

VOLUME XVII, NUMBER 1, WINTER 2016/17

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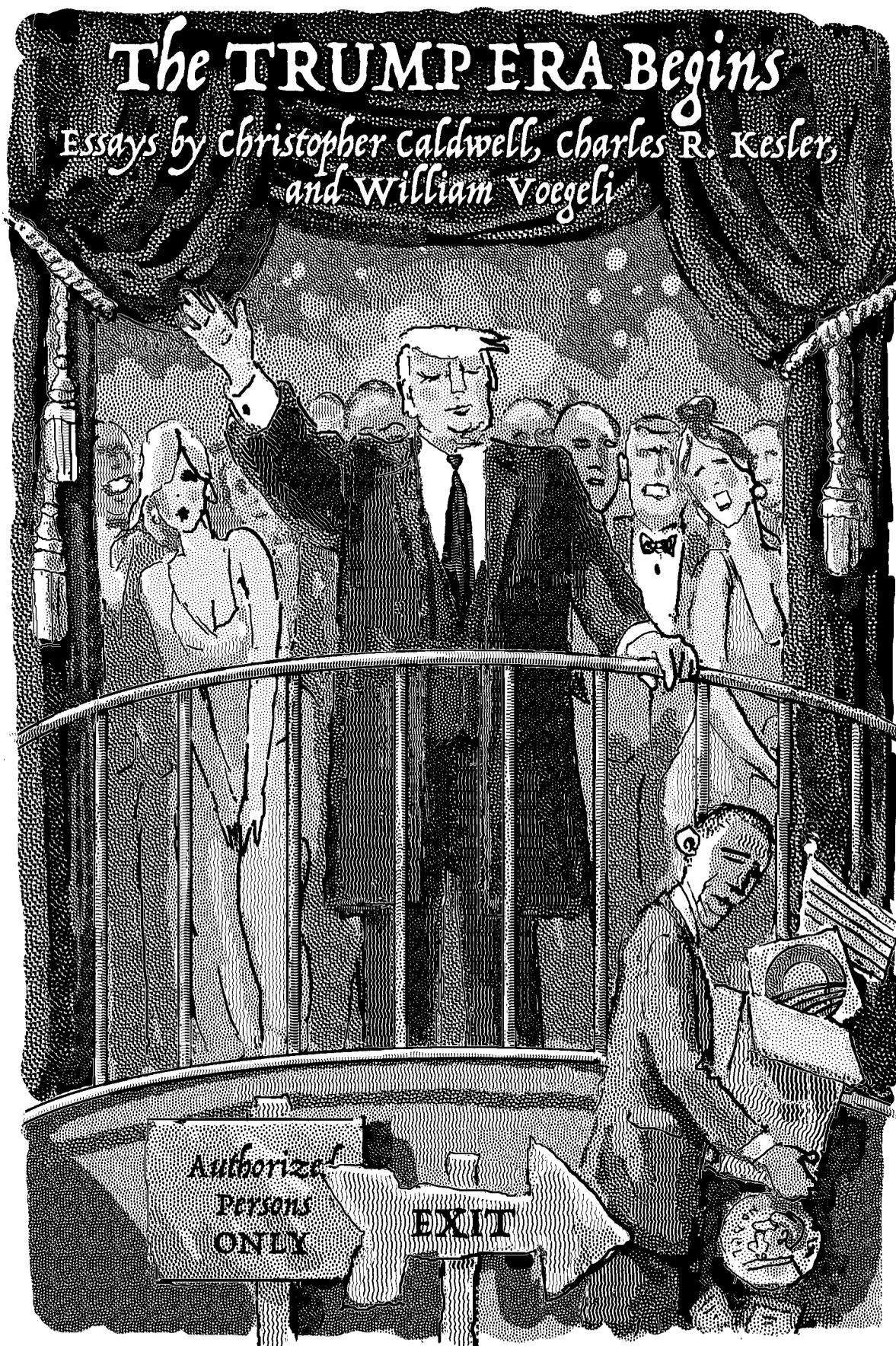
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A Publication of the Claremont Institute

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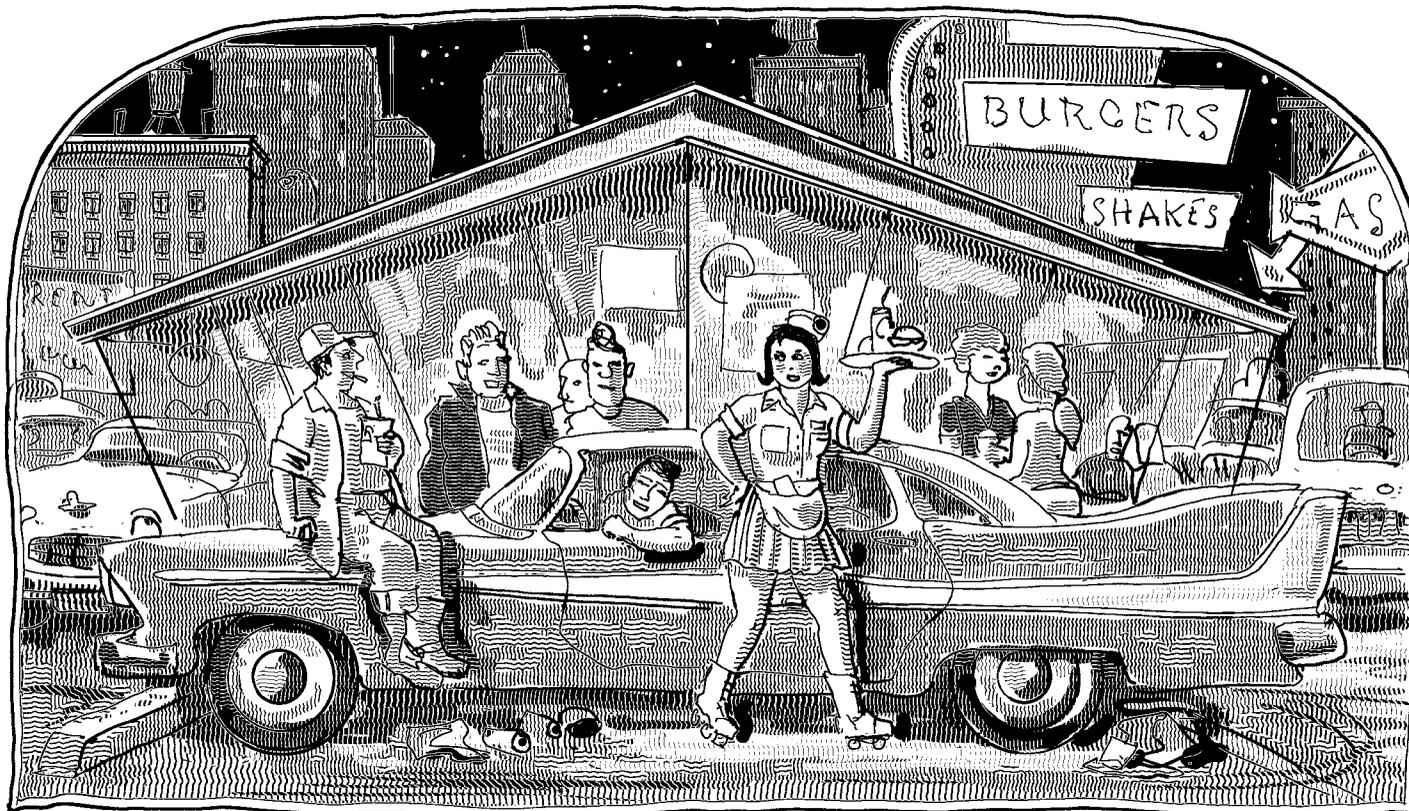
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Book Review by Michael Barone

WHEN THE GOING WAS GOOD

An Extraordinary Time: The End of the Postwar Boom and the Return of the Ordinary Economy, by Marc Levinson.
Basic Books, 336 pages, \$27.99



THE ERA YOU'RE NOSTALGIC FOR SAYS something about the era in which you live. The years that are the object of nostalgia must be close enough to be within living memory of at least some still articulate members of society but distant enough to be burnished by the patina of age. The America that people are nostalgic for now, to judge from political rhetoric, is the America of the postwar years—although in speaking to young audiences lately I have considered myself obliged to state what war those years were post.

It was a time when a young man out of high school “could expect to earn a decent and steady income in exchange for hard work” (Rick Santorum) and “finding a good job meant showing up at a nearby factory or a business downtown” (Barack Obama), when “Americans were returning from war and eager to work” (Mitt Romney) and the country “invested in its kids and built a strong middle class” (Elizabeth Warren). The Left is nostalgic for a time of strong labor unions, confiscatorily high tax rates, and majority support for handgun bans; the Right, for packed churches, fecund two-parent fami-

lies, and wholesome mass entertainment. Donald Trump does not specify a reference point for his promise to “make America great again,” but most auditors probably place it in the two decades after World War II.

THAT PARTICULAR GOLDEN AGE—always capitalized—is the subject of Marc Levinson’s *An Extraordinary Time*. Levinson is an economics writer whose books have chronicled the rise of two Golden Age phenomena—the first nationally integrated supermarket (A&P), and the shipping container. Here he takes on 71 years of economic history: the Golden Age’s 28 years (which he claims ended abruptly in October 1973), and the 43 years of drosser metal that followed, though he has little to say about the last dozen.

He also has little to say about the years before the Golden Age, although it’s impossible to understand what happened after 1945 without taking them into account. Nineteen Twenty-nine to 1939 were years of worldwide depression, most severe, arguably, in the world’s larg-

est economy, the United States; 1939 to 1945 (and before that in East Asia) were years of horrifyingly destructive world war. Afterwards Western elites, fearful that depression would return and far from certain that more warfare could be avoided, set up institutions to make things better: the United Nations and NATO to preserve the peace, and the Bretton Woods agreement and the Marshall Plan free trade agreements to establish a framework where commerce might flourish.

These things mostly worked, for a generation in some cases and longer in others, as Levinson notes. But to a greater or lesser extent they depended on an assumption that government and financial policymakers could continually fine-tune their policy instruments to keep things moving in the right direction. Elites believed the Depression came because they failed to act and ended when they did act, while the successful war effort inevitably involved centralized command and control. Experts, at the commanding heights of big government, big business, and big labor, could produce a Golden Age and maintain it indefinitely.



And for a time it seemed they did. But, as Levinson shows by focusing on certain experts, that didn't last forever. The German economist and cabinet member Karl Schiller, for example, institutionalized conferences of government, corporate, and union leaders to formulate policies that would produce high employment, steady growth, stable prices, and trade balances. But he resigned in 1972 when denied control over the Deutschmark exchange rate. The Argentinian economist and international agency head Raul Prebisch promoted import substitution—high tariff walls to encourage domestic industries—in developing South America, Africa, and Asia. But those economies foundered when demand for their raw materials plummeted in 1973. The eminent academic economist Arthur Burns, an advocate of monetary and fiscal discipline, as Federal Reserve chairman went along with Richard Nixon's ditching of Bretton Woods's peg of the dollar to gold and imposition of wage and price controls. Nixon was reelected but inflation and recession—stagflation—followed. “[T]he idea that government planning could assure prosperity and rising standards for all,” Levinson writes, “proved to be a cruel hoax.”

LEVINSON DATES THE END OF THE Golden Age to October 1973, when the Arabs attacked Israel on Yom Kippur after Nixon reimposed wage and price controls, in response to which OPEC jacked up oil prices. Manufacturing languished, with hundreds of thousands of heavy manufacturing jobs shed, in the next decade; developing countries languished. Policymakers struggled, but things were never as good again.

Here I think Levinson overstates his case. He makes much of the decline of productivity increases, down in a dozen major countries from 4.6% per year in 1959–1973 to 2% per year in 1974–1999. But productivity is not a *thing* but a *ratio*—economic product divided by hours worked. The labor force grew slowly in the Golden Age because of wartime deaths and the 1930s' birth dearth; it grew rapidly in the quarter-century afterward because vast numbers of baby boomers, women and men, were coming of age. Arguably you don't want productivity to rise quite so rapidly when labor is plentiful. And arguably you want, and in fact got, lots of deregulation—and, as Levinson admits, “the results of deregulation were undeniably positive.” He shortchanges the prosperity and high growth rates of the Reagan and Thatcher 1980s, even as he recognizes the failure of François Mitterrand's soon-renounced socialism and the developing world's floundering that decade. Nor does he give much credit to First World economic growth in the 1990s. The enormous growth

kindled when China and, to a lesser extent India, embraced capitalism, gets little mention, although lifting one quarter of mankind out of dire poverty is no small achievement.

Transportation and communication deregulation, Levinson recognizes, left the way open to phenomena as beneficial to ordinary people as mobile phones, bargain air travel, and cable television—things simply unavailable in the Golden Age—as well as increasingly cheap food and clothing. But Levinson mourns what was lost: “[W]ithout the enveloping structure of regulation, the stability and security that had been such fundamental aspects of the Golden Age were seriously undermined. As governments tried to restore productivity growth and reinvigorate their economies, stability had become an unaffordable luxury.”

BUT LEVINSON NOTES ELSEWHERE THAT the welfare state, constructed in the Golden Age and greatly expanded afterwards, was something of a Ponzi scheme, with benefits growing more rapidly than the economy or work force. The Golden Age's elite architects, it turns out, failed to take into account the likelihood that the society they were so confident they could superintend would change in unexpected ways. Medicare was enacted and Social Security expanded on the assumption that future baby boomers would finance them—just as the baby boom was abruptly ending. There was little change in the roster of the Fortune 500 corporations from the mid-1950s when it first appeared up through the early 1970s; there has been enormous change afterwards. Planners start by assuming a static society and prove far less prescient in forecasting change than the combined wisdom of crowds expressed in free markets.

And did the Golden Age seem so golden at the time? I was born about when it began and became aware in the middle 1950s (at a perhaps unusually early age) of the world around me in supposedly booming and placid Detroit. Looking up in the sky, or out the classroom window while crouching under the desk during a “duck and cover” drill, I felt sure (with a little bit of pride) that we would be targeted in any Soviet nuclear attack. During the frequent recessions, neighbors wondered whether we were facing another Great Depression; my father's income as a physician dropped in half between 1956 and 1958. As for all those auto assembly jobs that young men could snag after leaving high school or the service, I remember that people hated—*hated*—those jobs. That's why the United Auto Workers bargained successfully in 1970 for 30-and-out (retirement after 30 years) and then for retiree health care benefits (until they qualified for Medicare at

65), which as much as anything else bankrupted General Motors and Chrysler.

The Golden Age was extraordinary not because it lasted just one generation, but because it managed to last that long. The framework its architects designed was well adapted to the nation and world in the aftermath of World War II. In retrospect, it was hubristic to believe that it would be as well suited to the nation and world that came to exist 28 years later. It is well enough remembered to be a plausible object of nostalgia; much more than the nation and world of 71 years before 1945—the world of 1874, before electric lighting, automobiles, airplanes, refrigerators, indoor plumbing—was then. But it can't be brought back. The cultural cohesion and societal solidarity so fondly remembered owed much to the shared experiences of depression and, especially, of a war in which 420,000 Americans died. No sensible person wants that again.

THE SCREENWRITER WILLIAM GOLDMAN, describing how Hollywood works, explained, “Nobody knows anything.” *An Extraordinary Time* teaches a similar lesson. Elite experts may have done a good job once upon a time, but it's unrealistic to expect them to do so again. “The forces that sustain faster economic growth and prosperity are rarely set in motion with the flip of a switch or the passage of a law. Golden Ages usually arise suddenly and end unexpectedly,” Levinson writes at the end of the book. “While it may turn out that a particular government action or private innovation raised living standards dramatically for a generation, the connection may not be clear until well after the fact—and a similar policy or innovation, unleashed at a different moment or under different circumstances, might have no far-reaching consequences at all.”

I'm not so sure that *nobody* knows anything, and I think free markets and the rule of law facilitate less suboptimal results than any alternatives. In his earlier books Levinson shows how government policies, pushed by those with interests at stake, attempted to prevent the Hartford brothers from selling cheap and healthy groceries at their A&Ps, and to stop Malcolm McLean's containers from replacing inefficient and crime-ridden longshore operations. Fortunately, those efforts failed. The three books taken together show that progress comes more from energetic entrepreneurs than from elite experts, even those who produced the extraordinary time of the Golden Age.

Michael Barone is a resident fellow of the American Enterprise Institute, and the author, most recently, of Shaping Our Nation: How Surges in Migration Transformed America and Its Politics (Crown Forum).

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