

A Word from London

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Evidence From the Twentieth Century About the Future

Now that the dust has settled on millennium fever and the catastrophist scenarios about Y2K have evaporated like soap bubbles, it may be worth analyzing the meaning of the twentieth century as we lurch into the twenty-first century.

Herman Kahn, the founder of the Hudson Institute, argued that from the Industrial Revolution in the nineteenth century until sometime in the twenty-second century, historical evolution will include a “spike”—a period when wealth, health, security, comfort and longevity increase geometrically.

Although it may seem foolhardy to discuss the next two hundred years since reality usually impinges on prediction negatively, twentieth century history offers many clues about the future.

From 1900 to 1999 life expectancy has increased, and per capita GDP (Gross Domestic Product) has gone up correspondingly—from roughly \$2,500 in 1900 to \$19,000 in 1999.

The United States has increased its population by 250 percent in the century, but instead of a “population bomb” degrading the quality of life, a more populous nation has reduced infectious disease fourteen-fold, reduced heart disease deaths by more than half, decreased accidental deaths 61 percent, and decreased infant mortality by 93 percent.

This is only a small part of a textured story. Wealth as a function of total assets increased 700 percent in the century. Wages went up four times and poverty declined three times, even though the work-week was shortened by 30 percent.

Car ownership increased ninety-fold along with dramatic increases in telephones, television sets, radios, computers and just about any commodity one wants to consider.

And despite environmental claims to the contrary, air pollution improved by 97 percent at the same time.

Similarly, the price of commodities declined throughout the century. Wheat, to cite one example, decreased by 95 percent.

Skeptics contend that either wealth creation is an illusion disproportionately found in only a small portion of the population or, as some environmentalists maintain, we will destroy ourselves by the growth mania. Yet blacks overrepresented in the bottom quintile of national wealth witnessed a ten fold increase in income over the course of the century. And growth in every area of national life

has resulted in greater comfort than Americans experienced at the beginning of the century. Home ownership as a percentage of the population, for example, has increased by 43 percent in the last one hundred years.

For historians, the twentieth century has been besieged by war, revolution, genocide and a deep divide between the haves and have nots. These conditions are undeniable. The American story is also filled with extraordinary developments that are invariably taken for granted. Who would have guessed in 1900 that life expectancy would almost double by 2000? And who dwells on this fact today?

As Julian Simon, author and former professor at the University of Maryland, noted, human ingenuity is “the ultimate resource.” A free society unencumbered by government intrusiveness can—using inventiveness—generate unprecedented health, prosperity, wealth and innovation. That is the significant lesson of the twentieth century and what foreshadows the twenty-first century.

It would be pollyannish to maintain that material improvement is all that counts in evaluating societies. The bible asks poignantly: “After affluence, what?” What indeed? Affluence does not assure fulfillment; material things do not ensure spiritual bliss. Contentment isn’t necessarily a consequence of technology.

However, it is also true that the American people create more than they deplete. In the face of disaster they do not put their heads in the sand, but instead convert the sand into fiber optic cable.

In addition, there is the recognition that wealth is better than poverty and that a system that recognizes the innate creativity in human beings and allows for its expression will promote long, healthy and stable lives.

While Luddites in our midst may wish to reverse the tide of technological innovation, the developments of the twentieth century are not reversible. Knowledge is not degraded unless ubiquitous amnesia were to affect us.

Social analysts and religious commentators are right to call attention to the indices of decadence in this society, but that side of the historical equation must be balanced by a record of technological marvels that have improved life in immeasurable ways.

There is nothing inevitable about Herman Kahn’s “spike,” but if the past provides some insight into the future, there is much to be hopeful about in the next century.

The Scoundrels in Congress

It has been suggested in many recent stories that Americans are increasingly less interested in politics than they once were. Apathy seems to have afflicted this campaign season with only a small fraction of eligible voters turning out for the primaries.

Some blame this condition on complacency. After all, unemployment is at a record low, the stock market continues to thrive and unprecedented wealth has been generated for many Americans.

Although politicians take credit for this condition, it is, or should be, apparent that they had little to do with it. Intuitively the public understands this matter.

But there is more here than meets the eye. Despite increased registration, voter participation continues to decline. It would appear that voter dissatisfaction as much as complacency accounts for the lack of participation.

When people are asked about this issue, poll after poll indicates that people don't trust their politicians. Indeed, who can blame them?

President Clinton has proven himself an inveterate liar and campaign promises have fallen into the category of "white lies." Most Americans are simply skeptical, if not downright cynical, about political claims.

What is truly amazing, however, is the aggregate record of the 535 public servants representing the people in the Congress of the United States. If there is evidence for dissatisfaction and cynicism, here it is:

Twenty-nine have been accused of spousal abuse;
seven have been arrested for fraud;
nineteen have been accused of writing bad checks;
one hundred seventeen have bankrupted at least two businesses;
three have been arrested for assaults;
seventy-one cannot get a credit card due to bad credit;
fourteen have been arrested on drug-related charges;
eight have been arrested for shoplifting;
twenty-one are current defendants in lawsuits;
eighty-four were stopped for drunk driving in 1998 alone.

This is the record of members of the U.S. Congress, the most august group in the land that perpetually cranks out hundreds of new laws each year to keep Americans in line.

I doubt whether most Americans know these statistics, but at the same time people realize those representing the nation today have little in common with the Founding Fathers.

If ever there was an argument for term limits, here it is. So-called law-makers often come to believe they are above the law. Moreover, they are arrogant enough to impose laws on the rest of Americans to which they do not adhere.

This, by the way, is not a partisan argument. Members of both parties are culpable. The issue at hand is the character of those representing us.

If many Americans do not vote, that decision may be quite appropriate. The people are saying we know the process has been corrupted by unworthy candidates. There was a time when political giants strode through the hallowed halls of Congress, instead of the moral pygmies that presently represent us.

As long as Americans retain a memory there will be dissatisfaction with our representatives. The contrast with the past is stark and Americans appreciate the difference between a pol and a statesman.

Perhaps politics isn't as important in the scheme of things as it once was. But

I worry. If the day arises when Americans require guidance from its leaders, will it be available and will it be believed? That is the dilemma produced by apathy.

As long as the Congress is composed of so many law-breakers Americans have every right to be dismayed with their representatives. "Throw the scoundrels out" is not merely a cliched cry of discontent, it is a literal description of those who represent us.

What Parents Think About the Schools

A recent survey commissioned by the American Association of School Administrators (AASA) indicates that high test scores is one of the least important items for parents when deciding if a school is doing well.

The items listed by importance in the survey are: children's happiness 61 percent; high attendance rates and parental involvement 40 percent each; small class size 37 percent; strong principals and a high percentage of students going to college 36 percent each; high test scores 17 percent.

When asked what conditions are likely to improve public schools, 87 percent of the parents asked said the removal of disruptive students, 85 percent said updating textbooks and 84 percent said requiring parental involvement. An overwhelming majority contend that standardized testing is overused making teachers teach for the test rather than for "the knowledge students need."

Relying on these results, the AASA executive director Paul Houston maintained,

Parents "get it" when it comes to education. What jumps out at me when I go through the data is that parents are incredibly sophisticated in understanding the nuances of issues in ways no one gives them credit for.

It is instructive that many states across the nation are beginning to ease academic standards, primarily because too few of the students are passing tests to advance to a higher grade or to get a high school diploma.

Wisconsin recently withdrew a test required for high school graduation. Arizona, Virginia and Indiana have taken steps to diminish expectations on standardized state tests.

What these modifications suggest is that if Mary and Johnny cannot pass the state exams something is wrong with the test. Parents may be relying on children's happiness to tell them about the schools, but a smile on a kid's face does not reveal what is in that kid's head.

As one might guess, the AASA regards the survey results with glee. Mr. Houston argues that "school reform ought to be about creating schools kids want to go to." With the results the AASA wanted to hear, there is a growing belief that parental opinion should be a central factor in the education calculus, a far cry from the time when professional educators were considered more qualified to determine what children need to know than their parents.

But even as I accept parental opinion in general, I'm persuaded the survey respondents were wrong. Establishing standards and testing is critical in school assessment.

Kids might be happy about school because classes aren't rigorous or because the basketball team is having a winning season or because teenagers discovered "puppy love," but none of these conditions enhances what children know.

Surely the removal of disruptive kids, updating textbooks and having parents involved are important in improving the way schools are managed, but ultimately the success of a school is determined by what students know and this can be ascertained only through testing.

At a time when so many youngsters are failing standardized tests, it is understandable that parents will ask why their "intelligent children" are failing. There are many explanations.

Standards have been vitiated by egalitarian ideals. Teachers cannot maintain rigorous standards because so many were marginal students themselves. Outside interests impinge on schoolwork. Dysfunctional families militate against genuine study. And a culture degraded by contemporary popular images doesn't respect high standards.

But if the nation wants to compete effectively against other developed nations and if we want to prevent a caste system in which the well educated are rewarded and others fall behind, rigorous standards and testing must be emphasized.

There aren't any short cuts to address this issue. Unfortunately parents weaned on a feel-good psychology and the current fascination with self-esteem often lose sight of what is really important.

Kids may be happy with school, but if they cannot solve quadratic equations or speak a foreign language or understand the laws of science or know how to debate, they are handicapped.

Some of these youngsters may grow up to find a niche in society, but a large number will be lost in an economy reliant on advanced technical skills.

The AASA may be satisfied with the results of their parental survey. But it would be unwise to rely heavily on the conclusions. At some point, I'm convinced, parents will recoil at an education system that promotes happiness, when their children can't add, read or write. Happiness should not be confused with knowledge.

The First Name Contagion

The bonds of formalism that were a road map for social intercourse have been ripped apart by the legions of relativism who regard any formality as dictatorial judgment. This, after all, is the hang-loose era in which almost anything goes.

Recently the *Wall Street Journal* reported that first name phone greetings are gaining acceptance in business offices.

Informality at work, which includes "casual Friday," has moved to forms of address. According to the report, Barbara Babbit Kaufman, president of Chapter 11 the Discount Bookstore, Inc. Atlanta, answers her phone by saying "This is Barbara" and supports the first-name voicemail for her staff.

The internal phone directory for Office Depot Inc., Delray Beach, Florida, uses first names and a spokesman notes: "We're living in a very informal age."

Some business people contend this casual attitude eases stress on employees in an up-tight business world. But I wonder.

The first name use is a function of familiarity: "Hi John what's happening" kind of familiarity, even if you've never met John before.

While formalism seems to run against the grain of a democratic ethos, it is also true that formalism is a barrier that protects against unwanted intrusiveness. Suppose you don't want the immediate intimacy.

Nevertheless, this phenomenon, like casual dress, has inexorable momentum.

Students in many schools are asked to call teachers by their first name. And at most mail order houses office attendants answer the phone with "Hello, this is Betsy."

Frankly I don't want to know someone's first name unless I'm interested in knowing the person. Laying all on the line before I've even had a chance to size up someone is more than my sensibilities can take.

But this is indeed an informal age. Kids treat elders as equals. Very few people know how to dress at a formal event. And the ties that bind have been cut by the forces of radical egalitarianism.

Perhaps worse than reliance on first names is the impersonal "man." "Hey man, what's up."

"Man" in this context is directed at males and females. There is a slavish devotion to its use by a major portion of American adolescents who have by no means reached manhood.

This too is a function of democracy without limits, albeit I would not underestimate the communication deficiency of language-impooverished youngsters.

The day is on the near horizon when you will call a business office only to hear "Hey, man, what's your first name? Let's cut through the formal b.s."

When that day arrives—and I'm sure it will—I intend to seek an island where cell phones are not permitted.

At some companies workers have opted for first-name voicemail. But what happens when there are three Marys? How does the caller know he reached the one he wants?

The Henry James world of formal introductions has been interred along with courtship and manners, but it would be so satisfyingly anachronistic if someone were to say "Mister." Would that so violate the informal demands of the workplace?

There ought to be a rebellion against first name use with people you don't know. And there should be a social stigma attached to those who refuse to recognize the appropriately erected barriers against familiarity.

In the end, this probably seems like a pettifogging issue. But then again it is one more irksome matter associated with a society that has lost any semblance of manners, ritual, respect and limitation.

Gekko Yesterday and Today

The one fictional character on whom media panjandrums relied to embody the values and spirit of the 1980s is Gordon Gekko, the fiendishly avaricious speculator in the film *Wall Street*, who would casually violate any principle as long as it enhanced his wealth and power.

Several accounts of the eighties have even converted the name into a condition—Gekkoism—which implies insider trading and misleading the stock-owning public on valuation and earnings.

For some, President Ronald Reagan's free market inclinations were yet another manifestation of Gekkoism since the market was naively believed to be insulated from moral considerations. And several pop analysts have defined the decade as the "era of greed," a time when only money counted and it didn't matter how you got it.

Yet, *mirabile dictu*, the era of greed seamlessly evolved into the boundless prosperity of the nineties. Without even a reflective look backward, the children of dot-com converted Gekkoism into a virtue.

This might all be somewhat amusing were this phenomenon not draped in sanctimony. But to hear the audible boos directed at the Gekkos converted into cheers for Mr. and Mrs. Dot-Com is to give new meaning to hypocrisy.

Most of the dot-com companies today will not be in business ten years from now. Moreover, most of these companies with high market capitalization based on anticipated revenue, do not have present earnings. You might think that a media maven would proclaim this condition a form of Gekkoism.

Instead what one hears is the steady drumbeat of optimism: Welcome to the new age of abundance. Indeed there is some truth to the claim since the nation has reached new heights of per capita income and net worth.

What is not being told are the fictions surrounding many dot-com companies. The market cap phenomenon is based on an indeterminate future, a future not yet limned by the present.

For example, if a company by dint of its retail sales has an extensive e-mail address list, that asset is evaluated against future sales, even if the company has a negative balance sheet. In other words, a company in debt may have its market cap increase because of an expansive potential user base.

Having thought about this a great deal, I can envision a dot-com company that gives every customer a dollar for 90 cents, no strings attached. In short order, this company, let's call it "\$.com," will have the most extensive e-mail address list in the world, even though it will have a 10 percent loss each year.

As the retail list grows, the market cap increases. In fact, in order to reduce the loss and increase the valuation "\$.com" will give everyone \$1.00 for 95 cents, thereby cutting losses in half without dramatically reducing the appeal of the "product."

While this is a foolhardy scenario, it is a scenario at play on Wall Street today. Gekko is alive and well, except now he has gone from villain to cultural hero.

Trying to explain this cultural shift isn't easy. Clearly President Clinton is part of any explanation since he was so critical of the "greedy eighties" and so sanguine about the high octane economy he takes credit for inspiring.

But, of course, it is more complicated than that. Mammon, that bitch goddess, was admired long before Gordon Gekko was invented. "Money talks, bullshit walks," was a Wall Street contention well before the eighties.

What is different is the magnitude of wealth and the rapidity of cultural change. The greed of the eighties was no different from the greed in the nineties; it was only made to seem different because of media accounts.

If there is an emerging cultural position in the first decade of the new millennium, it is the belief that wealth may not be a sufficient condition for contentment. What I call the "fat wallet, hollow soul" condition.

This is a new "problem" for America, probably one that government cannot address. But it would be a mistake to overlook it.

Mr. and Mrs. Dot-Com with their brownstone on the east seventies in Manhattan and their weekend home in the Hamptons are in a perpetual search for meaning in their lives. New things, another course at the Y, a trip to Europe simply don't do it. They've grown blasé about everything.

Gordon Gekko needs a spiritual transfusion. At the moment all he gets is accolades. Yet, I suspect, the time is coming when Gordon will face mortality and ask, as all people do, "What is the purpose of life?"

Is it related to Gordon's wealth, his possessions, his power? It may be time for reassessment, not only of Gekko, but what Gekkoism has produced. It is time as well to ask why the culture has changed its tune. Why was the Gekko of the eighties vilified and the one in the nineties admired? And last, it is always time to ask, as the Bible does, "After affluence, what?" Ω