of symmetry and sexual selection, and only eight found a correlation. In 1995, there were eight papers on the subject, and only four got a positive result. By 1998, when there were twelve additional investigations of fluctuating asymmetry, only a third of them confirmed the theory. Worse still, even the studies that yielded some positive result showed a steadily declining effect size. Between 1992 and 1997, the average effect size shrank by eighty per cent.

And it's not just fluctuating asymmetry. In 2001, Michael Jennions, a biologist at the Australian National University, set out to analyze "temporal trends" across a wide range of subjects in ecology and evolutionary biology. He looked at hundreds of papers and forty-four meta-analyses (that is, statistical syntheses of related studies), and discovered a consistent decline effect over time, as many of the theories seemed to fade into irrelevance. In fact, even when numerous variables were controlled for—Jennions knew, for instance, that the same author might publish several critical papers, which could distort his analysis—there was still a significant decrease in the validity of the hypothesis, often within a year of publication. Jennions admits that his findings are troubling, but expresses a reluctance to talk about them publicly. "This is a very sensitive issue for scientists," he says. "You know, we're supposed to be dealing with hard facts, the stuff that's supposed to stand the test of time. But when you see these trends you become a little more skeptical of things."

What happened? Leigh Simmons, a biologist at the University of Western Australia, suggested one explanation when he told me about his initial enthusiasm for the theory: "I was really excited by fluctuating asymmetry. The early studies made the effect look very robust." He decided to conduct a few experiments of his own, investigating symmetry in male horned beetles. "Unfortunately, I couldn't find the effect," he said. "But the worst part was that when I submitted these null results I had difficulty getting them published. The journals only wanted confirming data. It was too exciting an idea to disprove, at least back then." For Simmons, the steep rise and slow fall of fluctuating



asymmetry is a clear example of a scientific paradigm, one of those intellectual fads that both guide and constrain research: after a new paradigm is proposed, the peer-review process is tilted toward positive results. But then, after a few years, the academic incentives shift—the paradigm has become entrenched—so that the most notable results are now those that disprove the theory.

Jennions, similarly, argues that the decline effect is largely a product of publication bias, or the tendency of scientists and scientific journals to prefer positive data over null results, which is what happens when no effect is found. The bias was first identified by the statistician Theodore Sterling, in 1959, after he noticed that ninety-seven per cent of all published psychological studies with statistically significant data found the effect they were looking for. A “significant” result is defined as any data point that would be produced by chance less than five per cent of the time. This ubiquitous test was invented in 1922 by the English mathematician Ronald Fisher, who picked five per cent as the boundary line, somewhat arbitrarily, because it made pencil and slide-rule calculations easier. Sterling saw that if ninety-seven per cent of psychology studies were proving their hypotheses, either psychologists were extraordinarily lucky or they published only the outcomes of successful experiments. In recent years, publication bias has mostly been seen as a problem for clinical trials, since pharmaceutical companies are less interested in publishing results that aren’t favorable. But it’s becoming increasingly clear that publication bias also produces major distortions in fields without large corporate incentives, such as psychology and ecology.

While publication bias almost certainly plays a role in the decline effect, it remains an incomplete explanation. For one thing, it fails to account for the initial prevalence of positive results among studies that never even get submitted to journals. It also fails to explain the experience of people like Schooler, who have been unable to replicate their initial data despite their best efforts. Richard Palmer, a biologist at the University of Alberta, who has studied the problems surrounding fluctuating asymmetry, suspects that an equally significant issue is the selective reporting of results—the data that scientists choose to document in the first place. Palmer’s most convincing evidence relies on a statistical tool known as a funnel graph. When a large number of studies have been done on a single subject, the data should follow a pattern: studies with a large sample size should all cluster around a common value—the true result—whereas those with a smaller sample size should exhibit a random scattering, since they’re subject to greater sampling error. This pattern gives the graph its name, since the distribution resembles a funnel.

The funnel graph visually captures the distortions of selective reporting. For instance, after Palmer plotted every study of fluctuating asymmetry, he noticed that the distribution of results with smaller sample sizes wasn’t random at all but instead skewed heavily toward positive results. Palmer has since documented a similar problem in several other contested subject areas. “Once I realized that selective reporting is everywhere in science, I got quite depressed,” Palmer told me. “As a researcher, you’re



always aware that there might be some nonrandom patterns, but I had no idea how widespread it is.” In a recent review article, Palmer summarized the impact of selective reporting on his field: “We cannot escape the troubling conclusion that some—perhaps many—cherished generalities are at best exaggerated in their biological significance and at worst a collective illusion nurtured by strong a-priori beliefs often repeated.”

Palmer emphasizes that selective reporting is not the same as scientific fraud. Rather, the problem seems to be one of subtle omissions and unconscious misperceptions, as researchers struggle to make sense of their results. Stephen Jay Gould referred to this as the “shoehorning” process. “A lot of scientific measurement is really hard,” Simmons told me. “If you’re talking about fluctuating asymmetry, then it’s a matter of minuscule differences between the right and left sides of an animal. It’s millimetres of a tail feather. And so maybe a researcher knows that he’s measuring a good male”—an animal that has successfully mated—“and he knows that it’s supposed to be symmetrical. Well, that act of measurement is going to be vulnerable to all sorts of perception biases. That’s not a cynical statement. That’s just the way human beings work.”

One of the classic examples of selective reporting concerns the testing of acupuncture in different countries. While acupuncture is widely accepted as a medical treatment in various Asian countries, its use is much more contested in the West. These cultural differences have profoundly influenced the results of clinical trials. Between 1966 and 1995, there were forty-seven studies of acupuncture in China, Taiwan, and Japan, and every single trial concluded that acupuncture was an effective treatment. During the same period, there were ninety-four clinical trials of acupuncture in the United States, Sweden, and the U.K., and only fifty-six per cent of these studies found any therapeutic benefits. As Palmer notes, this wide discrepancy suggests that scientists find ways to confirm their preferred hypothesis, disregarding what they don’t want to see. Our beliefs are a form of blindness.

John Ioannidis, an epidemiologist at Stanford University, argues that such distortions are a serious issue in biomedical research. “These exaggerations are why the decline has become so common,” he says. “It’d be really great if the initial studies gave us an accurate summary of things. But they don’t. And so what happens is we waste a lot of money treating millions of patients and doing lots of follow-up studies on other themes based on results that are misleading.” In 2005, Ioannidis published an article in the *Journal of the American Medical Association* that looked at the forty-nine most cited clinical-research studies in three major medical journals. Forty-five of these studies reported positive results, suggesting that the intervention being tested was effective. Because most of these studies were randomized controlled trials—the “gold standard” of medical evidence—they tended to have a significant impact on clinical practice, and led to the spread of treatments such as hormone replacement therapy for menopausal women and daily low-dose aspirin to prevent heart attacks and strokes. Nevertheless, the data Ioannidis found were disturbing: of the thirty-four claims that



had been subject to replication, forty-one per cent had either been directly contradicted or had their effect sizes significantly downgraded.

The situation is even worse when a subject is fashionable. In recent years, for instance, there have been hundreds of studies on the various genes that control the differences in disease risk between men and women. These findings have included everything from the mutations responsible for the increased risk of schizophrenia to the genes underlying hypertension. Ioannidis and his colleagues looked at four hundred and thirty-two of these claims. They quickly discovered that the vast majority had serious flaws. But the most troubling fact emerged when he looked at the test of replication: out of four hundred and thirty-two claims, only a single one was consistently replicable. “This doesn’t mean that none of these claims will turn out to be true,” he says. “But, given that most of them were done badly, I wouldn’t hold my breath.”

According to Ioannidis, the main problem is that too many researchers engage in what he calls “significance chasing,” or finding ways to interpret the data so that it passes the statistical test of significance—the ninety-five-per-cent boundary invented by Ronald Fisher. “The scientists are so eager to pass this magical test that they start playing around with the numbers, trying to find anything that seems worthy,” Ioannidis says. In recent years, Ioannidis has become increasingly blunt about the pervasiveness of the problem. One of his most cited papers has a deliberately provocative title: “Why Most Published Research Findings Are False.”

The problem of selective reporting is rooted in a fundamental cognitive flaw, which is that we like proving ourselves right and hate being wrong. “It feels good to validate a hypothesis,” Ioannidis said. “It feels even better when you’ve got a financial interest in the idea or your career depends upon it. And that’s why, even after a claim has been systematically disproven”—he cites, for instance, the early work on hormone replacement therapy, or claims involving various vitamins—“you still see some stubborn researchers citing the first few studies that show a strong effect. They really want to believe that it’s true.”

That’s why Schooler argues that scientists need to become more rigorous about data collection before they publish. “We’re wasting too much time chasing after bad studies and underpowered experiments,” he says. The current “obsession” with replicability distracts from the real problem, which is faulty design. He notes that nobody even tries to replicate most science papers—there are simply too many. (According to *Nature*, a third of all studies never even get cited, let alone repeated.) “I’ve learned the hard way to be exceedingly careful,” Schooler says. “Every researcher should have to spell out, in advance, how many subjects they’re going to use, and what exactly they’re testing, and what constitutes a sufficient level of proof. We have the tools to be much more transparent about our experiments.”

In a forthcoming paper, Schooler recommends the establishment of an open-source database, in which researchers are required to outline their planned investigations and document all their results. “I think this would provide a huge increase in access to



scientific work and give us a much better way to judge the quality of an experiment,” Schooler says. “It would help us finally deal with all these issues that the decline effect is exposing.”

Although such reforms would mitigate the dangers of publication bias and selective reporting, they still wouldn’t erase the decline effect. This is largely because scientific research will always be shadowed by a force that can’t be curbed, only contained: sheer randomness. Although little research has been done on the experimental dangers of chance and happenstance, the research that exists isn’t encouraging.

In the late nineteen-nineties, John Crabbe, a neuroscientist at the Oregon Health and Science University, conducted an experiment that showed how unknowable chance events can skew tests of replicability. He performed a series of experiments on mouse behavior in three different science labs: in Albany, New York; Edmonton, Alberta; and Portland, Oregon. Before he conducted the experiments, he tried to standardize every variable he could think of. The same strains of mice were used in each lab, shipped on the same day from the same supplier. The animals were raised in the same kind of enclosure, with the same brand of sawdust bedding. They had been exposed to the same amount of incandescent light, were living with the same number of littermates, and were fed the exact same type of chow pellets. When the mice were handled, it was with the same kind of surgical glove, and when they were tested it was on the same equipment, at the same time in the morning.

The premise of this test of replicability, of course, is that each of the labs should have generated the same pattern of results. “If any set of experiments should have passed the test, it should have been ours,” Crabbe says. “But that’s not the way it turned out.” In one experiment, Crabbe injected a particular strain of mouse with cocaine. In Portland the mice given the drug moved, on average, six hundred centimetres more than they normally did; in Albany they moved seven hundred and one additional centimetres. But in the Edmonton lab they moved more than five thousand additional centimetres. Similar deviations were observed in a test of anxiety. Furthermore, these inconsistencies didn’t follow any detectable pattern. In Portland one strain of mouse proved most anxious, while in Albany another strain won that distinction.

The disturbing implication of the Crabbe study is that a lot of extraordinary scientific data are nothing but noise. The hyperactivity of those coked-up Edmonton mice wasn’t an interesting new fact—it was a meaningless outlier, a by-product of invisible variables we don’t understand. The problem, of course, is that such dramatic findings are also the most likely to get published in prestigious journals, since the data are both statistically significant and entirely unexpected. Grants get written, follow-up studies are conducted. The end result is a scientific accident that can take years to unravel.

This suggests that the decline effect is actually a decline of illusion. While Karl Popper imagined falsification occurring with a single, definitive experiment—Galileo refuted Aristotelian mechanics in an afternoon—the process turns out to be much messier than that. Many scientific theories continue to be considered true even after



failing numerous experimental tests. Verbal overshadowing might exhibit the decline effect, but it remains extensively relied upon within the field. The same holds for any number of phenomena, from the disappearing benefits of second-generation antipsychotics to the weak coupling ratio exhibited by decaying neutrons, which appears to have fallen by more than ten standard deviations between 1969 and 2001. Even the law of gravity hasn't always been perfect at predicting real-world phenomena. (In one test, physicists measuring gravity by means of deep boreholes in the Nevada desert found a two-and-a-half-per-cent discrepancy between the theoretical predictions and the actual data.) Despite these findings, second-generation antipsychotics are still widely prescribed, and our model of the neutron hasn't changed. The law of gravity remains the same.

Such anomalies demonstrate the slipperiness of empiricism. Although many scientific ideas generate conflicting results and suffer from falling effect sizes, they continue to get cited in the textbooks and drive standard medical practice. Why? Because these ideas seem true. Because they make sense. Because we can't bear to let them go. And this is why the decline effect is so troubling. Not because it reveals the human fallibility of science, in which data are tweaked and beliefs shape perceptions. (Such shortcomings aren't surprising, at least for scientists.) And not because it reveals that many of our most exciting theories are fleeting fads and will soon be rejected. (That idea has been around since Thomas Kuhn.) The decline effect is troubling because it reminds us how difficult it is to prove anything. We like to pretend that our experiments define the truth for us. But that's often not the case. Just because an idea is true doesn't mean it can be proved. And just because an idea can be proved doesn't mean it's true. When the experiments are done, we still have to choose what to believe. ♦



## **What Killed Aiyana Stanley-Jones?**

*Mother Jones*

By CHARLIE LeDUFF

*November/December 2010*

### ***What one tragedy can teach us about the unraveling of America's middle class.***

IT WAS JUST AFTER MIDNIGHT on the morning of May 16 and the neighbors say the streetlights were out on Lillibridge Street. It is like that all over Detroit, where whole blocks regularly go dark with no warning or any apparent pattern. Inside the lower unit of a duplex halfway down the gloomy street, Charles Jones, 25, was pacing, unable to sleep.

His seven-year-old daughter, Aiyana Mo'nay Stanley-Jones [3] (PDF), slept on the couch as her grandmother watched television. Outside, Television was watching them. A half-dozen masked officers of the Special Response Team—Detroit's version of SWAT—were at the door, guns drawn. In tow was an A&E [4] crew filming an episode of *The First 48* [5], its true-crime program. The conceit of the show is that homicide detectives have 48 hours to crack a murder case before the trail goes cold. Thirty-four hours earlier, Je'Rean Blake Nobles [6], 17, had been shot outside a liquor store on nearby Mack Avenue; an informant had ID'd a man named Chauncey Owens as the shooter and provided this address.

The SWAT team tried the steel door to the building. It was unlocked [7]. They threw a flash-bang grenade through the window of the lower unit and kicked open its wooden door, which was also unlocked. The grenade landed so close to Aiyana that it burned her blanket. Officer Joseph Weekley, the lead commando—who'd been featured before on another A&E show, *Detroit SWAT* [8]—burst into the house. His weapon fired a single shot, the bullet striking Aiyana in the head and exiting her neck. It all happened in a matter of seconds.

"They had time," a Detroit police detective told me. "You don't go into a home around midnight. People are drinking. People are awake. Me? I would have waited until the morning when the guy went to the liquor store to buy a quart of milk. That's how it's supposed to be done."

But the SWAT team didn't wait. Maybe because the cameras were rolling, maybe because a Detroit police officer had been murdered two weeks earlier while trying to apprehend a suspect. This was the first raid on a house since his death.

Police first floated [9] the story that Aiyana's grandmother had grabbed Weekley's gun. Then, realizing that sounded implausible, they said she'd brushed the gun as she ran



past the door. But the grandmother says she was lying on the far side of the couch, away from the door.

Compounding the tragedy is the fact that the police threw the grenade into the wrong apartment. The suspect fingered for Blake's murder, Chauncey Owens, lived in the *upstairs* flat, with Charles Jones' sister.

Plus, grenades are rarely used when rounding up suspects, even murder suspects. But it was dark. And TV may have needed some pyrotechnics.

"I'm worried they went Hollywood," said a high-ranking Detroit police official, who spoke on the condition of anonymity due to the sensitivity of the investigation and simmering resentment in the streets. "It is not protocol. And I've got to say in all my years in the department, I've never used a flash-bang in a case like this."

The official went on to say that the SWAT team was not briefed about the presence of children in the house, although the neighborhood informant who led homicide detectives to the Lillibridge address told them that children lived there. There were even toys [10] on the lawn.

"It was a total fuck-up," the official said. "A total, unfortunate fuck-up."

Owens, a habitual criminal [11], was arrested upstairs minutes after Aiyana's shooting and charged for the slaying of Je'Rean. His motive, authorities say, was that the teen failed to pay him the proper respect. Jones, too, later became a person of interest [12] in Je'Rean's murder—he allegedly went along for the ride—but Jones denies it, and he's lawyered up and moved to the suburbs.

As Officer Weekley wept on the sidewalk, Aiyana was rushed to the trauma table, where she was pronounced dead. Her body was transferred to the Wayne County morgue.

Dr. Carl Schmidt is the chief medical examiner there. There are at least 50 corpses on hold in his morgue cooler, some unidentified, others whose next of kin are too poor to bury them. So Dr. Schmidt keeps them on layaway, zipped up in body bags as family members wait [13] for a ship to come in that never seems to arrive.

The day I visited, a Hollywood starlet [14] (PDF) was tailing the doctor, studying for her role as the medical examiner in ABC's new Detroit-based murder drama *Detroit 1-8-7*. The title is derived from the California penal code for murder: 187 [15]. In Michigan, the designation for homicide is actually 750.316 [16] (PDF), but that's just a mouthful of detail.

"You might say that the homicide of Aiyana is the natural conclusion to the disease from which she suffered," Schmidt told me.

"What disease was that?" I asked.



"The psychopathology of growing up in Detroit," he said. "Some people are doomed from birth because their environment is so toxic."

But the SWAT team didn't wait. Maybe because the cameras were rolling, maybe because a Detroit police officer had been murdered two weeks earlier while trying to apprehend a suspect. This was the first raid on a house since his death.

WAS IT SO SIMPLE? Was it inevitable, as the doctor said, that abject poverty would lead to Aiyana's death and so many others? Was it death by TV? By police incompetence? By parental neglect? By civic malfeasance? About 350 people are murdered each year in Detroit. There are some 10,000 unsolved homicides [17] dating back to 1960. Many are as fucked up and sad as Aiyana's. But I felt unraveling this one death could help diagnose what has gone wrong in this city, so I decided to retrace the events leading up to that pitiable moment on the porch on Lillibridge Street.

People my mother's age like to tell me about Detroit's good old days of soda fountains and shopping markets and lazy Saturday night drives. But the fact is Detroit and its suburbs were dying 40 years ago. The whole country knew it, and the whole country laughed. *A bunch of lazy, uneducated blue-collar incompetents. The Rust Belt. Forget about it.*

When I was a teenager, my mother owned a struggling little flower shop on the East Side, not far from where Aiyana was killed. On a hot afternoon around one Mother's Day, I was working in the back greenhouse. It was a sweatbox, and I went across the street to the liquor store for a soda pop. A small crowd of agitated black people was gathered on the sidewalk. The store bell jingled its little requiem as I pulled the door open.

Inside, splayed on the floor underneath the rack of snack cakes near the register, was a black man in a pool of blood. The blood was congealing into a pancake on the dirty linoleum. His eyes and mouth were open and held that milky expression of a drunk who has fallen asleep with his eyes open. The red halo around his skull gave the scene a feeling of serenity.

An Arab family owned the store, and one of the men—the one with the pocked face and loud voice—was talking on the telephone, but I remember no sounds. His brother stood over the dead man, a pistol in his hand, keeping an eye on the door in case someone walked in wanting to settle things.

"You should go," he said to me, shattering the silence with a wave of his hand. "Forget what you saw, little man. Go." He wore a gold bracelet as thick as a gymnasium rope. I lingered a moment, backing out while taking it in: the bracelet, the liquor, the blood, the gun, the Ho-Hos, the cheapness of it all.

The flower shop is just a pile of bricks now, but despite what the Arab told me, I did not forget what I saw. Whenever I see a person who died of violence or misadventure, I think about the dead man with the open eyes on the dirty floor of the liquor store. I've



seen him in the faces of soldiers when I was covering the Iraq War. I saw him in the face of my sister, who died a violent death in a filthy section of Detroit a decade ago. I saw him in the face of my sister's daughter, who died from a heroin overdose in a suburban basement near the interstate, weeks after I moved back to Michigan with my wife to raise our daughter and take a job with the *Detroit News* [18].

No one cared much about Detroit or its industrial suburbs until the Dow collapsed, the chief executives of the Big Three went to Washington to grovel [19], and General Motors declared bankruptcy [20]—100 years after its founding [21]. Suddenly, Detroit was historic, symbolic—hip, even. I began to get calls from reporters around the world wondering what Detroit was like, what was happening here. They were wondering if the Rust Belt cancer had metastasized and was creeping to Los Angeles and London and Barcelona. Was Detroit an outlier or an epicenter?

JE'REAN BLAKE NOBLES was one of the rare black males in Detroit who made it [22] (PDF) through high school. A good kid with average grades, Je'Rean went to Southeastern High, which is situated in an industrial belt of moldering Chrysler assembly plants. Completed in 1917, the school, attended by white students at the time, was considered so far out in the wilds that its athletic teams took the nickname "Jungaleers."

With large swaths of the city rewilding—empty lots are returning to prairie and woodland as the city depopulates—Southeastern was slated to absorb students from nearby Kettering High this year as part of a massive school-consolidation effort. That is, until someone realized that the schools are controlled by rival gangs. So bad is the rivalry that when the schools face off to play football or basketball, spectators from the visiting team are banned.

Southeastern's motto is *Age Quod Agis*: "Attend to Your Business." And Je'Rean did. By wit and will, he managed to make it through. A member of JROTC [23], he was on his way to the military recruitment office after senior prom and commencement. But Je'Rean never went to prom, much less the Afghanistan theater, because he couldn't clear the killing fields of Detroit. He became a horrifying statistic—one of 103 kids and teens murdered between January 2009 and July 2010.

Je'Rean's crime? He looked at Chauncey Owens the wrong way, detectives say [24].

It was 2:40 in the afternoon on May 14 when Je'Rean went to the Motor City liquor store and ice-cream stand to get himself an orange juice to wash down his McDonald's. About 40 kids were milling around in front of the soft-serve window. That's when Owens, 34, pulled up on a moped.

Je'Rean might have thought it was funny to see a grown man driving a moped. He might have smirked. But according to a witness, he said nothing.

"Why you looking at me?" said Owens, getting off the moped. "Do you got a problem or something? What the fuck you looking at?"



A slender, pimply faced kid, Je'Rean was not an intimidating figure. One witness had him pegged for 13 years old.

Je'Rean balled up his tiny fist. "What?" he croaked.

"Oh, stay your ass right here," Owens growled. "I got something for you."

Owens sped two blocks back to Lillibridge and gathered up a posse, according to his statement [25] to the police. The posse allegedly included Aiyana's father, Charles "C.J." Jones.

"It's some lil niggas at the store talking shit—let's go whip they ass," Detective Theopolis Williams later testified that Owens told him during his interrogation.

Owens switched his moped for a Chevy Blazer. Jones and two other men known as "Lil' James" and "Dirt" rode along for Je'Rean's ass-whipping. Lil' James brought along a .357 Magnum—at the behest of Jones, Detective Williams testified, because Jones was afraid someone would try to steal his "diamond Cartier glasses."

Je'Rean knew badness was on its way and called his mother to come pick him up. She arrived too late. Owens got there first and shot Je'Rean clear through the chest with Lil' James' gun. Clutching his juice in one hand and two dollars in the other, Je'Rean staggered across Mack Avenue and collapsed in the street. A minute later, a friend took the two dollars as a keepsake. A few minutes after that, Je'Rean's mother, Lyvonne Cargill, arrived and got behind the wheel of the car that friends had dragged him into.

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Why would anyone move a gunshot victim, much less toss him in a car? It is a matter of conditioning, Cargill later told me. In Detroit, the official response time of an ambulance to a 911 call is 12 minutes. Paramedics say it is routinely much longer. Sometimes they come in a Crown Victoria with only a defibrillator and a blanket, because there are no other units available. The hospital was six miles away. Je'Rean's mother drove as he gurgled in the backseat. [\[CLICK HERE FOR CHARLIE LEDUFF'S EXPOSE ON THE DETROIT AMBULANCE SYSTEM. \[26\]\]](#)

"My baby, my baby, my baby. God, don't take my baby."

They made it to the trauma ward, where Je'Rean was pronounced dead. His body was transferred to Dr. Schmidt and the Wayne County morgue.

THE RAID ON THE Lillibridge house that took little Aiyana's life came two weeks and at least a dozen homicides after the last time [27] police stormed into a Detroit home. That house, too, is on the city's East Side, a nondescript brick duplex with a crumbling garage whose driveway funnels into busy Schoenherr Road.



Responding to a breaking-and-entering and shots-fired call at 3:30 a.m., Officer Brian Huff [28], a 12-year veteran, walked into that dark house. Behind him stood two rookies. His partner took the rear entrance. Huff and his partner were not actually called to the scene; they'd taken it upon themselves to assist the younger cops, according to the police version of events. Another cruiser with two officers responded as well.

Huff entered with his gun still holstered. Behind the door was Jason Gibson, 25, a violent man with a history [29] of gun crimes, assaults on police, and repeated failures to honor probationary sentences.

Gibson is a tall, thick-necked man who, like the character Omar [30] from *The Wire* [31], made his living robbing dope houses. Which is what he was doing at this house, authorities contend, when he put three bullets in Officer Huff's face.

What happened after that is a matter of conjecture, as Detroit officials have had problems getting their stories straight. Neighbor Paul Jameson, a former soldier whose wife had called in the break-in to 911, said the rookies ran toward the house and opened fire after Huff was shot.

Someone radioed in, and more police arrived—but the official story of what happened that night has changed repeatedly. First, it was six cops who responded to the 911 call. Then eight, then eleven. Officials said Gibson ran out the front of the house. Then they said he ran out the back of the house, even though there is no back door. Then they said he jumped out a back window. It was Jameson who finally dragged Huff out of the house and gave him CPR in the driveway, across the street from the Boys & Girls Club. In the end, Gibson was charged [32] with Huff's murder and the attempted murders of four more officers. But police officials have refused to discuss how one got shot in the foot.

"We believe some of them were struck by friendly fire," the high-ranking cop told me. "But our ammo's so bad, we can't do ballistics testing. We've got nothing but bullet fragments."

A neighbor who tends the lawn in front of the dope house out of respect to Huff wonders why so many cops came in the first place, given that "the police hardly come around at all, much less that many cops that fast on a home break-in."

But the real mystery behind Officer Huff's murder is why Gibson was out on the street in the first place [33]. In 2007, he attacked a cop and tried to take his gun. For that he was given simple probation. He failed to report. Police caught him again in November 2009 in possession of a handgun stolen from an Ohio cop. Gibson bonded out last January and actually showed up for his trial in circuit court on February 17.

The judge, Cynthia Gray Hathaway, set his bond at \$20,000—only 10 percent of which was due upfront—and adjourned the trial without explanation, according to the docket. Known as "Half-Day" Hathaway, the judge was removed from the bench for six months



by the Michigan Supreme Court a decade ago for, among other things, adjourning trials to sneak away [34] on vacation.

Predictably, Gibson did not show for his new court date. The day after Huff was killed, and under fire from the police for her leniency toward Gibson, Judge Hathaway went into the case file and made changes, according to notations made in the court's computerized docket system. She refused to let me see the original paper file, despite the fact that it is a public record, and has said [35] that she can't comment on the case because she might preside in the trial against Gibson.

More than 4,000 people attended Officer Huff's funeral [36] at the Greater Grace Temple on the city's Northwest Side. Police officers came from Canada and across Michigan. They were restless and agitated and pulled at the collars of dress blues that didn't seem to fit. Bagpipes played and the rain fell.

Mayor Dave Bing spoke. "The madness has to stop," he said.

But the madness was only beginning.

IT MIGHT BE a stretch to see anything more than Detroit's problems in Detroit's problems. Still, as the American middle class collapses, it's worth perhaps remembering that the East Side of Detroit—the place where Aiyana, Je'Rean, and Officer Huff all died—was once its industrial cradle.

Henry Ford built his first automobile assembly-line plant in Highland Park [37] in 1908 on the east side of Woodward Avenue [38], the thoroughfare that divides the east of Detroit from the west. Over the next 50 years, Detroit's East Side would become the world's machine shop, its factory floor. The city grew to 1.3 million people from 300,000 after Ford opened his Model T factory. Other auto plants sprang up on the East Side: Packard, Studebaker, Chrysler's Dodge Main. Soon, the Motor City's population surpassed that of Boston and Baltimore, old East Coast port cities founded on maritime shipping when the world moved by boat.

"It is the home of mass-production, of very high wages and colossal profits, of lavish spending and reckless instalment-buying, of intense work and a large and shifting labour-surplus," British historian and MP Ramsay Muir wrote [39] in 1927. "It regards itself as the temple of a new gospel of progress, to which I shall venture to give the name of 'Detroitism'."

European intellectuals wondered at the whirl of building and spending in the new America. At the center of this economic dynamo was Detroit. "It is the home of mass-production, of very high wages and colossal profits, of lavish spending and reckless instalment-buying, of intense work and a large and shifting labour-surplus," British historian and MP Ramsay Muir wrote [39] in 1927. "It regards itself as the temple of a new gospel of progress, to which I shall venture to give the name of 'Detroitism'."



Skyscrapers sprang up virtually overnight. The city filled with people from all over the world: Arabs, Appalachians, Poles, African Americans, all in their separate neighborhoods surrounding the factories. Forbidden by restrictive real estate covenants and racist custom, the blacks were mostly restricted to Paradise Valley [40], which ran the length of Woodward Avenue. As the black population grew, so did black frustration over poor housing and rock-fisted police.

Soon, the air was the color of a filthy dishrag. The water in the Detroit River was so bad, it was said you could bottle it and sell it as poison. The beavers disappeared from the river around 1930.

But pollution didn't kill Detroit. What did?

No one can answer that fully. You can blame it on the John Deere mechanical cotton-picker of 1950, which uprooted the sharecropper and sent him north looking for a living—where he found he was locked out of the factories by the unions [41]. You might blame it on the urban renewal and interstate highway projects that rammed a freeway down the middle of Paradise Valley, displacing thousands of blacks and packing the Negro tenements tighter still. (Thomas Sugrue [42], in his seminal book *The Origins of the Urban Crisis* [43], writes that residents in Detroit's predominantly black lower East Side reported 206 rat bites in 1951 and 1952.)

You might blame postwar industrial policies that sent the factories to the suburbs, the rural South, and the western deserts. You might blame the 1967 race riot and the white flight that followed. You might blame Coleman Young—the city's first black mayor—and his culture of cronyism [44]. You could blame it on the gas shocks of the '70s that opened the door to foreign car competition. You might point to the trade agreements of the Clinton years, which allowed American manufacturers to leave the country by the back door. You might blame the UAW, which demanded things like full pay for idle workers [45], or myopic Big Three management who, instead of saying no, simply tacked the cost onto the price of a car.

Then there is the thought that Detroit is simply a boomtown that went bust the minute Henry Ford began to build it. The car made Detroit, and the car unmade Detroit. The auto industry allowed for sprawl. It also allowed a man to escape the smoldering city.

In any case, Detroit began its long precipitous decline during the 1950s, precisely when the city—and the United States—was at its peak. As Detroit led the nation in median income and homeownership, automation and foreign competition were forcing companies like Packard to shutter their doors. That factory closed in 1956 and was left to rot, pulling down the East Side, which pulled down the city. Inexplicably, its carcass still stands and burns [46] incessantly.

By 1958, 20 percent of the Detroit workforce was jobless [47]. Not to worry: The city had its own welfare system, decades before Lyndon Johnson's Great Society. The city provided clothing, fuel, rent, and \$10 every week to adults for food; children got \$5.



Word of the free milk and honey made its way down South, and the poor "Negros" and "hillbillies" flooded in.

But if it wasn't for them, the city population would have sunk further than it did. Nor is corruption a black or liberal thing. Louis Miriani, the last Republican mayor of Detroit, who served from 1957 to 1962, was sent to federal prison for tax evasion when he couldn't explain how he made nearly a quarter of a million dollars on a reported salary of only \$25,000.

Today—75 years after the beavers disappeared from the Detroit River—"Detroitism" means something completely different. It means uncertainty and abandonment and psychopathology. The city reached a peak population of 1.9 million people in the 1950s, and it was 83 percent white. Now Detroit has fewer than 800,000 people, is 83 percent black, and is the only American city [48] that has surpassed a million people and dipped back below that threshold.

"There are plenty of good people in Detroit," boosters like to say. And there are. Tens of thousands of them, hundreds of thousands. There are lawyers and doctors and auto executives with nice homes and good jobs, community elders trying to make things better, teachers who spend their own money on classroom supplies, people who mow lawns out of respect for the dead, parents who raise their children, ministers who help with funeral expenses.

For years it was the all-but-official policy of the newspapers to ignore the black city, since the majority of readers lived in the predominantly white suburbs. And now that the papers do cover Detroit, boosters complain about a lack of balance. To me, that's like writing about the surf conditions in the Gaza Strip. As for the struggles of a generation of living people, the murder of a hundred children, they ask me: "What's new in that?"

DETROIT'S EAST SIDE is now the poorest, most violent quarter of America's poorest, most violent big city. The illiteracy [49], child poverty [50], and unemployment [51] rates hover around 50 percent.

Stand at the corner of Lillibridge Street and Mack Avenue and walk a mile in each direction from Alter Road to Gratiot Avenue (pronounced *Gra-shit*). You will count 34 churches, a dozen liquor stores, six beauty salons and barber shops, a funeral parlor, a sprawling Chrysler engine and assembly complex working at less than half-capacity, and three dollar stores—but no grocery stores. In fact, there are no chain grocery stores [52] in all of Detroit.

There are two elementary schools in the area, both in desperate need of a lawnmower and a can of paint. But there is no money; the struggling school system has a \$363 million deficit. Robert Bobb was hired in 2009 as the emergency financial manager and given sweeping powers to balance the books. But even he couldn't stanch the tsunami of red ink; the deficit ballooned more than \$140 million under his guidance.



Bobb did uncover graft and fraud and waste, however. He caught a lunch lady stealing [53] the children's milk money. A former risk manager for the district was indicted for siphoning off \$3 million for personal use. The president of the school board, Otis Mathis, recently admitted that he had only rudimentary writing skills shortly before being forced to resign for fondling himself during a meeting with the school superintendent.

The graduation rate for Detroit schoolkids hovers around 35 percent [54] (PDF). Moreover, the Detroit public school system is the worst performer in the National Assessment of Educational Progress tests, with nearly 80 percent [55] of eighth-graders unable to do basic math. So bad is it for Detroit's children that Education Secretary Arne Duncan said last year, "I lose sleep over that one."

Duncan may lie awake, but many civic leaders appear to walk around with their eyes sealed shut. As a reporter, I've worked from New York to St. Louis to Los Angeles, and Detroit is the only big city I know of that doesn't put out a crime blotter tracking the day's mayhem. While other American metropolises have gotten control of their murder rate, Detroit's remains where it was during the crack epidemic. Add in the fact that half [56] the police precincts were closed in 2005 for budgetary reasons, and the crime lab was closed [57] two years ago due to ineptitude, and it might explain why five of the nine members of the city council carry [58] a firearm.

To avoid the embarrassment of being the nation's perpetual murder capital, the police department took to cooking the homicide statistics, reclassifying murders as other crimes or incidents. For instance, in 2008 a man was shot in the head. ME Schmidt ruled it a homicide; the police decided it was a suicide. That year, the police said there were 306 homicides—until I began digging. The number was actually 375. I also found that the police and judicial systems were so broken that in more than 70 percent of murders, the killer got away with it. In Los Angeles, by comparison, the unsolved-murder rate is 22 percent.

The fire department is little better. When I moved back to Detroit two years ago, I profiled a firehouse on the East Side. Much of the firefighters' equipment was substandard: Their boots had holes; they were alerted to fires by fax from the central office. (They'd jerry-rigged a contraption where the fax pushes a door hinge, which falls on a screw wired to an actual alarm.) I called the fire department to ask for its statistics. They'd not been tabulated for four years.

Detroit has been synonymous with arson since the '80s, when the city burst into flames in a pre-Halloween orgy of fire and destruction known as Devil's Night [59]. At its peak popularity, 810 fires were set in a three-day span. Devil's Night is no longer the big deal it used to be, topping out last year at around 65 arsons. That's good news until you realize that in Detroit, some 500 fires [60] are set every single month. That's five times as many as New York, in a city one-tenth the size.

As a reporter at the *Detroit News* [18], I get plenty of phone calls from people in the neighborhoods. A man called me once to say he had witnessed a murder, but the police



refused to take his statement. When I called the head of the homicide bureau and explained the situation, he told me, "Oh yeah? Have him call me," and then hung up the phone. One man, who wanted to turn himself in for a murder, gave up trying to call the Detroit police; he drove to Ohio and turned himself in there.

The police have been working under a federal consent decree since a 2003 investigation found [61] that detectives were locking up murder witnesses for days on end, without access to a lawyer, until they coughed up a name. The department was also cited for excessive force after people died in lockup and at the hands of rogue cops.

Detroit has since made little progress on the federal consent decree. Newspapers made little of it—until the US Attorney revealed that the federal monitor [62] of the decree was having an affair with the priapic mayor Kwame Kilpatrick [63], who was forced to resign, and now sits in prison convicted [64] of perjury and obstruction of justice.

The Kilpatrick scandal, combined with the murder rate, spurred the newly elected mayor, Dave Bing [65]—an NBA Hall of Famer [66]—to fire Police Chief James Barrens last year and replace him with Warren Evans, the Wayne County sheriff. The day Barrens cleaned out his desk, a burglar cleaned out [67] Barrens' house.

In Chief Evans' defense, he seemed to understand one thing: After the collapse of the car industry and the implosion of the real estate bubble, there is little else Detroit has to export except its misery.

Evans brought a refreshing honesty to a department plagued by ineptitude and secrecy. He computerized daily crime statistics, created a mobile strike force commanded by young and educated go-getters, and dispatched cops to crime hot spots. He assigned the SWAT team the job of rounding up murder suspects, a task that had previously been done by detectives.

Evans told me then that major crimes were routinely underreported by 20 percent. He also told me that perhaps 50 percent of Detroit's drivers were operating without a license or insurance. "It's going to stop," he promised. "We're going to pull people over for traffic violations and we're going to take their cars if they're not legal. That's one less knucklehead driving around looking to do a drive-by."

His approach was successful, with murder dropping more than 20 percent in his first year [68]. If that isn't a record for any major metropolis, it is certainly a record for Detroit. (And that statistic is true; I checked.)

So there should have been a parade with confetti and tanks of lemonade, but instead, the complaints about overaggressive cops began to roll in. Then Evans' own driver shot a man last October. The official version was that two men were walking in the middle of a street on the East Side when Evans and his driver told them to walk on the sidewalk. One ran off. Evans' driver—a cop—gave chase. The man stopped, turned, and pulled a gun. Evans' driver dropped him [69] with a single shot. An investigation was promised. The story rated three paragraphs in the daily papers, and the media never followed up.



Then Huff got killed. Then Je'Rean was murdered. Then came the homicide-by-cop of little Aiyana.

Chief Evans might have survived it all, had he, too, not been drawn to the lights of Hollywood. As it turns out, he was filming a pilot for his own reality show, entitled *The Chief*.

The program's six-minute sizzle reel begins with Evans dressed in full battle gear in front of the shattered Michigan Central Rail Depot [70], cradling a semiautomatic rifle and declaring that he would "do whatever it takes" to take back the streets of Detroit. I saw the tape and wrote about its existence after the killing of Aiyana, but the story went nowhere until two months later, when someone in City Hall leaked a copy to the local ABC affiliate. Evans was fired.

But in Evans' defense, he seemed to understand one thing: After the collapse of the car industry and the implosion of the real estate bubble, there is little else Detroit has to export except its misery.

And America is buying. There are no fewer than two TV dramas, two documentaries, and three reality programs being filmed here. Even *Time* bought a house on the East Side last year for \$99,000. The gimmick was to have its reporters live there and chronicle the decline of the Motor City for one year.

Somebody should have told company executives back in New York that they had wildly overpaid. In Detroit, a new car costs more than the average house.

AIYANA'S FAMILY retained Geoffrey Fieger [71], the flamboyant, brass-knuckled lawyer who represented Dr. Jack Kevorkian—a.k.a. Dr. Death. With Chief Evans vacationing overseas [72] with a subordinate, Fieger ran wild [73], holding a press conference where he claimed he had seen videotape of Officer Weekley firing into the house from the porch. Fieger alleged a police cover-up. Detroit grew restless.

I went to see Fieger to ask him to show me the tape. Fieger's suburban office is a shrine to Geoffrey Fieger. The walls are covered with photographs of Geoffrey Fieger. On his desk is a bronze bust of Geoffrey Fieger. And during our conversation, he referred to himself in the third person—Geoffrey Fieger.

"What killed Aiyana is what killed the people in New Orleans and the rider on the transit in Oakland, and that's police bullets and police arrogance and police cover-up," Geoffrey Fieger said. "People call it police brutality. But Geoffrey Fieger calls it police arrogance. Even in Detroit, a predominantly black city. They killed a child and then they lied about it."

"What killed Aiyana is what killed the people in New Orleans and the rider on the transit in Oakland, and that's police bullets and police arrogance and police cover-up," Jones' lawyer said.



I asked Fieger if Charles Jones should accept some culpability in his daughter's death, considering his alleged role in Je'Rean's murder, the stolen cars found in his backyard, and the fact that his daughter slept on the couch next to an unlocked door.

"So what?" Fieger barked. "I'm not representing the father; I'm speaking for the daughter." He also pointed out that while Jones remains a person of interest in Je'Rean's murder, he has not been arrested. "It's police disinformation."

As for the videotape of the killing, Geoffrey Fieger said he did not have it.

I was allowed to meet with Charles Jones the following morning at Fieger's office, but with the caveat that I could only ask him questions about the evening his daughter was killed.

Jones, 25, a slight man with frizzy braids, wore a dingy T-shirt. An 11th-grade dropout and convicted robber [74], he said he supported his seven children with "a little this, a little that—I got a few tricks and trades."

He has three boys with Aiyana's mother, Dominika Stanley, and three boys with another woman, whom he had left long ago.

Jones' new family had been on the drift for the past few years as he tried to pull it together. His mother's house on Lillibridge, he said, was just supposed to be a way station to better things.

They had even kept Aiyana in her old school, Trix Elementary, because it was something consistent in her life, a clean and safe school in a city with too few. They drove her there every morning, five miles.

"I can accept the shooting was a mistake," Jones said about his daughter's death as a bleary-eyed Stanley sat motionless next to him. "But I can't accept it because they lied about it. I can't heal properly because of it. It was all for the cameras. I don't want no apology from no police. It's too late."

I asked him if the way he was raising his daughter, the people he exposed her to, or the neighborhood where they lived—with its decaying houses and liquor stores—may have played a role.

Stanley suddenly emerged from her stupor: "What's that got to do with it?" she hissed.

"My daughter got love, honor, and respect. The environment didn't affect us none," Jones said. "The environment got nothing to do with kids."

AIYANA WAS LAID TO REST six days after her killing. The service was held at Second Ebenezer Church in Detroit, a drab cake-shaped megachurch near the Chrysler Freeway. A thousand people attended, as did the predictable plump of media.



The Rev. Al Sharpton delivered [75] the eulogy, though his heart did not seem to be in it. It was a white cop who killed the girl, but Detroit is America's largest black city with a black mayor and a black chief of police. The sad and confusing circumstances of the murders of Je'Rean Blake and Officer Huff, both black, robbed Sharpton of some of his customary indignation.

"We're here today not to find blame, but to find out how we never have to come here again," said Sharpton, standing in the grand pulpit. "It's easy in our anger, our rage, to just vent and scream. But I would be doing Aiyana a disservice if we just vented instead of dealing with the real problems."

He went on: "This child is the breaking point."

Aiyana's pink-robed body was carried away by a horse-drawn carriage to the Trinity Cemetery, the same carriage that five years earlier had taken the body of Rosa Parks to Woodlawn Cemetery on the city's West Side. Once at Aiyana's graveside, Charles Jones released a dove.

Sharpton left and the Rev. Horace Sheffield, a local version of Sharpton, got stiffed for \$4,000 in funeral costs, claiming Aiyana's father made off with the donations people gave to cover it.

"Sharpton's full of shit," said Je'Rean's mother. "He came here for publicity. What the hell you doing up here for? The kids are dropping like flies and he's got nothing but useless words."

"I'm trying to find him," Sheffield complained. "But he doesn't return my calls. It's always like that. People taking advantage of my benevolence. They went hog wild. I mean, hiring the Rosa Parks carriage?"

"I don't owe Sheffield shit," says Jones. "He got paid exactly what he was supposed to be paid."

While a thousand people mourned the tragic death of Aiyana, the body of Je'Rean Blake Nobles sat in a refrigerator at a local funeral parlor; his mother was too poor to bury him herself and too respectful to bury him until after the little girl's funeral, anyhow. The mortician charged \$700 for the most basic viewing casket, even though the body was to be cremated.

Sharpton's people called Je'Rean's mother, Lyvonne Cargill, promising to come over to her house after Aiyana's funeral. She waited, but Sharpton never came.

"Sharpton's full of shit," said Cargill, a brassy 39-year-old who works as a stock clerk at Target. "He came here for publicity. He's from New York. What the hell you doing up here for? The kids are dropping like flies—especially young black males—and he's got nothing but useless words."



The Rev. Sheffield came to see Cargill. He gave her \$800 for funeral costs.

AS SUMMER DRAGGED on, the story of Aiyana faded from even the regional press. As for the tape that Geoffrey Fieger claimed would show the cops firing on Aiyana's house from outside, A&E turned it over to the police. The mayor's office is said to have a copy, as well as the Michigan State Police, who are now handling the investigation. Even on Lillibridge Street, the outrage has died down. But the people of Lillibridge Street still look like they've been picked up by their hair and dropped from the rooftop. The crumbling houses still crumble. The streetlights still go on and off. The landlord of the duplex, Edward Taylor, let me into the Jones apartment. A woman was in his car, the motor running.

"They still owe me rent," he said with a face about the Joneses. "Don't bother locking it. It's now just another abandoned house in Detroit."

And with that, he was off.

Inside, toys, Hannah Montana shoes, and a pyramid of KFC cartons were left to rot. The smell was beastly. Outside, three men were loading the boiler, tubs, and sinks into a trailer to take to the scrap yard.

"Would you take a job at that Chrysler plant if there were any jobs there?" I asked one of the men, who was sweating under the weight of the cast iron.

"What the fuck do you think?" he said. "Of course I would. Except there ain't no job. We're taking what's left."

I went to visit Cargill, who lived just around the way. She told me that Je'Rean's best friend Chaise Sherrors [76], 17, had been murdered the night before—an innocent bystander who took a bullet in the head as he was on a porch clipping someone's hair.

"It just goes on," she said. "The silent suffering."

Chaise lived on the other side of the Chrysler complex. He, too, was about to graduate from Southeastern High. A good kid who showed neighborhood children how to work electric clippers, his dream was to open a barbershop. The morning after he was shot, Chaise's clippers were mysteriously deposited on his front porch, wiped clean and free of hair. There was no note.

If such a thing could be true, Chaise's neighborhood is worse than Je'Rean's. The house next door to his is rubble smelling of burnt pine, pissed on by the spray cans of the East Warren Crips. The house on the other side is in much the same state. So is the house across the street. In this shit, a one-year-old played next door, barefoot.

Chaise's mother, Britta McNeal, 39, sat on the porch staring blankly into the distance, smoking no-brand cigarettes. She thanked me for coming and showed me her home,



which was clean and well kept. Then she introduced me to her 14-year-old son De'Erion, whose remains sat in an urn on the mantel. He was shot in the head and killed last year.

She had already cleared a space on the other end of the mantel for Chaise's urn.

"That's a hell of a pair of bookends," I offered.

"You know? I was thinking that," she said with tears.

The daughter of an autoworker and a home nurse, McNeal grew up in the promise of the black middle class that Detroit once offered. But McNeal messed up. She admits as much. She got pregnant at 15. She later went to nursing school but got sidetracked by her own health problems. School wasn't a priority. Besides, there was always a job in America when you needed one.

Until there wasn't. Like so many across the country, she's being evicted with no job and no place to go.

"I want to get out of here, but I can't," she said. "I got no money. I'm stuck. Not all of us are blessed."

She looked at her barefoot grandson playing in the wreckage of the dwelling next door and wondered if he would make it to manhood.

I keep calling about these falling-down houses, but the city never comes," she said.

McNeal wondered how she was going to pay the \$3,000 for her son's funeral. Desperation, she said, feels like someone's reaching down your throat and ripping out your guts.

It would be easy to lay the blame on McNeal for the circumstances in which she raised her sons. But is she responsible for police officers with broken computers in their squad cars, firefighters with holes in their boots, ambulances that arrive late, a city that can't keep its lights on and leaves its vacant buildings to the arsonist's match, a state government that allows corpses to stack up in the morgue, multinational corporations that move away and leave poisoned fields behind, judges who let violent criminals walk the streets, school stewards who steal the children's milk money, elected officials who loot the city, automobile executives who couldn't manage a grocery store, or Wall Street grifters who destroyed the economy and left the nation's children with a burden of debt? Can she be blamed for that?

"I know society looks at a person like me and wants me to go away," she said. "'Go ahead, walk in the Detroit River and disappear.' But I can't. I'm alive. I need help. But when you call for help, it seems like no one's there.

"It feels like there ain't no love no more."



I left McNeal's porch and started my car. The radio was tuned to NPR and *A Prairie Home Companion* came warbling out of my speakers. I stared through the windshield at the little boy in the diaper playing amid the ruins, reached over, and switched it off.

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## **The Demographic Future**

*Foreign Affairs*

By NICHOLAS EBERSTADT

November/December 2010

It is already possible to draw a reasonably reliable profile of the world's population in 2030. This is, of course, because the overwhelming majority of those who will inhabit the world 20 years from now are already alive. As a result, one can make some fairly confident estimates of important demographic trends, including manpower availability, the growth in the number of senior citizens, and the resulting support burden on workers.

Overall, it is apparent that the future global economy will not be able to rely on the kind of demographic inputs that helped fuel growth in the era before the current global recession. For today's affluent Western economies, the coming demographic challenge of stagnant and aging populations combined with mounting health and pension claims on a shrinking pool of prospective workers is already generating concern, especially in Europe and Japan. But at the same time, demographic constraints in the rising economies that are expected to fuel future global growth are more serious and intractable than generally recognized.

When the current painful and protracted economic crisis is eventually resolved, the global economy will likely embark again on a path of sustained long-term growth -- but at a slower pace, because of new demographic realities. These demographic pressures can be substantially offset only if both rich and poor countries undertake profound and far-reaching changes in working arrangements, lifestyles, business practices, and government policies.

### **MORE HEALTH, FEWER BABIES**

The twentieth century was an era of unprecedented population growth. Between 1900 and 2000, the world's population almost quadrupled, from about 1.6 billion people to around 6.1 billion. This huge expansion did not occur because people suddenly began reproducing at higher rates; instead, population surged because humans finally stopped dying like flies. Over the course of the twentieth century, global life expectancy at birth more than doubled, soaring from about 30 years in 1900 to about 65 years in 2000. This global population explosion was, in reality, a health explosion: the entirety of the enormous increase in human population over the past several generations was due to dramatic declines in mortality and improvements in general health conditions.

If the twentieth century's revolutionary demographic trend was a health explosion, the twenty-first century's hallmark trend appears to be a fertility implosion. A dramatic, far-reaching, and, as yet, unrelenting global reduction in childbearing and birthrates is now under way. Sustained and deliberate reductions in family size through birth control



began to lower national fertility levels in certain European countries long ago. But sustained fertility decline only became a worldwide phenomenon after the end of World War II. Over the past half century, according to the United Nations Population Division (UNDP) and the U.S. Census Bureau, the number of births per woman dropped by almost half, from 4.9 in the early 1960s to an estimated 2.5 today, with the steepest decline occurring in less developed countries.

Close to half of the world's population now lives in countries with fertility rates below the replacement level, which, as a rough rule of thumb, is 2.1 births per woman. In these states -- absent steady compensatory immigration -- current childbearing patterns will lead to an eventual and indefinite depopulation. Almost all of the world's developed countries have sub-replacement fertility, with overall birthrates more than 20 percent below the level required for long-term population stability. But developed countries account for less than a fifth of the world's population; the great majority of the world's populations with sub-replacement fertility in fact reside in low-income societies.

China is one such low-income society with sub-replacement fertility. It may seem exceptional, given Beijing's one-child policy. Yet sub-replacement fertility is also the norm today in many low-income countries without coercive population controls. Strikingly, some of these are countries with predominantly rural populations where educational opportunities for women remain limited and health conditions are still poor. One such case may be Myanmar (also called Burma), an impoverished and isolated country where, according to the UNDP, birth levels have fallen below the replacement rate.

The U.S. Census Bureau and the UNDP both estimate that sub-replacement fertility is the norm in every East Asian country and in much of Southeast Asia, including Vietnam and Thailand; in most of the Caribbean islands; and, increasingly, throughout Latin America. What is no less striking, sub-replacement fertility has also come to parts of the great Islamic expanse that stretches from northern Africa through the Middle East and into Asia.

Much remains unexplained about the continuing march toward ever-lower levels of fertility. For example, there are few socioeconomic preconditions for rapid and pronounced fertility decline or even for slides into sub-replacement fertility, as the case of Myanmar underscores. Furthermore, it is not known how long a society that has entered into sub-replacement-fertility mode will stay there: Japan, for example, began reporting sub-replacement fertility in the 1950s and has had uninterrupted sub-replacement fertility since the early 1970s. Demographers, it should be emphasized, still have no reliable techniques for making accurate long-term fertility forecasts. Nevertheless, some specialists argue that ultralow fertility rates may be but a harbinger of future -- and currently unimaginable -- fertility declines.

Although little is conclusively known about the underlying causes of the fertility revolution, some of its consequences are discernable. First, pronounced fertility declines



today imply a slowdown in the growth of the working-age population tomorrow. Second, low fertility today leads to population aging tomorrow -- a process that becomes turbocharged if sub-replacement birthrates are sustained over time.

## MEN AT WORK

On a global level, returning to pre-crisis economic growth rates will be complicated by the impending -- and inalterable -- trends in worldwide manpower availability. Between now and 2030, the global supply of potential workers is set to grow much more slowly than in the previous two decades. According to U.S. Census Bureau projections, the absolute increase in the world's working-age (between 15 and 64) population between 2010 and 2030 will be around 900 million people, 400 million fewer than over the past two decades. The projected average rate of global manpower growth for the coming decades is 0.9 percent per year, only half the rate for the period between 1990 and 2010.

Complicating matters still further is the prospective regional distribution of the coming growth in global manpower. Over the past 20 years, the two greatest centers of manpower growth have been China and India, which also happened to be two of the world's most rapidly growing economies. Over the next 20 years, however, the largest share of growth in the world's working-age population -- well over a third of the total -- will take place in sub-Saharan Africa, the region with the worst record of long-term economic performance. Bangladesh and Pakistan will account for nearly another eighth of the world's manpower growth. In other words, over the next two decades, sub-Saharan Africa, Bangladesh, and Pakistan will generate nearly half the growth in the world's working-age population.

At the same time, most of the current advanced economies of the Organization for Economic Cooperation and Development (OECD) and many promising emerging economies are set to experience shrinkage in their working-age populations. This group includes China, Japan, the countries of eastern and western Europe, and the former Soviet states.

The prospect of shrinking manpower does not look any better when broken down into subsidiary age-group components. Younger workers are important for growth, because they typically have higher levels of education and better knowledge of the latest technology. But over the next 20 years, growth in the worldwide pool of young manpower will undergo a severe deceleration. According to U.S. Census Bureau projections, total young manpower -- defined here as men and women between the ages of 15 and 29 -- will increase by just four percent, or 70 million people, between today and 2030, representing barely a fifth of the increase over the past two decades. Only the countries of sub-Saharan Africa will see appreciable growth in young manpower. Japan and the states of western Europe are on course for significant prospective drops in this key manpower pool over the next 20 years (in the case of Japan, by almost 25 percent). But by far the most massive falloff in young manpower is set to take place in China: over



the next 20 years, this working-age group will fall in China by around 100 million people, or about 30 percent.

Yet as young manpower grows relatively scarcer, older manpower is becoming increasingly abundant. Over the next 20 years, the oldest segment of the conventionally defined working-age population -- men and women between 50 and 64 years of age -- is projected to account for nearly half of all global manpower growth, nearly twice the share for the period between 1990 and 2010. China will face a particularly huge increase in older manpower; the working-age population will also age in many other emerging markets, as well as in all the developed Western economies. Older workers do bring some particular skills, based on experience, but they also tend to be less educated and less healthy than younger workers. Furthermore, labor-force participation rates for older workers tend to be lower, and in some affluent societies, much lower.

The prospective global work force of 2030 is on track to being more educated and healthier than previous generations of workers, which should increase overall labor productivity. But the economic potential of such prospective benefits should not be exaggerated. Projections by the International Institute for Applied Systems Analysis, in Austria, and the Vienna Institute of Demography suggest that improvements in educational levels for the world's working-age population stand to be slower over the next 20 years than they were over the past 20 years. For example, the proportion of global manpower with no education at all is projected to drop by less than five percentage points, compared to an eight-point drop in the past 20 years. And the share of the working-age population with secondary schooling or better is estimated to increase by ten points, three points fewer than in the previous two decades.

Taken as a whole, these manpower trends point to mounting demographic pressures -- and, quite possibly, a slowdown in the rate of long-term economic growth. All other factors being equal, these trends also suggest a slowdown in consumer spending, which could perhaps lead to a slowdown in business profits, as well.

#### AGING UNGRACEFULLY?

The economic performance of the world's six major economies will largely determine growth patterns for the world as a whole over the next 20 years. China, India, Japan, Russia, western Europe, and the United States account for over half of the world's current population and over 70 percent of the world's GDP, adjusted for purchasing power parity. And over the decade before the current financial crisis, they accounted for about 70 percent of global economic growth.

No major economy has more radiant prospects for the coming decades than China. Its economic transformation has been nothing less than dazzling -- according to World Bank estimates, in the three decades following Deng Xiaoping's 1978 moves toward systemic reform, China's GDP grew by almost ten percent a year. (Other sources suggest a slightly slower rate of growth but still one that is historically unprecedented.) Beijing



officially forecasts annual growth rates of roughly seven percent per year between now and 2030. But this rosy prognosis does not take into account China's looming demographic tempests. Population specialists believe that China became a sub-replacement-fertility society about two decades ago and that since then, birthrates have fallen far below the replacement level. For example, the U.S. Census Bureau puts China's total fertility rate at about 1.5 children per woman, or 30 percent below the level required for long-term population stability.

Persistent, and now extreme, sub-replacement fertility is the demographic driver shaping the China of tomorrow. Given current trends, U.S. Census Bureau projections anticipate fewer people under the age of 50 in China in 2030 than today and many fewer Chinese in their 20s and early 30s. These same projections foresee many more elderly Chinese in their 60s, 70s, and 80s. China's older workers are much less educated than their youthful successors -- nearly half of today's working-age population between the ages of 50 and 64 has not completed primary school. Educational levels for older workers will improve in the decades ahead but will still lag behind Chinese national averages. And China will be experiencing a population explosion of senior citizens over the next 20 years; they are the progeny of the pre-population-control era. In 2010, about 115 million people in China were 65 or older. By 2030, this number is projected to approach 240 million people -- meaning that China's cohort of senior citizens would be soaring at an average rate of 3.7 percent per year.

How Beijing will support this coming tsunami of senior citizens remains an unanswered question. As yet, China has no national public pension system and only the most rudimentary provisions for rural health care. Meeting the needs of its rapidly growing elderly population will place economic and social pressures on China that no country of a comparable income level has ever had to confront.

Moreover, in the decades ahead, China will face a growing number of young men who will never marry due to the country's one-child policy, which has resulted in a reported birth ratio of almost 120 boys for every 100 girls (most societies report the births of 103 to 105 boys for every 100 girls). This imbalance is setting the stage for a "marriage squeeze" of monumental proportions. By 2030, projections suggest that more than 25 percent of Chinese men in their late 30s will never have married. The coming marriage squeeze will likely be even more acute in the Chinese countryside, since the poor, uneducated, and rural population will be more likely to lose out in the competition for brides. Beijing will have to determine how it will cope with a growing demographic of unmarried, underprivileged, and, quite possibly, deeply discontented young men.

China still has potential sources for enhancing productivity, including the migration of rural workers to more productive urban jobs, the wider application of currently underutilized technical know-how, improved financial intermediation for the country's high savings rates, and broader institutional and policy reforms to enhance efficiency. Such untapped potential can fuel future growth, but nevertheless, China's serious demographic challenges could slow economic growth more than is currently expected.



Russia is another emerging-market country widely regarded as holding immense economic promise, not least by the leaders in the Kremlin. Despite the current economic downturn, official Russian plans envision economic growth of six percent a year through 2020 and continuing rapid growth thereafter. But these ambitious visions seem to ignore the fact that the country has been in the grip of a protracted demographic crisis since the end of communist rule. Since 1992, Russia's deaths have outnumbered births by roughly 50 percent, or about 13 million, and official figures suggest that the country's population has shrunk by about five percent -- nearly seven million people -- from 148.6 million in 1993 to 141.9 million today. Immigration has helped slow the country's population decline but has not been able to prevent it. The outlook is for further depopulation: medium variant projections by the Kremlin's official statistical service envision ten million more deaths than births over the next two decades.

Even more troubling for Russia is the country's disastrous public health situation. In 2009, as hard as it may be to believe, Russia's overall life expectancy was a bit lower than it had been in 1961, almost half a century earlier. To make matters worse, at least from an economic standpoint, Russia's health crisis is concentrated in its working-age population. Over the 40 years between 1965 and 2005, for example, the death rates for men between their late 20s and their mid-50s virtually doubled. Death rates for women in that same age group generally rose by about 50 percent. Public health experts do not entirely understand the reasons for this death spiral -- although poor diet, smoking, sedentary lifestyles, and, above all, Russia's deadly romance with vodka can explain much of the deterioration, the actual decline is worse than what these risk factors alone would suggest. In some respects, contemporary health levels for Russian adults are akin to those for adults in the world's most impoverished states. According to estimates by the World Health Organization, life expectancy for a 15-year-old man in 2008 would have been lower in Russia than in Cambodia, Eritrea, or Haiti. Between now and 2030, the U.S. Census Bureau projects that Russia's working-age population will fall by nearly 20 percent, and Russia's work force will almost surely suffer more ill health than its counterparts in the OECD and than the work forces of the other BRIC countries (Brazil, India, and China). In 2008, according to World Health Organization estimates, mortality levels for Russia's working-age population were 25 percent higher than those for India's.

Urban centers are typically the hubs of economic growth, but Russia's urban population is smaller today than it was at the end of the communist era, and the UN projects that there will be even fewer inhabitants in Russia's cities 20 years from now. In addition, Russia's old-age burden will be steadily increasing -- whereas 13 percent of the Russian population today is 65 or older, the projected proportion for 2030 is 21 percent. Taking all the above into account, it is difficult to see how Russia can hope to generate sustained and rapid economic growth on the basis of its human resources. Natural resources may offer the country economic opportunities in the years ahead, but these opportunities should not be exaggerated. Despite all of Russia's energy and mineral wealth, its annual export earnings have never exceeded those of Belgium, not even at the height of the pre-crisis oil boom.



India's GDP growth has averaged an impressive 6.5 percent a year since the economic reforms that began in 1991. Recently, the economy has been humming along at eight percent growth per year. Not a few observers think the best may be yet to come. In just one example, a member of India's Planning Commission suggested in 2008 that India's economy would be growing at eight to nine percent a year for the next quarter century. In the same time frame, India's total population is set to grow by just over one percent per year, and about five-sixths of that growth will be in its working-age population. Thanks to the disproportionate growth of India's manpower pool, the country's dependency ratio (the ratio of children under 15 and persons over 65 to the working-age population) will be falling, and the society will remain relatively youthful. Such changes in population structure could facilitate higher levels of national savings and investment -- and, thus, economic growth. In short, India appears to be a poster child for a potential demographic dividend.

But India has striking regional disparities in population profiles. India is bisected by a great north-south fertility divide: in much of the north, including parts of the Ganges river belt and some of the country's westernmost districts, fertility levels remain quite high, at four, five, or more children per woman; in much of the Indian south, however, fertility levels are at, or already below, the replacement level. In effect, this means that two very different Indias are being born today -- a youthful, rapidly growing northern India whose future population structure will be akin to that of a traditional Third World society and a southern India whose population growth will be slowing or ceasing, where manpower growth will be coming to an end, and where pronounced population aging will be taking hold.

This demographic divergence could make sustaining rapid economic growth a trickier proposition than it might seem at first. India's engines of economic growth are mainly its sub-replacement-fertility areas, which include much of the south and practically all its major urban centers: Bangalore, Chennai, Kolkata, and Mumbai. But its demographics mean that the country's future workers will increasingly come from the high-fertility areas of the north. This reveals a fundamental mismatch: India's continued economic growth requires workers who are relatively well educated, but India's mostly rural high-fertility areas are producing a rising generation with woefully low levels of schooling.

India, it is true, can boast of a cadre of millions of highly trained engineers, scientists, researchers, and professionals. But in a country of well over a billion people, these specialists compose only a tiny fraction of its overall manpower. In the country as a whole, educational levels are still remarkably limited, and remedial efforts will take generations to achieve substantial improvement. Currently, about a third of India's working-age population has no education at all; 20 years from now, a sixth of the country's work force may still be totally unschooled. These educational shortfalls place material constraints on the prospects for sustaining rapid rates of economic growth.

Broadly speaking, all the developed economies will face demographic slowdowns and population aging in the coming decades, but Japan stands to be the most heavily



burdened by the looming trends. It has had the steepest and longest fertility falloff in modern history. In 2008, the country recorded around 40 percent as many births as it had 60 years earlier. Japanese childbearing is currently estimated to be nearly 35 percent below the replacement level. But Japan has also enjoyed rapid and continuing improvements in public health since the end of World War II. The Japanese have an average life expectancy of 83 years, higher than any other country in the world. Taken together, the country's fertility, migration, and mortality trends are propelling Japan into demographic decline, and into a degree of aging thus far contemplated only in science fiction.

Over the next two decades, according to U.S. Census Bureau estimates, the surfeit of deaths as compared to births is expected to drive Japan's total population down from 127 million to 114 million, a ten percent decrease. The relative decline in the working-age population is projected to be even steeper, from 81 million to 67 million, or a 17 percent decrease. All the while, the number of Japanese senior citizens would be rising -- and by 2030, the country's median age will be above 52 years, with 30 percent of the total population 65 or older. The economic implications of these impending changes are far from positive. Even with healthy aging and later retirement, these trends suggest a marked contraction in the country's labor supply. Moreover, the social and economic strains from Japan's looming old-age boom could further complicate efforts to maintain even the country's current sluggish rates of economic growth.

Western Europe, for its part, can expect population stagnation, according to the U.S. Census Bureau -- its population may grow by just three percent over the next two decades, with near-zero growth projected by 2030. Germany and Italy are expected to experience population decline. A stagnating Europe will also be a graying Europe. The U.S. Census Bureau estimates that western Europe's median age would rise from 42 years today to nearly 46 years by 2030. Despite overall population stagnation, western Europe's 65-and-older population is set to rise by nearly 40 percent, while its manpower pool is slated to shrink by 12 million people. And these projections are premised on a net inflow of approximately 20 million immigrants, mainly of working age.

Two unanswered demographic questions loom over the future of the western European economy. First, can the countries in the region succeed in attracting and incorporating the foreign workers their economies will need in the coming decades? Thus far, western Europe's record on the social inclusion of immigrants may have been somewhat better than many appreciate; however, there have been increasing assimilation problems, which, if left unattended, could impinge on economic growth, as well as social cohesion. Second, can the countries of western Europe translate public health improvements into longer working lives for progressively aging populations? At the moment, overall life expectancy at birth in western Europe is about two years higher than in the United States (80 years compared to 78 years). But the average retirement age in western Europe is lower than it is in the United States, even despite recent increases in the labor-force participation of older workers in northern Europe. This summer's public protests in France against a proposed increase in the French retirement age from 60 to 62 shows how tough it may be to achieve political consensus.



## THE DEMOGRAPHIC EXCEPTION

The United States will avoid the demographic stagnation and decline that faces most other OECD countries. The U.S. population, according to U.S. Census Bureau projections, is set to grow by 20 percent, or over 60 million people (from 310 million to 374 million), between 2010 and 2030. By such projections, the United States' population growth rate will nearly match India's. According to these calculations, the United States' rate of population growth approximates that of the world's average, meaning that the U.S. share of global population is not set to shrink. Virtually every age group in the United States is set to increase in size over the next 20 years. Unlike all other affluent countries, the United States can expect a growing pool of working-age people (a moderate but steady rise averaging 0.5 percent per year over the next 20 years), and it can expect a slower pace of population aging than virtually any other state in the OECD.

The United States' demographic exceptionalism is explained by the country's relatively high fertility rate and its continuing influx of immigrants. Over the past generation and a half, while fertility rates in most other Western countries were plunging, the fertility rate in the United States was actually increasing, and unlike that of any other large rich country, its rate has been hovering just around the replacement level for the past generation. If fertility and immigration in the United States remain more or less at their current rates, as U.S. Census Bureau projections assume they will, the United States will enjoy a surplus of births over deaths of nearly 35 million and will tally a net inflow of almost 30 million immigrants over the next 20 years. Both factors would keep the nation growing and relatively young, shaping a distinctly more auspicious outlook for economic growth in the United States than exists for Japan or western Europe.

Nevertheless, there are also clouds on the U.S. demographic horizon, all of them regarding the quality of future U.S. human resources. The United States has a relatively good record when it comes to assimilating immigrants as productive newcomers, but resistance to continued immigration, or unexpected new problems in absorbing immigrant inflows, could limit future success. Furthermore, the United States' primary and secondary public education system produces uneven results that are mediocre in comparison to other affluent societies. The percentage of Americans graduating from high school has been slowing and could possibly plateau in the years ahead. And advances in health in the United States do not compare well with those under way in other affluent states. Education and health will be key to enhancing the productivity and wealth of the U.S. population in the decades ahead, which means there are few grounds for complacency when contemplating these challenges.

Despite the particular differences in their demographic outlooks, Japan, western Europe, and the United States share a common fiscal problem: the relationship between population aging and public-debt obligations. Over the past two decades, a striking feature has emerged in the macroeconomies of the OECD countries. The gross burden of public debt as a proportion of GDP has come to correspond with the proportion of the population that is 65 or older. Very roughly speaking (as my colleague Hans Groth and I



have shown), costs associated with population aging are estimated to account for about half the public-debt run-up of the OECD economies over the past 20 years. In the next two decades, the increase in the 65-and-older population will be about twice as great as it was in the decades just past. Coping with the fiscal and public-debt implications of the pressures that population aging places on macroeconomic performance may not be an entirely new challenge for affluent societies, but it promises to become an ever more salient one over the next 20 years.

## HUMANITY'S SECRET WEAPONS

Left unattended, the global demographic trends outlined above suggest serious and gradually mounting pressures on global economic development and may lead to downward revisions of worldwide material expectations. But feasible options do exist to alleviate some of these pressures -- and to capitalize on new demographic opportunities that may arise. Addressing these new demographic challenges will require deliberate, concerted, and sustained efforts. Such an approach must focus on augmenting human capital by expanding education, improving health conditions, and creating an economic environment in which greater returns can be generated by the world's precious human resources.

Improving educational opportunity and quality in low-income areas, for example, should figure centrally in enhancing prospects for local and global growth. Better-educated workers tend to be not only more productive but also healthier and better placed to lead longer working lives. Simply put, populations in developing countries cannot hope to generate First World income levels with Third World educational profiles. Improving health status should also be a central objective, since health advances could prove critical to maintaining or increasing long-term economic growth rates in an ever-grayer world.

For affluent, graying societies, taking economic advantage of healthy aging will become ever more crucial to the quest for higher national income levels. This suggests that the existing disincentives in so many rich countries to continuing to work at older ages should be reexamined and ultimately eliminated. At the same time, governments should consider careful incentives for the voluntary extension of working life. More generally, in both rich and poor countries, governments should enact business and economic policies that enhance the efficiency of manpower resources, thereby eliciting higher productivity and faster economic growth.

Humanity has one additional "secret weapon" in accelerating growth in the years ahead: knowledge production and technological innovation. The revolutions of the past generation in health and life sciences, information technology, and materials science point to the sorts of opportunities that may lie ahead for improving productivity. More than ever before, research and development must be incentivized to reward risk takers.



For the sake of the world's future prosperity, reforms and innovations must be pursued with urgency. Demographic changes unfold slowly from month to month, but the cumulative impact can be staggering. It is not alarmist to warn that there is no time to lose in recognizing -- and adapting to -- the enormity of the world's unavoidable demographic challenges.



## **The Inequality That Matters**

*The American Interest*

By TYLER COWEN

January/February 2011

Does growing wealth and income inequality in the United States presage the downfall of the American republic? Will we evolve into a new Gilded Age plutocracy, irrevocably split between the competing interests of rich and poor? Or is growing inequality a mere bump in the road, a statistical blip along the path to greater wealth for virtually every American? Or is income inequality partially desirable, reflecting the greater productivity of society's stars?

There is plenty of speculation on these possibilities, but a lot of it has been aimed at elevating one political agenda over another rather than elevating our understanding. As a result, there's more confusion about this issue than just about any other in contemporary American political discourse. The reality is that most of the worries about income inequality are bogus, but some are probably better grounded and even more serious than even many of their heralds realize. If our economic churn is bound to throw off political sparks, whether alarums about plutocracy or something else, we owe it to ourselves to seek out an accurate picture of what is really going on. Let's start with the subset of worries about inequality that are significantly overblown.

In terms of immediate political stability, there is less to the income inequality issue than meets the eye. Most analyses of income inequality neglect two major points. First, the inequality of personal well-being is sharply *down* over the past hundred years and perhaps over the past twenty years as well. Bill Gates is much, much richer than I am, yet it is not obvious that he is much happier if, indeed, he is happier at all. I have access to penicillin, air travel, good cheap food, the Internet and virtually all of the technical innovations that Gates does. Like the vast majority of Americans, I have access to some important new pharmaceuticals, such as statins to protect against heart disease. To be sure, Gates receives the very best care from the world's top doctors, but our health outcomes are in the same ballpark. I don't have a private jet or take luxury vacations, and—I think it is fair to say—my house is much smaller than his. I can't meet with the world's elite on demand. Still, by broad historical standards, what I share with Bill Gates is far more significant than what I don't share with him.

Compare these circumstances to those of 1911, a century ago. Even in the wealthier countries, the average person had little formal education, worked six days a week or more, often at hard physical labor, never took vacations, and could not access most of the world's culture. The living standards of Carnegie and Rockefeller towered above those of typical Americans, not just in terms of money but also in terms of comfort. Most people today may not articulate this truth to themselves in so many words, but they sense it keenly enough. So when average people read about or see income inequality, they don't feel the moral outrage that radiates from the more passionate egalitarian



quarters of society. Instead, they think their lives are pretty good and that they either earned through hard work or lucked into a healthy share of the American dream. (The persistently unemployed, of course, are a different matter, and I will return to them later.) It is pretty easy to convince a lot of Americans that unemployment and poverty are social problems because discrete examples of both are visible on the evening news, or maybe even in or at the periphery of one's own life. It's much harder to get those same people worked up about generalized measures of inequality.

This is why, for example, large numbers of Americans oppose the idea of an estate tax even though the current form of the tax, slated to return in 2011, is very unlikely to affect them or their estates. In narrowly self-interested terms, that view may be irrational, but most Americans are unwilling to frame national issues in terms of rich versus poor. There's a great deal of hostility toward various government bailouts, but the idea of "undeserving" recipients is the key factor in those feelings. Resentment against Wall Street gamblers hasn't spilled over much into resentment against the wealthy more generally. The bailout for General Motors' labor unions wasn't so popular either—again, obviously not because of any bias against the wealthy but because a basic sense of fairness was violated. As of November 2010, congressional Democrats are of a mixed mind as to whether the Bush tax cuts should expire for those whose annual income exceeds \$250,000; that is in large part because their constituents bear no animus toward rich people, only toward undeservedly rich people.

A neglected observation, too, is that envy is usually local. At least in the United States, most economic resentment is not directed toward billionaires or high-roller financiers—not even corrupt ones. It's directed at the guy down the hall who got a bigger raise. It's directed at the husband of your wife's sister, because the brand of beer he stocks costs \$3 a case more than yours, and so on. That's another reason why a lot of people aren't so bothered by income or wealth inequality at the macro level. Most of us don't compare ourselves to billionaires. Gore Vidal put it honestly: "Whenever a friend succeeds, a little something in me dies."

Occasionally the cynic in me wonders why so many relatively well-off intellectuals lead the egalitarian charge against the privileges of the wealthy. One group has the status currency of money and the other has the status currency of intellect, so might they be competing for overall social regard? The high status of the wealthy in America, or for that matter the high status of celebrities, seems to bother our intellectual class most. That class composes a very small group, however, so the upshot is that growing income inequality won't necessarily have major political implications at the macro level.

### ***What Matters, What Doesn't***

All that said, income inequality does matter—for both politics and the economy. To see how, we must distinguish between inequality itself and what causes it. But first let's review the trends in more detail.

The numbers are clear: Income inequality has been rising in the United States, especially at the very top. The data show a big difference between two quite separate issues, namely income growth at the very top of the distribution and greater inequality



throughout the distribution. The first trend is much more pronounced than the second, although the two are often confused.

When it comes to the first trend, the share of pre-tax income earned by the richest 1 percent of earners has increased from about 8 percent in 1974 to more than 18 percent in 2007. Furthermore, the richest 0.01 percent (the 15,000 or so richest families) had a share of less than 1 percent in 1974 but more than 6 percent of national income in 2007. As noted, those figures are from pre-tax income, so don't look to the George W. Bush tax cuts to explain the pattern. Furthermore, these gains have been sustained and have evolved over many years, rather than coming in one or two small bursts between 1974 and today.<sup>1</sup>

These numbers have been challenged on the grounds that, since various tax reforms have kicked in, individuals now receive their incomes in different and harder to measure ways, namely through corporate forms, stock options and fringe benefits. Caution is in order, but the overall trend seems robust. Similar broad patterns are indicated by different sources, such as studies of executive compensation. Anecdotal observation suggests extreme and unprecedented returns earned by investment bankers, fired CEOs, J.K. Rowling and Tiger Woods.

At the same time, wage growth for the median earner has slowed since 1973. But that slower wage growth has afflicted large numbers of Americans, and it is conceptually distinct from the higher relative share of top income earners. For instance, if you take the 1979–2005 period, the average incomes of the bottom fifth of households increased only 6 percent while the incomes of the middle quintile rose by 21 percent. That's a widening of the spread of incomes, but it's not so drastic compared to the explosive gains at the very top.

The broader change in income distribution, the one occurring beneath the very top earners, can be deconstructed in a manner that makes nearly all of it look harmless. For instance, there is usually greater inequality of income among both older people and the more highly educated, if only because there is more time and more room for fortunes to vary. Since America is becoming both older and more highly educated, our measured income inequality will increase pretty much by demographic fiat. Economist Thomas Lemieux at the University of British Columbia estimates that these demographic effects explain three-quarters of the observed rise in income inequality for men, and even more for women.<sup>2</sup>

Attacking the problem from a different angle, other economists are challenging whether there is much growth in inequality at all below the super-rich. For instance, real incomes are measured using a common price index, yet poorer people are more likely to shop at discount outlets like Wal-Mart, which have seen big price drops over the past twenty years.<sup>3</sup> Once we take this behavior into account, it is unclear whether the real income gaps between the poor and middle class have been widening much at all. Robert J. Gordon, an economist from Northwestern University who is hardly known as a right-wing apologist, wrote in a recent paper that “there was no increase of inequality after 1993 in the bottom 99 percent of the population”, and that whatever overall change there was “can be entirely explained by the behavior of income in the top 1 percent.”<sup>4</sup>



And so we come again to the gains of the top earners, clearly the big story told by the data. It's worth noting that over this same period of time, inequality of work hours increased too. The top earners worked a lot more and most other Americans worked somewhat less. That's another reason why high earners don't occasion more resentment: Many people understand how hard they have to work to get there. It also seems that most of the income gains of the top earners were related to performance pay—bonuses, in other words—and not wildly out-of-whack yearly salaries.<sup>5</sup>

It is also the case that any society with a lot of “threshold earners” is likely to experience growing income inequality. A threshold earner is someone who seeks to earn a certain amount of money and no more. If wages go up, that person will respond by seeking less work or by working less hard or less often. That person simply wants to “get by” in terms of absolute earning power in order to experience other gains in the form of leisure—whether spending time with friends and family, walking in the woods and so on. Luck aside, that person's income will never rise much above the threshold.

It's not obvious what causes the percentage of threshold earners to rise or fall, but it seems reasonable to suppose that the more single-occupancy households there are, the more threshold earners there will be, since a major incentive for earning money is to use it to take care of other people with whom one lives. For a variety of reasons, single-occupancy households in the United States are at an all-time high. There are also a growing number of late odyssey years graduate students who try to cover their own expenses but otherwise devote their time to study. If the percentage of threshold earners rises for whatever reasons, however, the aggregate gap between them and the more financially ambitious will widen. There is nothing morally or practically wrong with an increase in inequality from a source such as that.

The funny thing is this: For years, many cultural critics in and of the United States have been telling us that Americans should behave more like threshold earners. We should be less harried, more interested in nurturing friendships, and more interested in the non-commercial sphere of life. That may well be good advice. Many studies suggest that above a certain level more money brings only marginal increments of happiness. What isn't so widely advertised is that those same critics have basically been telling us, without realizing it, that we should be acting in such a manner as to increase measured income inequality. Not only is high inequality an inevitable concomitant of human diversity, but growing income inequality may be, too, if lots of us take the kind of advice that will make us happier.

### ***Lonely at the Top?***

Why is the top 1 percent doing so well?

The use of micro-data now makes it possible to trace some high earners by income and thus construct a partial picture of what is going on among the upper echelons of the distribution. Steven N. Kaplan and Joshua Rauh have recently provided a detailed estimation of particular American incomes.<sup>6</sup> Their data do not comprise the entire U.S. population, but from partial financial records they find a very strong role for the financial sector in driving the trend toward income concentration at the top. For instance, for 2004, nonfinancial executives of publicly traded companies accounted for



less than 6 percent of the top 0.01 percent income bracket. In that same year, the top 25 hedge fund managers combined appear to have earned more than all of the CEOs from the entire S&P 500. The number of Wall Street investors earning more than \$100 million a year was nine times higher than the public company executives earning that amount. The authors also relate that they shared their estimates with a former U.S. Secretary of the Treasury, one who also has a Wall Street background. He thought their estimates of earnings in the financial sector were, if anything, understated.

Many of the other high earners are also connected to finance. After Wall Street, Kaplan and Rauh identify the legal sector as a contributor to the growing spread in earnings at the top. Yet many high-earning lawyers are doing financial deals, so a lot of the income generated through legal activity is rooted in finance. Other lawyers are defending corporations against lawsuits, filing lawsuits or helping corporations deal with complex regulations. The returns to these activities are an artifact of the growing complexity of the law and government growth rather than a tale of markets *per se*. Finance aside, there isn't much of a story of *market* failure here, even if we don't find the results aesthetically appealing.

When it comes to professional athletes and celebrities, there isn't much of a mystery as to what has happened. Tiger Woods earns much more, even adjusting for inflation, than Arnold Palmer ever did. J.K. Rowling, the first billionaire author, earns much more than did Charles Dickens. These high incomes come, on balance, from the greater reach of modern communications and marketing. Kids all over the world read about Harry Potter. There is more purchasing power to spend on children's books and, indeed, on culture and celebrities more generally. For high-earning celebrities, hardly anyone finds these earnings so morally objectionable as to suggest that they be politically actionable. Cultural critics can complain that good schoolteachers earn too little, and they may be right, but that does not make celebrities into political targets. They're too popular. It's also pretty clear that most of them work hard to earn their money, by persuading fans to buy or otherwise support their product. Most of these individuals do not come from elite or extremely privileged backgrounds, either. They worked their way to the top, and even if Rowling is not an author for the ages, her books tapped into the spirit of their time in a special way. We may or may not wish to tax the wealthy, including wealthy celebrities, at higher rates, but there is no need to "cure" the structural causes of higher celebrity incomes.

If we are looking for objectionable problems in the top 1 percent of income earners, much of it boils down to finance and activities related to financial markets. And to be sure, the high incomes in finance should give us all pause.

The first factor driving high returns is sometimes called by practitioners "going short on volatility." Sometimes it is called "negative skewness." In plain English, this means that some investors opt for a strategy of betting against big, unexpected moves in market prices. Most of the time investors will do well by this strategy, since big, unexpected moves are outliers by definition. Traders will earn above-average returns in good times. In bad times they won't suffer fully when catastrophic returns come in, as sooner or later is bound to happen, because the downside of these bets is partly socialized onto the Treasury, the Federal Reserve and, of course, the taxpayers and the unemployed.



To understand how this strategy works, consider an example from sports betting. The NBA's Washington Wizards are a perennially hapless team that rarely gets beyond the first round of the playoffs, if they make the playoffs at all. This year the odds of the Wizards winning the NBA title will likely clock in at longer than a hundred to one. I could, as a gambling strategy, bet against the Wizards and other low-quality teams each year. Most years I would earn a decent profit, and it would feel like I was earning money for virtually nothing. The Los Angeles Lakers or Boston Celtics or some other quality team would win the title again and I would collect some surplus from my bets. For many years I would earn excess returns relative to the market as a whole.

Yet such bets are not wise over the long run. Every now and then a surprise team does win the title and in those years I would lose a huge amount of money. Even the Washington Wizards (under their previous name, the Capital Bullets) won the title in 1977–78 despite compiling a so-so 44–38 record during the regular season, by marching through the playoffs in spectacular fashion. So if you bet against unlikely events, most of the time you will look smart and have the money to validate the appearance. Periodically, however, you will look very bad. Does that kind of pattern sound familiar? It happens in finance, too. Betting against a big decline in home prices is analogous to betting against the Wizards. Every now and then such a bet will blow up in your face, though in most years that trading activity will generate above-average profits and big bonuses for the traders and CEOs.

To this mix we can add the fact that many money managers are investing other people's money. If you plan to stay with an investment bank for ten years or less, most of the people playing this investing strategy will make out very well most of the time. Everyone's time horizon is a bit limited and you will bring in some nice years of extra returns and reap nice bonuses. And let's say the whole thing does blow up in your face? What's the worst that can happen? Your bosses fire you, but you will still have millions in the bank and that MBA from Harvard or Wharton. For the people actually investing the money, there's barely any downside risk other than having to quit the party early. Furthermore, if everyone else made more or less the same mistake (very surprising major events, such as a busted housing market, affect virtually everybody), you're hardly disgraced. You might even get rehired at another investment bank, or maybe a hedge fund, within months or even weeks.

Moreover, smart shareholders will acquiesce to or even encourage these gambles. They gain on the upside, while the downside, past the point of bankruptcy, is borne by the firm's creditors. And will the bondholders object? Well, they might have a difficult time monitoring the internal trading operations of financial institutions. Of course, the firm's trading book cannot be open to competitors, and that means it cannot be open to bondholders (or even most shareholders) either. So what, exactly, will they have in hand to object to?

Perhaps more important, government bailouts minimize the damage to creditors on the downside. Neither the Treasury nor the Fed allowed creditors to take *any* losses from the collapse of the major banks during the financial crisis. The U.S. government guaranteed these loans, either explicitly or implicitly.



Guaranteeing the debt also encourages equity holders to take more risk. While current bailouts have not in general maintained equity values, and while share prices have often fallen to near zero following the bust of a major bank, the bailouts still give the bank a lifeline. Instead of the bank being destroyed, sometimes those equity prices do climb back out of the hole. This is true of the major surviving banks in the United States, and even AIG is paying back its bailout. For better or worse, we're handing out free options on recovery, and that encourages banks to take more risk in the first place.

In short, there is an unholy dynamic of short-term trading and investing, backed up by bailouts and risk reduction from the government and the Federal Reserve. This is not good. "Going short on volatility" is a dangerous strategy from a social point of view. For one thing, in so-called normal times, the finance sector attracts a big chunk of the smartest, most hard-working and most talented individuals. That represents a huge human capital opportunity cost to society and the economy at large. But more immediate and more important, it means that banks take far too many risks and go way out on a limb, often in correlated fashion. When their bets turn sour, as they did in 2007–09, everyone else pays the price.

And it's not just the taxpayer cost of the bailout that stings. The financial disruption ends up throwing a lot of people out of work down the economic food chain, often for long periods. Furthermore, the Federal Reserve System has recapitalized major U.S. banks by paying interest on bank reserves and by keeping an unusually high interest rate spread, which allows banks to borrow short from Treasury at near-zero rates and invest in other higher-yielding assets and earn back lots of money rather quickly. In essence, we're allowing banks to earn their way back by arbitraging interest rate spreads against the U.S. government. This is rarely called a bailout and it doesn't count as a normal budget item, but it is a bailout nonetheless. This type of implicit bailout brings high social costs by slowing down economic recovery (the interest rate spreads require tight monetary policy) and by redistributing income from the Treasury to the major banks.

The more one studies financial theory, the more one realizes how many different ways there are to construct a "going short on volatility" investment position. To an outsider, even to seasoned bank regulators, the net position of a bank or hedge fund may well be impossible to discern. It's not easy to unpack a balance sheet with hundreds of billions of dollars on it and with numerous hedged, offsetting, leveraged, or off-balance-sheet positions. Those who pack it usually know what's inside, but not always. In some cases, traders may not even know they are going short on volatility. They just do what they have seen others do. Their peers who try such strategies very often have Jaguars and homes in the Hamptons. What's not to like?

The upshot of all this for our purposes is that the "going short on volatility" strategy increases income inequality. In normal years the financial sector is flush with cash and high earnings. In implosion years a lot of the losses are borne by other sectors of society. In other words, financial crisis begets income inequality. Despite being conceptually distinct phenomena, the political economy of income inequality is, in part, the political economy of finance. Simon Johnson tabulates the numbers nicely:



From 1973 to 1985, the financial sector never earned more than 16 percent of domestic corporate profits. In 1986, that figure reached 19 percent. In the 1990s, it oscillated between 21 percent and 30 percent, higher than it had ever been in the postwar period. This decade, it reached 41 percent. Pay rose just as dramatically. From 1948 to 1982, average compensation in the financial sector ranged between 99 percent and 108 percent of the average for all domestic private industries. From 1983, it shot upward, reaching 181 percent in 2007.<sup>7</sup>

If you're wondering, right before the Great Depression of the 1930s, bank profits and finance-related earnings were also especially high.<sup>8</sup>

There's a second reason why the financial sector abets income inequality: the "moving first" issue. Let's say that some news hits the market and that traders interpret this news at different speeds. One trader figures out what the news means in a second, while the other traders require five seconds. Still other traders require an entire day or maybe even a month to figure things out. The early traders earn the extra money. They buy the proper assets early, at the lower prices, and reap most of the gains when the other, later traders pile on. Similarly, if you buy into a successful tech company in the early stages, you are "moving first" in a very effective manner, and you will capture most of the gains if that company hits it big.

The moving-first phenomenon sums to a "winner-take-all" market. Only some relatively small number of traders, sometimes just one trader, can be first. Those who are first will make far more than those who are fourth or fifth. This difference will persist, even if those who are fourth come pretty close to competing with those who are first. In this context, first is first and it doesn't matter much whether those who come in fourth pile on a month, a minute or a fraction of a second later. Those who bought (or sold, as the case may be) first have captured and locked in most of the available gains. Since gains are concentrated among the early winners, and the closeness of the runner-ups doesn't so much matter for income distribution, asset-market trading thus encourages the ongoing concentration of wealth. Many investors make lots of mistakes and lose their money, but each year brings a new bunch of projects that can turn the early investors and traders into very wealthy individuals.

These two features of the problem—"going short on volatility" and "getting there first"—are related. Let's say that Goldman Sachs regularly secures a lot of the best and quickest trades, whether because of its quality analysis, inside connections or high-frequency trading apparatus (it has all three). It builds up a treasure chest of profits and continues to hire very sharp traders and to receive valuable information. Those profits allow it to make "short on volatility" bets faster than anyone else, because if it messes up, it still has a large enough buffer to pad losses. This increases the odds that Goldman will repeatedly pull in spectacular profits.

Still, every now and then Goldman will go bust, or would go bust if not for government bailouts. But the odds are in any given year that it won't because of the advantages it and other big banks have. It's as if the major banks have tapped a hole in the social till and they are drinking from it with a straw. In any given year, this practice may seem tolerable—didn't the bank earn the money fair and square by a series of fairly normal



looking trades? Yet over time this situation will corrode productivity, because what the banks do bears almost no resemblance to a process of getting capital into the hands of those who can make most efficient use of it. And it leads to periodic financial explosions. That, in short, is the real problem of income inequality we face today. It's what *causes* the inequality at the very top of the earning pyramid that has dangerous implications for the economy as a whole.

### ***A Fix That Fits?***

A key lesson to take from all of this is that simply railing against income inequality doesn't get us very far. We have to find a way to prevent or limit major banks from repeatedly going short on volatility at social expense. No one has figured out how to do that yet.

It remains to be seen whether the new financial regulation bill signed into law this past summer will help. The bill does have positive features. First, it forces banks to put up more of their own capital, and thus shareholders will have more skin in the game, inducing them to curtail their risky investments. Second, it also limits the trading activities of banks, although to a currently undetermined extent (many key decisions were kicked into the hands of future regulators). Third, the new "resolution authority" allows financial regulators to impose selective losses, for instance, to punish bondholders if they wish.

We'll see if these reforms constrain excess risk-taking in the long run. There are reasons for skepticism. Most of all, the required capital cushions simply aren't that high, so a big enough bet against unexpected outcomes still will yield more financial upside than downside. Furthermore, high capital reserve requirements insulate bank managers from the pressures of both shareholders and bondholders. That could encourage risk-taking and make the underlying problem worse. Autonomous managers often push for risk-taking rather than constrain it.

What about controlling bank risk-taking directly with tight government oversight? That is not practical. There are more ways for banks to take risks than even knowledgeable regulators can possibly control; it just isn't that easy to oversee a balance sheet with hundreds of billions of dollars on it, especially when short-term positions are wound down before quarterly inspections. It's also not clear how well regulators can identify risky assets. Some of the worst excesses of the financial crisis were grounded in mortgage-backed assets—a very traditional function of banks—not exotic derivatives trading strategies. Virtually any asset position can be used to bet long odds, one way or another. It is naive to think that underpaid, undertrained regulators can keep up with financial traders, especially when the latter stand to earn billions by circumventing the intent of regulations while remaining within the letter of the law.

It's a familiar story, repeated many times in the past. If one recalls the Basel I capital agreements for banks, the view was that we would make banks safer by inducing them to hold a lot of AAA-rated mortgage-backed assets. How well did that work out? So, with no disrespect to the regulators or the sponsors of the recent bill, it is hardly clear that enhanced regulation will solve the basic problem.



For the time being, we need to accept the possibility that the financial sector has learned how to game the American (and UK-based) system of state capitalism. It's no longer obvious that the system is stable at a macro level, and extreme income inequality at the top has been one result of that imbalance. Income inequality is a symptom, however, rather than a cause of the real problem. The root cause of income inequality, viewed in the most general terms, is extreme human ingenuity, albeit of a perverse kind. That is why it is so hard to control.

Another root cause of growing inequality is that the modern world, by so limiting our downside risk, makes extreme risk-taking all too comfortable and easy. More risk-taking will mean more inequality, sooner or later, because winners always emerge from risk-taking. Yet bankers who take bad risks (provided those risks are legal) simply do not end up with bad outcomes in any absolute sense. They still have millions in the bank, lots of human capital and plenty of social status. We're not going to bring back torture, trial by ordeal or debtors' prisons, nor should we. Yet the threat of impoverishment and disgrace no longer looms the way it once did, so we no longer can constrain excess financial risk-taking. It's too soft and cushy a world.

That's an underappreciated way to think about our modern, wealthy economy: Smart people have greater reach than ever before, and nothing really can go so wrong for them. As a broad-based portrait of the new world, that sounds pretty good, and usually it is. Just keep in mind that every now and then those smart people will be making—collectively—some pretty big mistakes.

How about a world with no bailouts? Why don't we simply eliminate the safety net for clueless or unlucky risk-takers so that losses equal gains overall? That's a good idea in principle, but it is hard to put into practice. Once a financial crisis arrives, politicians will seek to limit the damage, and that means they will bail out major financial institutions. Had we not passed TARP and related policies, the United States probably would have faced unemployment rates of 25 percent or higher, as in the Great Depression. The political consequences would not have been pretty. Bank bailouts may sound quite interventionist, and indeed they are, but in relative terms they probably were the most libertarian policy we had on tap. It meant big one-time expenses, but, for the most part, it kept government out of the real economy (the General Motors bailout aside).

So what will happen next? One worry is that banks are currently undercapitalized and will seek out or create a new bubble within the next few years, again pursuing the upside risk without so much equity to lose. A second perspective is that banks are sufficiently chastened for the time being but that economic turmoil in Europe and China has not yet played itself out, so perhaps we still have seen only the early stages of what will prove to be an even bigger international financial crisis. Adherents of this view often analogize 2009–10 to 1929–32, when many people thought that negative economic shocks had stopped and recovery was underway. In 2006, banks were gambling on the housing market, and maybe today they are, as the result of earlier decisions, gambling on China and Europe staying in one economic piece.



A third view is perhaps most likely. We probably don't have any solution to the hazards created by our financial sector, not because plutocrats are preventing our political system from adopting appropriate remedies, but because we don't know what those remedies are. Yet neither is another crisis immediately upon us. The underlying dynamic favors excess risk-taking, but banks at the current moment fear the scrutiny of regulators and the public and so are playing it fairly safe. They are sitting on money rather than lending it out. The biggest risk today is how *few* parties will take risks, and, in part, the caution of banks is driving our current protracted economic slowdown. According to this view, the long run will bring another financial crisis once moods pick up and external scrutiny weakens, but that day of reckoning is still some ways off.

Is the overall picture a shame? Yes. Is it distorting resource distribution and productivity in the meantime? Yes. Will it again bring our economy to its knees? Probably. Maybe that's simply the price of modern society. Income inequality will likely continue to rise and we will search in vain for the appropriate political remedies for our underlying problems.



## **Finest Hours**

*The New Yorker*

By ADAM GOPNIK

August 30, 2010

### ***The making of Winston Churchill.***

Churchill inspecting American troops in England in March, 1944. “We shall go on to the end,” he had said defiantly, four years earlier, when all seemed lost. “We shall never surrender.”

Seventy years ago this summer, in June of 1940, an aging British politician, who for the previous twenty years had seemed to his countrymen to be one of those entertaining, eccentric, essentially literary figures littering the margins of political life, got up to make a speech in the House of Commons. The British Expeditionary Forces had just been evacuated from France, fleeing a conquering German Army—evacuated successfully, but, as the speaker said, wars aren’t won that way—and Britain itself seemed sure to be invaded, and soon. Many of the most powerful people in his own party believed it was time to settle for the best deal you could get from the Germans.

At that moment when all seemed lost, something was found, as Winston Churchill pronounced some of the most famous lines of the past century. “We shall go on to the end,” he said defiantly, in tones plummy and, on the surviving recordings, surprisingly thick-tongued. “We shall fight on the seas and oceans, we shall fight with growing confidence and growing strength in the air, we shall defend our Island, whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills; we shall never surrender.” Churchill’s words did all that words can do in the world. They said what had to be done; they announced why it had to be done then; they inspired those who had to do it.

That fatal summer and those fateful words continue to resonate. Revisionism, the itch of historians to say something new about something already known, has nicked Churchill without really drawing blood. In American conservative circles, he is still El Cid with a cigar, hoisted up on his horse to confront the latest existential threat to Western civilization (though his admirers tend to censor out the champagne or cognac glass that this ferocious Francophile kept clamped there, too). In Britain, it’s a little different. Just as J.F.K. is adored abroad and admired at home—where by now he’s seen as half liberal martyr, half libertine satyr—Churchill in Britain is revered but quarantined, his reputation held to the five years of his wartime rule. The Labour



grandees Roy Jenkins and Denis Healey treat Churchill in their memoirs as a historical figure deserving of affection and respect but not really part of the story of modern Britain. (Jenkins eventually wrote a life of him, and ended up surprised by his own high opinion.) The revisionism from Churchill's own side is more marked; some on the British right even see him as the man who helped lose the Empire in a self-intoxicated excess of oratory that was the sort of thing only Americans would take seriously. It is typical of what his American fans can miss that a writer for the *Wall Street Journal* recently quoted Gore Vidal calling Evelyn Waugh a kind of prose Churchill, and thought this flattering to Waugh. In fact, Waugh disliked Churchill, prose and politics alike—his alter ego, Guy Crouchback, calls him “a professional politician, a master of sham-Augustan prose, a Zionist, an advocate of the popular front in Europe, an associate of the press-lords and of Lloyd George”—and his dry-eyed, limpid, every-pebble-in-its-place language was utterly remote from Churchill's sonorous, neo-Latinate sentences, and meant to be so.

But book after book about Churchill still comes: in the past few years a life by the omnivorous biographer Paul Johnson, “Churchill” (Viking; \$24.95); a complete collection of Churchill's quotations, “Churchill by Himself” (Public Affairs; \$29.95); and new and more specialized studies of Churchill at war, Churchill at Yalta, and Churchill in the memory of his countrymen. All these supplement the standard biographies, which include Martin Gilbert's official multivolume history, published in the nineteen-seventies and eighties, Jenkins's single-volume life, from 2001, and John Keegan's crisp and authoritative life, from the year after. Meanwhile, the American historian John Lukacs's decades' worth of books about Churchill—slicing fine tranches of the crucial months and weeks and even days—remain the most insightful studies of Churchill's psychology and political practice. Reading all these, one finds a Churchill who is a good deal more compelling than the eternal iron man. Goethe wrote that Hamlet was a man who was asked to do something that seemed impossible for that man to do. Churchill is a kind of Hamlet in reverse, a man who was called on, late in life, to do the one thing he was uniquely able to do, and did it.

Churchill's life is so complex that he would have justified a biography or two had he died in 1931, when he was hit by a car on a New York street. The American connection was anything but incidental. He had an American mother, a loyal American audience, and, twice in his life, a determination to bring America into a war. (The editor Maxwell Perkins once said that he seemed to be “much more like an American than an Englishman.”) During a period when Britain was to the world what America is now, the No. 1 nation with a widely admired élan, Churchill always kept a friendly, steady eye on the oncoming American chariot.

At the same time, Churchill was never entirely trusted by the upper crust to which he belonged, and certainly never by its organized voice, the Conservative Party. To be born



both at the top of the tree and out on a limb is an odd combination, and that double heritage accounts for a lot of what happened to him later. Some of this oddity he owed to his mother, the New York heiress Jennie Jerome. But he owed more to his father, Randolph, who had been a meteor across the sky in British politics in the eighteen-seventies and eighties.

Randolph came from an old family—Churchill could never get enough of his descent from the first Duke of Marlborough, who defeated French and Bavarian troops at the Battle of Blenheim—but he belonged to a new generation of British politicians. After the golden age of the gentleman-gladuator, the eighteen-sixties and seventies of Disraeli and Gladstone, came a time of professional politics played as a blood sport. Randolph Churchill and his close collaborator (and, later, competitor) Joseph Chamberlain, who made his fortune as an industrialist in Birmingham, represented a new brutality: both were ambitious, driven, and ruthless, with an imperial turn of mind that Winston absorbed as second nature. Randolph, as Secretary of State for India in a Tory government, presented Burma as a “New Year’s present” to the Queen. The imperialism of the older Churchill and Chamberlain appealed to tribal honor in military conquest, cutting right across class lines and limitations.

It may seem mysterious that jingoism should appeal so overwhelmingly to the working classes, easily trumping apparently obvious differences in interests between them and the economic imperialists. Why should conquering Burma be of significance to a Cockney? But imperialism is the cosmopolitanism of the people, the lever by which the unempowered come to believe that their acts have world-historical meaning. This understanding was the spine and bone of the younger Winston’s politics. In his mind, British modernization and progress—and throughout the first part of his career he was seen, above all, as a progressive—were always tied up with the cult and religion of Empire. For Churchill, imperialism and progressivism were parts of the same package. You kept the Empire together by making sure that its very different peoples felt cared for by a benevolent overseer at home. (This faith in government as the essential caretaker led him later to support the creation of a national health service, “in order to ensure that everybody in the country, irrespective of means, age, sex, or occupation, shall have equal opportunities to benefit from the best and most up-to-date medical and allied services available.”)

Lord Randolph resigned in 1886, at his moment of maximum influence, apparently thinking that he could get a chunk of Parliament to follow him. He was wrong, and it is a sign of the changing mood that, where Gladstone resigned and returned as regularly as a soprano, Churchill’s resignation was a death sentence to his hopes. In the spring of 1894, he became mentally unstable. The old story that his sudden decline was due to



progressive syphilis now seems untrue—he is thought to have had a brain tumor—but the son must surely have suspected that his father died from venereal disease.

Winston recalled only a few intimate conversations with his father, and one of these, though couched as an apology, stayed with him: “Do remember things do not always go right with me. My every action is misjudged and every word distorted. . . . So make some allowances.” Winston’s own life had, up until the summer of 1940, the same shape of overreach and frustrated hopes. Something subtler came to him as a legacy, though. Having his father’s work to finish, he also belonged emotionally with him in the nineteenth century, in a world of giants of the grand gesture, like Disraeli and Gladstone, who had the self-confidence to let the slightly loony inner man shine through the public mask.

After attending Sandhurst, in the eighteen-nineties, Churchill set out to make a reputation as an imperial warrior. He went adventuring, in South Africa and elsewhere, in a very “Ripping Yarns” spirit, and wrote very “Ripping Yarns” journalism about it. “The British army had never fired on white troops since the Crimea, and now that the world was growing so sensible and pacific—and so democratic too—the great days were over,” he wrote of this period in his life. “Luckily, however, there were still savages and barbarous peoples. There were Zulus and Afghans, also the Dervishes of the Soudan. Some of these might, if they were well-disposed, ‘put up a show.’ ”

He entered politics in 1902, on the strength of his imperial adventures and his family name. If no man is a hero to his valet, every man can be best judged by his personal assistant, and Winston’s longest-serving private secretary, from the time he was elected to Parliament, was the remarkable and ever-admiring man of letters Edward Marsh. It was Marsh who recorded Churchill, on a visit to a poor neighborhood in Manchester, saying, with his odd and signature mixture of real empathy and inherited condescension, “Fancy living in one of these streets—never seeing anything beautiful—never eating anything savoury—*never saying anything clever!*” Churchill earned his way forward by means of his vibrant skills as a debater and a phrasemaker. (“If you want to make a true picture in your mind of a battle between great modern ironclad ships,” he said in Parliament, “you must not think of it as if it were two men in armour striking at each other with heavy swords. It is more like a battle between two egg-shells striking each other with hammers.”) As First Lord of the Admiralty at the start of the Great War, he believed that the slugging match on the Western Front showed a lack of imagination, and his pet project became the doomed invasion of the hinterland of the Turkish Empire, summed up in the name Gallipoli. The idea was to make an amphibious assault on the Gallipoli peninsula, on the European side of Turkey, and, though one official rationale was to open a route to Russia, then an ally, Churchill plainly saw it as a coup de théâtre that would take Constantinople, break



the logjam of the war, and astonish the world—a brave imperial coup, another Burma at a still bigger moment.

On the night, the ill-prepared British and Allied troops met grimly resistant Turkish troops, got bogged down and bloodied, and had to be withdrawn. It is an article of faith in Australia and New Zealand that their troops were used by Churchill as cannon fodder, just as it is in Canada that the Canadians were taken by the Brits to serve a similar role at Dieppe, nearly three decades later. This seems on the whole unfair—the incompetent mass destruction of helpless infantrymen was a *déformation professionnelle* of the entire British leadership, playing no favorites. Yet it burned into Churchill's reputation the idea that he was indifferent to the welfare of the ordinary soldier, and that his theatrical instincts were a mortal danger to privates and political parties alike.

Those who considered him an eccentric rider of hobbyhorses were confirmed in their view when, in the early nineteen-thirties, he routinely denounced Gandhi and Indian nationalism, breaking with the Conservative Party over it. "A seditious Middle Temple lawyer now posing as a fakir of a type well known in the East" was among the milder things he said. One of the reasons that well-intentioned people didn't take seriously what he soon was saying about Hitler was that he had recently been saying the same kind of thing about Gandhi.

Only when Hitler came to power, in 1933, did Churchill's great moment begin. Magnanimity in victory was a core principle for Churchill, and he had been generous about Hitler in the beginning, recognizing that a defeated people need a defiant leader. But he soon caught on: "In the German view, which Herr Hitler shares, a peaceful Germany and Austria were fallen upon in 1914 by a gang of wicked designing nations, headed by Belgium and Serbia, and would have defended herself successfully if only she had not been stabbed in the back by the Jews. Against such opinions it is vain to argue."

People sometimes say that Churchill was quick to spot what Hitler was about because he was a student of history. But everyone in England had a historical line on Hitler: he was a second Mussolini, three parts bluster to one part opportunism; he was, at worst, another Napoleon, with continental ambitions but hardly a monster. Churchill saw that he was a fierce nationalist who had found a way of resurrecting and winning the obedience of the great engine of recent European history, the German Army. "You must never underrate the power of the German machine," he said, "this tremendous association of people who think about nothing but war." And then Churchill understood in his bones that Hitler was an apocalyptic romantic, who genuinely *wanted* a war. Churchill had always been perfectly willing to negotiate with bad guys, even with people he thought of as terrorists: one of the high points of his political career was the agreement for Irish independence that, as Colonial Secretary in the Lloyd George government after the war, he arrived at with the I.R.A. leader Michael Collins, a man



who, in Churchill's mind, was simply a murderer. Churchill not only negotiated with Collins but came to admire his character and dash. Churchill's point, in the thirties, was not that bad guys should never be placated but that Germans possessed by a big idea and a reformed military are extremely dangerous to their neighbors.

For Churchill always thought in terms not of national interest but of a national character that could trump interest. The Germans "combine in the most deadly manner the qualities of the warrior and the slave," he said firmly. "They do not value freedom themselves and the spectacle of it in others is hateful to them." Or, as he put it more succinctly, "They are carnivorous sheep." We do not think this way anymore. (Except during the World Cup, when we do.) As an intellectual exercise, defining Germans seems perilously close to defaming Jews. Churchill did not see it this way. Germans for him are disciplined, servile, and dangerous when their servility meets a character out of Wagner; Russians are sloppy, sentimental, and brutally effective in the long haul; the French are brilliant, gallant, but prone to quick collapses through an excess of imagination and blind, vindictive self-assertion—these are the clichés of European history, but they are Churchill's touchstones. The Germans were trouble because they needed a nanny and they had got a nihilist. "This war would never have come," he said, after it was under way, "unless, under American and modernising pressure, we had driven the Hapsburgs out of Austria and Hungary and the Hohenzollerns out of Germany. By making these vacuums we gave the opening for the Hitlerite monster to crawl out of its sewer on to the vacant thrones."

This habit of thinking about peoples and their fate in collective historical cycles, however archaic it might seem, gave him special insight into Hitler, who, in a Black Mass distortion, pictured the world in the same way. Both Churchill and Hitler were nineteenth-century Romantics, who believed in race and nation—in the *Volksgeist*, the folk spirit—as the guiding principle of history, filtered through the destinies of great men. (It is startling to think that, even in the darkest depths of the Second World War, J. R. R. Tolkien was writing the "Lord of the Rings" trilogy, which contains, with the weird applicability available only to poetry and myth, the essential notion that the good gray wizard can understand the evil magi precisely because he is just enough like them to grasp their minds and motives in ways that they cannot grasp his.) Of course, Churchill and Hitler were, in the most vital respects, opposites. Churchill was, as Lukacs insists, a patriot, imbued with a love of place and people, while Hitler was a nationalist, infuriated by a hatred of aliens and imaginary enemies. But Churchill knew where Hitler was insecure and where he was strong, and knew how to goad him, too. When war began at last, Churchill was ready. In September, 1939, he joined the Cabinet as First Lord of the Admiralty, but there was nothing automatic about his rise to the premiership. In May of 1940, Halifax, the Foreign Secretary, was open to negotiations with Hitler, by way of Mussolini, to see what terms were available, and he had the



confidence of the Conservative Party, and of the British establishment, in a way that Churchill never would. “If we got to the point of discussing the terms of a general settlement, and found we could obtain terms which did not postulate the destruction of our independence, we should be foolish if we did not accept them,” Halifax said bluntly. Churchill grasped the sort of terms that would likely be on offer from the Germans: the same sort of terms offered to and accepted by Vichy France in June. He could even name those whom Hitler would surely have picked to be the Pétains and Laval of England: the Fascist Oswald Mosley as Prime Minister; King Edward called home from abroad; and Lloyd George brought out of retirement. The list of interneers already existed.

The usual explanation for Churchill’s advancement is that Halifax, as a peer, would have had to lead the government from the House of Lords, an implausible situation. But Lukacs argues persuasively for the importance of Churchill’s genuine magnanimity to the defeated and ailing Neville Chamberlain—an ancient rivalry of fathers brought forward into a new generation and healed—which kept Chamberlain from opposing his old rival Churchill. And the Labour ministers who had been brought into the coalition in the War Cabinet were thoroughgoing anti-Hitlerians; Churchill ascended with the crucial support of the socialists.

So, with nothing else to be done, Churchill began to speak. He gave six major speeches, in Parliament or on the radio, in the next four and a half months, and much of his reputation rests on those. His admirers, including Isaiah Berlin, who wrote a study of Churchill’s diction soon after the war, point to his several stylistic sources: the suave ironies of Gibbon in “The Decline and Fall of the Roman Empire,” the portentous periods of Macaulay, Dr. Johnson’s Latinate constructions. Gibbon, in particular, is present everywhere—in the urge to balance every clause at the beginning of a sentence with a companion clause at the end, and in the paragraph play of slow build and snappy payoff—and not the least of modern ironies is that Gibbon’s style, invented for a book whose implicit point was that the entire thousand-plus-year adventure of “Christian civilization” had been a comedown from the pagan past, got invoked to save it.

Reading the speeches today, you see the power of the elevated, “artificial” rhetoric that offended the ear of avant-garde taste in the nineteen-twenties, when Churchill was mocked for old-fashioned pomposity; the critic Herbert Read criticized his stale images, violent metaphors, and melodramatic atmosphere. Churchill could sometimes achieve a monosyllabic simplicity that brings tears to the eyes with its force and defiance:

I have nothing to offer but blood, toil, tears, and sweat. We have before us an ordeal of the most grievous kind.



We have before us many, many long months of struggle and of suffering.

You ask, what is our policy? I will say it is to wage war by sea, land, and air, with all our might and with all the strength that God can give us, to wage war against a monstrous tyranny never surpassed in the dark and lamentable catalogue of human crime. That is our policy.

You ask, what is our aim? I can answer in one word:

Victory.

Victory at all costs—Victory in spite of all terror—victory, however long and hard the road may be, for without victory there is no survival.

Even at such moments, though, the language is remarkably abstract and impersonal. There is more loft than lucidity. (“Victory at all costs”: but how, exactly?) “We shall fight” is also a fine slogan—and yet a slogan is what it is. Churchill’s greatest passages are exhortations before they are explanations, exercises in elemental morale building rather than in explanatory eloquence.

In the “We Shall Fight” speech of June 4th, the exhortation is grounded in a slow buildup of blankly reported fact that includes a report to the nation, sparing none of the gruesome details of a defeat: “Our losses in matériel are enormous. We have perhaps lost one-third of the men we lost in the opening days of the battle of 21st March, 1918, but we have lost nearly as many guns—nearly one thousand—and all our transport, all the armored vehicles that were with the Army in the north.” Even the repeated use of the verb “fight” obscures the real nature of the battle ahead. Fighting implies a fist cocked and a banner waved. But that wasn’t the task at hand. The task at hand was standing and dying in a bombing attack, or waiting to be burned alive on the ground, or just doing without. Fighting was the action, but not the act.

It is not merely mischievous to point out that Churchill’s language in 1940 employs almost all the elements that Orwell, in his fetishized essay on politics and language, from later in the decade, condemns: Churchill’s rhetoric is dense with “dying metaphors” (“The light of history will shine on all your helmets” was his farewell to his War Cabinet), sentimental archaisms, and “pretentious diction.” “A monstrous tyranny never surpassed in the dark and lamentable catalogue of human crime”—this was exactly the sort of grandiosity that Orwell deplored. Yet it works. Words make sense only in context, and sentences find meaning only in circumstances. Churchill ought to sound absurdly archaic—“Every morn brought forth a noble chance /And every chance brought forth a noble knight,” he says, quoting Tennyson in the middle of the June 4th speech. Instead, summoning up a bygone rhetoric, he places the day’s horrors in a nation’s history. The “monstrous tyranny” and the “lamentable catalogue” add to



Churchill's trumpet a ground bass of memory—the history of the rhetoric of his own people.

Compare a typical, often praised speech by Prime Minister Stanley Baldwin:

Very little, if anything has been said today about one of the greatest difficulties which we find facing us in dealing with this question, and that is that fighting instinct which is part of human nature. I propose to say a few words about that first, with a view to explaining how, in my view, we have to attempt to eradicate it, or, at least, to combat it, so as to produce that will to peace without which all efforts by legislation, arbitration, rule or otherwise, must be vain. . . . We find it even among men whose political views can be classed as pacifist, and that is the reason why we have often found in history that men of pacifist views were advocating policies which must end, if carried to their logical conclusion, in war.

This has Orwellian virtues. It is lucid, clear, intelligent, and even subtle. It is also flat, fatuous, and commonplace, three things Churchill never is. Churchill was a cavalier statesman who could never survive roundhead strictures on ornament and theatrical excess in speaking. That's why he could supply what everyone needed in 1940: a style that would mark emphatic ends (there is no good news), conventional ideas (we are an ancient nation), and old-fashioned emphasis (we will fight). Perhaps the style never suited the time. It suited the moment. The archaic poetic allusions in the June 4th speech—the reference to King Arthur's knights, the echoes of Shakespeare and John of Gaunt's oration on England—are there to say, "What's to fear? We've been here before." The images *are* stale, the metaphors *are* violent, the atmosphere *is* dramatic—and the moment justifies them all. (And, when the instant was past, the speaking stopped; Churchill's important public oratory ceased even before the Battle of Britain was over.)

Churchill's telepathic sense of Hitler also allowed him to grasp that shaking a rhetorical fist in his face might make the dictator act with self-destructive rage. Peter Fleming, Ian's more gifted older brother, summed it up well in the decade after the war ended:

It required no profound knowledge of the British character to realise that threats would strengthen rather than weaken their will to resist; but it did require more imagination than Hitler possessed to see what immense advantages might have been gained if in June 1940 he had turned his back on England instead of shaking his fist at her.

Churchill, understanding that Hitler wanted not just to conquer but to be recognized by the British Empire he admired, knew that he could provoke in Hitler the rage of a spurned suitor. When, in late August, a German bomber hit London, perhaps by accident, Churchill shrewdly retaliated, though to no particular harm, against



Berlin—but the insult to Hitler’s pride was so intense that he discarded the strategic plan to take out airfields and aircraft factories, and began the terror bombing of London, just to show them. This killed a lot of people, and let the R.A.F. regroup. The worst was over, and the war, though hardly won, would surely not be lost. “The forces that he has long been preparing he is now setting in motion, sooner than he intended,” Gandalf says of his enemy, Sauron, after he has panicked him into acting too soon. “Wise fool.” Wise fool, indeed.

Churchill, asked once what year he would like to relive, answered, “1940, every time, every time.” It really was his finest hour. After that, the great speeches decline into a handful of brilliantly ironic remarks, and the battle-making became more dubious, to American eyes, anyway. Churchill’s controversial leadership in the rest of the war is the main subject of Max Hastings’s “Winston’s War: Churchill 1940-1945” (Knopf; \$35) and of Richard Holmes’s “Churchill’s Bunker” (Yale; \$27.50). On the whole, Hastings, whose father was a well-known British wartime correspondent, is more sympathetic to Churchill’s strategic outlook than most Americans were then or have been since. The central issue was simple: the Americans, from the time of their entry into the war, in 1941, wanted a decisive pitched land battle in which an Allied Army, designed to outnumber the Germans, would destroy them on a battlefield in Europe.

Hastings repeatedly makes the grim point that the British Army was, throughout the war, largely exhausted and unhappy with its leadership (as it demonstrated by throwing for Labour when it had the chance), and that Churchill knew it. He didn’t want his soldiers or generals fighting big pitched battles, because he wasn’t sure they had it in them. Instead, why not descend through Norway, or rise up through Sicily, or charge up on a knife edge through the Balkans, the “soft underbelly of the Axis,” as Churchill called them? He always insisted that a brilliant stroke somewhere or other would produce a victory that he blanched to imagine in a pitched battle with the Wehrmacht. (Since Hitler had a similar love of the grand coup, he shared Churchill’s Norwegian fantasy, and stationed many troops there, to little point, throughout the war.) The Americans believed that such gambits, though they might produce front-page “victories,” would do little to advance the real task of destroying the German Army.

Hastings ascribes Churchill’s military preferences to his temperament—“He wanted war, like life, to be fun”—but surely the mystic chords of national memory played as large a role. British military history between Waterloo and the Great War was mostly peripheral, in the sense that relatively few pitched battles and lots and lots of opportunistic skirmishes, raids, and bluffs had made an empire. On the other hand, the strategy that the Americans believed in rhymed and chimed with the strategies of Sherman and Grant: find the enemy, attack him as directly, and stupidly, as necessary, lose men, make the enemy lose more, and then try to do it again the next day. Neither



army was eager to waste lives. But the American theory of keeping men alive meant not throwing them away in sideshows; the British, not inserting them in meat grinders.

There is also the reality that war-making, which ought to be the most brutally empirical of studies, is as likely to be caught up in theoretical moonshine as any department of English. Both Roosevelt and Churchill were convinced that sea power was decisive, even though, as Hitler had grasped, the combustion engine had made the old calculations moot. Churchill invested far too much emotion and money in special forces. And yet his fancies were not entirely foolish. He stubbornly supported the development of Hobart's Funnies, weird military contraptions. These included swimming tanks that would float on inflatable canvas water wings as they were unleashed from the landing craft, and then make their way ashore. (Other specialized tanks were equipped with flails for mine clearing.) Some Americans dismissed this as another piece of pointless Churchillian cleverness. Yet the tanks' presence helped explain why the British and Canadian advances on the morning of D Day went more smoothly than that of the Americans.

The other great question about Churchill involves his role at Yalta in 1945, the conference that divided Europe. Though it was anathematized as a betrayal by generations of Eastern Europeans, S. M. Plokhy's new book, "Yalta: The Price of Peace" (Viking; \$29.95), makes a persuasive case that, given the Russian troops already in Poland and elsewhere, there was really nothing else to be done, and that Churchill actually played a pitifully weak hand rather well—keeping Greece, for instance, out of the Russian orbit simply on a handshake. "Decades after the conference, with the benefit of hindsight, new archival findings, and tons of research, it is still very difficult to suggest any practical alternative to the course that they took," Plokhy says of Churchill and F.D.R. There was a fine difference between Stalin and Satan, and Churchill grasped it. In Antony Beevor's history of the Battle of Stalingrad, the brutality and waste of the Stalinist regime—prisoners left to die in the snow, political commissars ordering the execution of innocents, the dead of the great purges haunting the whole—is sickening. But the murderousness of the Nazi invaders—children killed en masse and buried in common graves—is satanic. It is the tragedy of modern existence that we have to make such distinctions. Yet that does not mean that such distinctions cannot be made, or that Churchill did not make them. His moral instincts were uncanny. In 1944, after the deportation of the Jews from Hungary, when the specifics of the extermination camps were still largely unknown, he wrote that the Nazis' war on the Jews would turn out to be "probably the greatest and most horrible crime ever committed in the whole history of the world."

In 1945, just as the war was ending, Churchill was ejected by the British people, in an overwhelming victory for Labour. David Kynaston's "Austerity Britain: 1945-1951"



(Walker; \$45) tells the story of that defeat, and of the new Britain, largely indifferent to Churchill and his values, that emerged afterward. Yet there remains a central question: Why did the war exhaust the English economy while it energized the American one? Britain had worn itself out by fighting, spending its “treasure,” the story goes—but there is no fixed sum of treasure in a country apart from its productivity, and Britain was building planes, too. Though Britain had to borrow the money from us, we had to borrow it from ourselves in the form of bonds and deficits.

Perhaps the question itself is misleading. Britain’s statist approach took as its fundamental goal not the expansion of a consumer economy but the provision of health, education, and housing to a population long denied it. In Kynaston, one finds stories of cold homes and rationed butter—but also heady stories of boys and girls emerging from generations of endurance into new landscapes of opportunity. What was felt as austerity by some was felt as possibility by many more. Certainly, in every working-class memoir one reads—in Harold Evans’s, in Keith Waterhouse’s—the period is described as a long history of endurance met by a sudden explosion of ambition. While people who had been at Mrs. Dalloway’s party before the war had a harder time buying the flowers and managing the servants, their sense of diminishment was the last thing that working-class boys evoke. Most American stories from the Depression are of interrupted good fortune: we lost the department store, the business, the farm, endured with F.D.R., and swelled again with Ike. The British stories tell of hanging on grimly through it all, just as we’d done as long as we could remember, until the war was over, and then our Alf got to go to university and Granny got false teeth from the National Health.

Yet in an odd way the Tory defeat in 1945 sealed Churchill’s historical place: there and then gone. He did do more. Barbara Leaming, in her new biography of the older Churchill, *Churchill Defiant: Fighting On, 1945-1955* (HarperCollins; \$26.99), italicizes what Lukacs has already established: that, in the early fifties, Churchill was desperate to make a “supreme effort to bridge the gulf between the two worlds” and seek some kind of European understanding with Stalin and then with his successors. He was defeated by the rigid anti-Communist ideology of Eisenhower and, particularly, his Secretary of State John Foster Dulles. “This fellow preaches like a Methodist Minister,” Churchill said of Dulles, in despair, “and his bloody text is always the same: That nothing but evil can come out of meeting with Malenkov”—the post-Stalin Russian leader. It was, it turns out, the iron-clad Churchill who wanted to talk peace, and pragmatic Ike who was caught in a narrow ideological blinder.

What is Churchill’s true legacy? Surely not that one should stand foursquare on all occasions and at all moments against something called appeasement. “The word ‘appeasement’ is not popular, but appeasement has its place in all policy,” he said in 1950. “Make sure you put it in the right place. Appease the weak, defy the strong.” He



argued that “appeasement from strength is magnanimous and noble and might be the surest and perhaps the only path to world peace.” And he remarked on the painful irony: “When nations or individuals get strong they are often truculent and bullying, but when they are weak they become better-mannered. But this is the reverse of what is healthy and wise.” Churchill’s simplest aphorism, “To jaw-jaw is always better than to war-war,” was the essence of his position, as it was of any sane statesman raised in nineteenth-century balance-of-power politics. In the long history of the British Empire, there were endless people to make deals with and endless deals to be made, often with yesterday’s terrorist or last week’s enemy.

Churchill’s real legacy lies elsewhere. He is, with de Gaulle, the greatest instance in modern times of the romantic-conservative temperament in power. The curious thing is that this temperament can at moments be more practical than its liberal opposite, or than its pragmatic-conservative twin, since it rightly concedes the primacy of ideas and passions, rather than interests and practicalities, in men’s minds. Churchill was a student of history, but one whose reading allowed him to grasp when a new thing in history happened.

What is most impressive about his legacy, perhaps, is that he is one of the rare charismatic moderns who seem to have never toyed with extra-parliamentary movements or anti-liberal ideals. During all the years, and despite all the difficulties—in decades when the idea of Parliament as a fraud and a folly, a slow-footed relic of a dying age, was a standard faith of intellectuals on left and right alike—he remained a creature of rules and traditions who happily kissed the Queen’s hand and accepted the people’s verdict without complaint. Throughout the war, as Hitler retreated into his many bunkers and Stalin stormed and even Roosevelt concentrated power more and more in his single hand, Churchill accepted votes of confidence, endured fatuous parliamentary criticism, and meekly left office after triumphing in the most improbable of victories. A romantic visionary in constitutional spectacles can often see things as they are. ♦



**The Worst of the Madness**  
*The New York Review of Books*  
By ANNE APPLEBAUM  
November 11, 2010

*Bloodlands: Europe Between Hitler and Stalin*

by Timothy Snyder

Basic Books, 524 pages, \$29.95

*Stalin's Genocides*

by Norman M. Naimark

Princeton University Press, 163 pp., \$26.95

Once, in an attempt to explain the history of his country to outsiders, the Polish poet Czesław Miłosz described the impact of war, occupation, and the Holocaust on ordinary morality. Mass violence, he explained, could shatter a man's sense of natural justice. In normal times,

had he stumbled upon a corpse on the street, he would have called the police. A crowd would have gathered, and much talk and comment would have ensued. Now he knows he must avoid the dark body lying in the gutter, and refrain from asking unnecessary questions....

Murder became ordinary during wartime, wrote Miłosz, and was even regarded as legitimate if it was carried out on behalf of the resistance. In the name of patriotism, young boys from law-abiding, middle-class families became hardened criminals, thugs for whom "the killing of a man presents no great moral problem." Theft became ordinary too, as did falsehood and fabrication. People learned to sleep through sounds that would once have roused the whole neighborhood: the rattle of machine-gun fire, the cries of men in agony, the cursing of the policeman dragging the neighbors away.

For all of these reasons, Miłosz explained, "the man of the East cannot take Americans [or other Westerners] seriously." Because they hadn't undergone such experiences, they couldn't seem to fathom what they meant, and couldn't seem to imagine how they had happened either. "Their resultant lack of imagination," he concluded, "is appalling."<sup>1</sup> But Miłosz's bitter analysis did not go far enough. Almost sixty years after the poet wrote those words, it is no longer enough to say that we Westerners lack imagination. Timothy Snyder, a Yale historian whose past work has ranged from Habsburg Vienna to Stalinist Kiev, takes the point one step further. In *Bloodlands*, a brave and original history of mass killing in the twentieth century, he argues that we still lack any real knowledge of



what happened in the eastern half of Europe in the twentieth century. And he is right: if we are American, we think “the war” was something that started with Pearl Harbor in 1941 and ended with the atomic bomb in 1945. If we are British, we remember the Blitz of 1940 (and indeed are commemorating it energetically this year) and the liberation of Belsen. If we are French, we remember Vichy and the Resistance. If we are Dutch we think of Anne Frank. Even if we are German we know only a part of the story.

Snyder’s ambition is to persuade the West—and the rest of the world—to see the war in a broader perspective. He does so by disputing popular assumptions about victims, death tolls, and killing methods—of which more in a moment—but above all about dates and geography. The title of this book, *Bloodlands*, is not a metaphor. Snyder’s “bloodlands,” which others have called “borderlands,” run from Poznan in the West to Smolensk in the East, encompassing modern Poland, the Baltic states, Ukraine, Belarus, and the edge of western Russia (see map on page 10). This is the region that experienced not one but two—and sometimes three—wartime occupations. This is also the region that suffered the most casualties and endured the worst physical destruction.

More to the point, this is the region that experienced the worst of both Stalin’s and Hitler’s ideological madness. During the 1930s, 1940s, and early 1950s, the lethal armies and vicious secret policemen of two totalitarian states marched back and forth across these territories, each time bringing about profound ethnic and political changes. In this period, the city of Lwów was occupied twice by the Red Army and once by the Wehrmacht. After the war ended it was called L’viv, not Lwów, it was no longer in eastern Poland but in western Ukraine, and its Polish and Jewish pre-war population had been murdered or deported and replaced by ethnic Ukrainians from the surrounding countryside. In this same period, the Ukrainian city of Odessa was occupied first by the Romanian army and then by the Wehrmacht before being reoccupied by the Soviet Union. Each time power changed hands there were battles and sieges, and each time an army retreated from the city it blew up the harbor or massacred Jews. Similar stories can be told about almost any place in the region.

This region was also the site of most of the politically motivated killing in Europe—killing that began not in 1939 with the invasion of Poland, but in 1933, with the famine in Ukraine. Between 1933 and 1945, fourteen million people died there, not in combat but because someone made a deliberate decision to murder them. These deaths took place in the bloodlands, and not accidentally so: “Hitler and Stalin rose to power in Berlin and Moscow,” writes Snyder, “but their visions of transformation concerned above all the lands between.”

Beginning in the 1930s, Stalin conducted his first utopian agricultural experiment in Ukraine, where he collectivized the land and conducted a “war” for grain with the kulaks, the “wealthy” peasants (whose wealth sometimes consisted of a single cow). His campaign rapidly evolved into a war against Ukrainian peasant culture itself, culminating in a mass famine in 1933. In that same year, Hitler came to power and began dreaming of creating *Lebensraum*, living space, for German colonists in Poland and Ukraine, a project that could only be realized by eliminating the people who lived there.<sup>2</sup> In 1941, the Nazis also devised the Hunger Plan, a scheme to feed German



soldiers and civilians by starving Polish and Soviet citizens. Once again, the Nazis decided, the produce of Ukraine's collective farms would be confiscated and redistributed: "Socialism in one country would be supplanted by socialism for the German race."

Not accidentally, the fourteen million victims of these ethnic and political schemes were mostly not Russians or Germans, but the peoples who inhabited the lands in between. Stalin and Hitler shared a contempt for the very notions of Polish, Ukrainian, and Baltic independence, and jointly strove to eliminate the elites of those countries. Following their invasion of western Poland in 1939, the Germans arrested and murdered Polish professors, priests, intellectuals, and politicians. Following their invasion of eastern Poland in 1939, the Soviet secret police arrested and murdered Polish professors, priests, intellectuals, and politicians. A few months later, Stalin ordered the murder of some 20,000 Polish officers at Katyn and in other forests nearby as well.

Stalin and Hitler also shared a hatred for the Jews who had long flourished in this region, and who were far more numerous there than in Germany or anywhere else in Western Europe. Snyder points out that Jews were fewer than one percent of the German population when Hitler came to power in 1933, and many did manage to flee. Hitler's vision of a "Jew-free" Europe could thus only be realized when the Wehrmacht invaded the bloodlands, which is where most of the Jews of Europe actually lived. Of the 5.4 million Jews who died in the Holocaust, four million were from the bloodlands. The vast majority of the rest—including the 165,000 German Jews who did not escape—were taken to the bloodlands to be murdered. After the war, Stalin became paranoid about those Soviet Jews who remained, in part because they wanted to perpetuate the memory of the Holocaust. At the end of his life he purged and arrested many thousands of them, though he died too soon to carry out another mass murder.

Above all, this was the region where Nazism and Soviet communism clashed. Although they had signed the Molotov–Ribbentrop pact in 1939, agreeing to divide the bloodlands between them, Stalin and Hitler also came to hate each other. This hatred proved fatal to both German and Soviet soldiers who had the bad luck to become prisoners of war. Both dictators treated captured enemies with deadly utilitarianism. For the Germans, Soviet POWs were expendable: they consumed calories needed by others and, unlike Western POWs, were considered to be subhuman. And so they were deliberately starved to death in hideous "camps" in Poland, Russia, and Belarus that were not camps but death zones. Penned behind barbed wire, often in open fields without food, medicine, shelter, or bedding, they died in extraordinary numbers and with great rapidity. On any given day in the autumn of 1941, as many Soviet POWs died as did British and American POWs during the entire war. In total more than three million perished, mostly within a period of a few months.

In essence the Soviet attitude toward German POWs was no different. When, following the Battle of Stalingrad, the Red Army suddenly found itself with 90,000 prisoners, it also put them in open fields without any food or shelter. Over the next few months, at least half a million German and Axis soldiers would die in Soviet captivity. But as the Red Army began to win the war, it tried harder to keep captives alive, the better to deploy them as forced laborers. According to Soviet statistics, 2.3 million German soldiers and about a million of their allies (from Romania, Italy, Hungary, and Austria,



but also France and Holland) eventually wound up in the labor camps of the Gulag, along with some 600,000 Japanese whose fate has been almost forgotten in their native land.<sup>3</sup>

Some were released after the war and others were released in the 1950s. There wasn't necessarily any political logic to these decisions. At one point in 1947, at the height of the postwar famine, the NKVD unexpectedly released several hundred thousand war prisoners. There was no political explanation: the Soviet leadership simply hadn't enough food to keep them all alive. And in the postwar world there were pressures—most of all from the USSR's new East German client state—to keep them alive. The Nazis had operated without such constraints.

Though some of the anecdotes and statistics may be surprising to those who don't know this part of the world, scholars will find nothing in *Bloodlands* that is startlingly new. Historians of the region certainly know that three million Soviet soldiers starved to death in Nazi camps, that most of the Holocaust took place in the East, and that Hitler's plans for Ukraine were no different from Stalin's. Snyder's original contribution is to treat all of these episodes—the Ukrainian famine, the Holocaust, Stalin's mass executions, the planned starvation of Soviet POWs, postwar ethnic cleansing—as different facets of the same phenomenon. Instead of studying Nazi atrocities or Soviet atrocities separately, as many others have done, he looks at them together. Yet Snyder does not exactly compare the two systems either. His intention, rather, is to show that the two systems committed the same kinds of crimes at the same times and in the same places, that they aided and abetted one another, and above all that their interaction with one another led to more mass killing than either might have carried out alone.



Mike King

*Europe in 1933. The shaded areas are what Timothy Snyder calls the bloodlands. Anne Applebaum writes, 'Between 1933 and 1945, fourteen million people died there, not in combat but because someone made a deliberate decision to murder them.'*

He also wants to show that this interaction had consequences for the inhabitants of the region. From a great distance in time and space, we in the West have the luxury of discussing the two systems in isolation, comparing and contrasting, judging and analyzing, engaging in theoretical arguments about which was worse. But people who lived under both of them, in Poland or in Ukraine, experienced them as part of a single historical moment. Snyder explains:

The Nazi and Soviet regimes were sometimes allies, as in the joint occupation of Poland [from 1939–1941]. They sometimes held compatible goals as foes: as when Stalin chose not to aid the rebels in Warsaw in 1944 [during the Warsaw uprising], thereby allowing



the Germans to kill people who would later have resisted communist rule.... Often the Germans and the Soviets goaded each other into escalations that cost more lives than the policies of either state by itself would have.

In some cases, the atrocities carried out by one power eased the way for the other. When the Nazis marched into western Belarus, Ukraine, and the Baltic states in 1941, they entered a region from which the Soviet secret police had deported hundreds of thousands of people in the previous few months, and shot thousands of prisoners in the previous few days. The conquering Germans were thus welcomed by some as “liberators” who might save the population from a genuinely murderous regime. They were also able to mobilize popular anger at these recent atrocities, and in some places to direct some of that anger at local Jews who had, in the public imagination—and sometimes in reality—collaborated with the Soviet Union. It is no accident that the acceleration of the Holocaust occurred at precisely this moment.

To look at the history of mid-twentieth-century Europe in this way also has consequences for Westerners. Among other things, Snyder asks his readers to think again about the most famous films and photographs taken at Belsen and Buchenwald by the British and American soldiers who liberated those camps. These pictures, which show starving, emaciated people, walking skeletons in striped uniforms, stacks of corpses piled up like wood, have become the most enduring images of the Holocaust. Yet the people in these photographs were mostly not Jews: they were forced laborers who had been kept alive because the German war machine needed them to produce weapons and uniforms. Only when the German state began to collapse in early 1945 did they begin to starve to death in large numbers.

The vast majority of Hitler’s victims, Jewish and otherwise, never saw a concentration camp. Although about a million people died because they were sent to do forced labor in German concentration camps, some ten million died in killing fields in Poland, Ukraine, Belarus, and Russia—that means they were taken to the woods, sometimes with the assistance of their neighbors, and shot—as well as in German starvation zones and German gas chambers. These gas chambers were not “camps,” Snyder argues, though they were sometimes adjacent to camps, as at Auschwitz:

Under German rule, the concentration camps and the death factories operated under different principles. A sentence to the concentration camp Belsen was one thing, a transport to the death factory Belzec something else. The first meant hunger and labor, but also the likelihood of survival; the second meant immediate and certain death by asphyxiation. This, ironically, is why people remember Belsen and forget Belzec.

He makes a similar point about Stalin’s victims, arguing that although a million died in the Soviet Gulag between 1933 and 1945, an additional six million died from politically induced Soviet famines and in Soviet killing fields. I happen to think Snyder’s numbers are a little low—the figure for Gulag deaths is certainly higher than a million—but the proportions are probably correct. In the period between 1930 and 1953, the number of people who died in labor camps—from hunger, overwork, and cold, while living in wooden barracks behind barbed wire—is far lower than the number who died violently



from machine-gun fire combined with the number who starved to death because their village was deprived of food.

The image we have of the prisoner in wooden shoes, dragging himself to work every morning, losing his humanity day by day—the image also created in the brilliant writings of Primo Levi, Elie Wiesel, and Alexander Solzhenitsyn—is in this sense somewhat misleading. In fact, prisoners who could work had at least a chance of staying alive. Prisoners who were too weak to work, or for whom work could not be organized because of war and chaos, were far more likely to die. The 5.4 million Jews murdered in the Holocaust mostly died instantly, in gas chambers or mobile vans or in silent forests. We have no photographs of them, or of their corpses.

The chronological and geographical arguments presented in *Bloodlands* also complicate the debate over the proper use of the word “genocide.” As not everybody now remembers, this word (from the Greek *genos*, tribe, and the French *-cide*) was coined in 1943 by a Polish lawyer of Jewish descent, Raphael Lemkin, who had long been trying to draw the attention of the international community to what he at first called “the crime of barbarity.” In 1933, inspired by news of the Armenian massacre, he had proposed that the League of Nations treat mass murder committed “out of hatred towards a racial, religious or social collectivity” as an international crime. After he fled Nazi-occupied Poland in 1940, Lemkin intensified his efforts. He persuaded the Nuremberg prosecutors to use the word “genocide” during the trials, though not in the verdict. He also got the new United Nations to draft a Convention on Genocide. Finally, after much debate, the General Assembly passed this convention in 1948.

As the Stanford historian Norman Naimark explains in *Stalin’s Genocides*, the UN’s definition of genocide was deliberately narrow: “Acts committed with the intent to destroy, in whole or in part, a national, ethnical, racial or religious group.” This was because Soviet diplomats had demanded the exclusion of any reference to social, economic, and political groups. Had they left these categories in, prosecution of the USSR for the murder of aristocrats (a social group), kulaks (an economic group), or Trotskyites (a political group) would have been possible.

Although Lemkin himself continued to advocate a broader definition of the term, the idea that the word “genocide” can refer only to the mass murder of an ethnic group has stuck. In fact, until recently the term was used almost exclusively to refer to the Holocaust, the one “genocide” that is recognized as such by almost everybody: the international community, the former Allies, even the former perpetrators.

Perhaps because of that unusually universal recognition, the word has more recently acquired almost magical qualities. Nations nowadays campaign for their historical tragedies to be recognized as “genocide,” and the term has become a political weapon both between and within countries. The disagreement between Armenians and Turks over whether the massacre of Armenians after World War I was “genocide” has been the subject of a resolution introduced in the US Congress. The leaders of the Orange Revolution in Ukraine campaigned to have the Ukrainian famine recognized as “genocide” in international courts (and in January 2010, a court in Kiev did convict Stalin and other high officials of “genocide” against the Ukrainian nation). But the



campaign was deliberately dropped when their more pro-Russian (or post-Soviet) opponents came to power. They have since deleted a link to the genocide campaign from the presidential website.

As the story of Lemkin's genocide campaign well illustrates, this discussion of the proper use of the word has also been dogged by politics from the beginning. The reluctance of intellectuals on the left to condemn communism; the fact that Stalin was allied with Roosevelt and Churchill; the existence of German historians who tried to downplay the significance of the Holocaust by comparing it to Soviet crimes; all of that meant that, until recently, it was politically incorrect in the West to admit that we defeated one genocidal dictator with the help of another. Only now, with the publication of so much material from Soviet and Central European archives, has the extent of the Soviet Union's mass murders become better known in the West. In recent years, some in the former Soviet sphere of influence—most notably in the Baltic states and Ukraine—have begun to use the word “genocide” in legal documents to describe the Soviet Union's mass killings too.

Naimark's short book is a polemical contribution to this debate. Though he acknowledges the dubious political history of the UN convention, he goes on to argue that even under the current definition, Stalin's attack on the kulaks and on the Ukrainian peasants should count as genocide. So should Stalin's targeted campaigns against particular ethnic groups. At different times the Soviet secret police hunted down, arrested, and murdered ethnic Poles, Germans, and Koreans who happened to be living in the USSR, and of course they murdered 20,000 Polish officers within a few weeks. A number of small nations, notably the Chechens, were also arrested and deported en masse during the war: men, women, children, and grandparents were put on trains, and sent to live in Central Asia, where they were meant to die and eventually disappear as a nation. A similar fate met the Crimean Tatars.

Like Snyder's, Naimark's work has also ranged widely, from his groundbreaking book on the Soviet occupation of East Germany to studies of ethnic cleansing. As a result his argument is authoritative, clear, and hard to dispute. Yet if we take the perspective offered in *Bloodlands* seriously, we also have to ask whether the whole genocide debate itself—and in particular the long-standing argument over whether Stalin's murders “qualify”—is not a red herring. If Stalin's and Hitler's mass murders were different but not separate, and if neither would have happened in quite the same way without the other, then how can we talk about whether one is genocide and the other is not?

To the people who actually experienced both tyrannies, such definitions hardly mattered. Did the Polish merchant care whether he died because he was a Jew or because he was a capitalist? Did the starving Ukrainian child care whether she had been deprived of food in order to create a Communist paradise or in order to provide calories for the soldiers of the German Reich? Perhaps we need a new word, one that is broader than the current definition of genocide and means, simply, “mass murder carried out for political reasons.” Or perhaps we should simply agree that the word “genocide” includes within its definition the notions of deliberate starvation as well as gas chambers and concentration camps, that it includes the mass murder of social groups as well as ethnic groups and be done with it.



Finally, the arguments of *Bloodlands* also complicate the modern notion of memory—memory, that is, as opposed to history. It is true, for example, that the modern German state “remembers” the Holocaust—in official documents, in public debates, in monuments, in school textbooks—and is often rightly lauded for doing so. But how comprehensive is this memory? How many Germans “remember” the deaths of three million Soviet POWs? How many know or care that the secret treaty signed between Hitler and Stalin not only condemned the inhabitants of western Poland to deportation, hunger, and often death in slave labor camps, but also condemned the inhabitants of eastern Poland to deportation, hunger, and often death in Soviet exile? The Katyn massacre really is, in this sense, partially Germany’s responsibility: without Germany’s collusion with the Soviet Union, it would not have happened. Yet modern Germany’s very real sense of guilt about the Holocaust does not often extend to Soviet soldiers or even to Poles.

If we remember the twentieth century for what it actually was, and not for what we imagine it to have been, the misuse of history for national political purposes also becomes more difficult. The modern Russian state often talks about the “twenty million Soviet dead” during World War II as a way of emphasizing its victimhood and martyrdom. But even if we accept that suspiciously large round number, it is still important to acknowledge that the majority of those were not Russians, did not live in modern Russia, and did not necessarily die because of German aggression. It is also important to acknowledge that Soviet citizens were just as likely to die during the war years because of decisions made by Stalin, or because of the interaction between Stalin and Hitler, as they were from the commands of Hitler alone.

For different reasons, the American popular memory of World War II is also due for some revision. In the past, we have sometimes described this as the “good war,” at least when contrasted to the morally ambiguous wars that followed. At some level this is understandable: we did fight for human rights in Germany and Japan, we did leave democratic German and Japanese regimes in our wake, and we should be proud of having done so. But it is also true that while we were fighting for democracy and human rights in the lands of Western Europe, we ignored and then forgot what happened further east.

As a result, we liberated one half of Europe at the cost of enslaving the other half for fifty years. We really did win the war against one genocidal dictator with the help of another. There was a happy end for us, but not for everybody. This does not make us bad—there were limitations, reasons, legitimate explanations for what happened. But it does make us less exceptional. And it does make World War II less exceptional, more morally ambiguous, and thus more similar to the wars that followed.

If nothing else, a reassessment of what we know about Europe in the years between 1933 and 1953 could finally cure us of that “lack of imagination” that so appalled Czesław Miłosz almost sixty years ago. When considered in isolation, Auschwitz can be easily compartmentalized, characterized as belonging to a specific place and time, or explained away as the result of Germany’s unique history or particular culture. But if Auschwitz was not the only mass atrocity, if mass murder was simultaneously taking place across a multinational landscape and with the support of many different kinds of people, then it is not so easy to compartmentalize or explain away. The more we learn about the twentieth century, the harder it will be to draw easy lessons or make simple judgments



about the people who lived through it—and the easier it will be to empathize with and understand them.