

Now, Becky is working in a factory instead of fulfilling her dream of becoming a cosmetologist.

The last and most significant argument for Washington's abandonment of American youth is the raising of the minimum wage. Many cities and states, including Seattle and Hawaii, have recently raised their hourly minimum wage to \$10.10 or higher. Furchtgott-Roth and Meyer explain that this will push young and low-skilled workers out of the workforce because employers will not be able to afford them. Many young people use minimum wage jobs to gain their first professional work experience and climb the professional ladder.

Internships are also vital toward developing professionally. The authors claim that the prohibition of unpaid internships diminishes the number of internships available for students to use to gain work experience. Having put together a panel about the ban on volunteering at for-profit institutions, I can confirm that the authors have hit the nail on the head. This practice prevents young people from taking the necessary steps toward professional skill development and career advancement.

Throughout *Disinherited*, Furchtgott-Roth and Meyer suggest logical solutions to these important and pressing problems. The work complements Furchtgott-Roth's other books addressing different employment demographics and issues. The entire book is easily understandable and, with its short length, absolutely merits a read. Young and old alike should open their eyes to the critical problems the youth of this nation are facing. *Disinherited* is an important step in turning the tide against Washington's failed policies.

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Wealth, Poverty and Politics: An International Perspective

Thomas Sowell

New York: Basic Books, 2015, 328 pp.

In 2015, Thomas Sowell turned 85 and published a new book. In it, he interjects himself foursquare into the debate over income inequality. He has written on the topic before, but never so comprehensively. His analysis of the topic is systematic and cuts across the main lines of the current debate.

Sowell divides the factors influencing economic growth and income into four broad categories: geographic, cultural, social, and political. He then examines each set of factors in separate chapters. He rejects determinism. People can surmount the circumstances into which they are born, but the geographic, cultural, social, and political hands that individuals are dealt in life can advantage or disadvantage them.

If there is one overriding theme, it is the rejection of randomness in outcomes. Not one of the causal factors he considers is remotely random in its distribution among groups, countries, or continents now or in the past. To expect, then, a random distribution of income in society is absurd in his view.

Second, there is a brute fact of human history. “Poverty—genuine poverty—has been the lot of most of the human race for most of the existence of the species.” It is economic growth and the accumulation of wealth that must be explained. Poverty is the default. Once a society, or subset, experiences economic growth, there will be income inequality.

I follow Sowell’s development of his thesis by beginning with geography. “Geography is not egalitarian,” he begins the account. The Sahara is the largest desert in the world, and has for centuries isolated the blacks of sub-Saharan Africa to the south. Additionally, there is a dearth of good harbors. Both facts have limited contact with the outside world. Consequently, sub-Saharan Africa has been blocked from trade in goods and ideas. Both are detriments to economic development.

Africa has a number of great rivers, but most are not navigable for their entire length and at all times of the year. Africa is twice as large as Europe, but the African coastline is shorter than Europe’s. The European coastline has many twists and turns, creating many natural harbors. By contrast, Africa’s coastline is smooth with few good natural harbors. Europe was thus advantaged for trade and exposure to the world, as Africa was disadvantaged.

Within Europe, the rivers of the west, east, and south are quite different and contributed differently to economic development. The rivers of Western Europe flow into seas warmed by the Gulf Stream, which proved to be an advantage. It is one exploited mightily by the Hansa beginning in the 12th century and lasting for 500 years. It began as an association of north German merchants and evolved into a league of cities. At its peak, it reached 200 cities. It was

neither a state nor a sovereign power, but a trading association (Dollinger 1970).

The rivers of Eastern Europe are subject to freezing. When they flow, it is often into lakes or inland seas rather than the sea. Rivers flowing into the Arctic, as is true for Russian rivers, are not as advantageous for trade as ones flowing into the Atlantic or Pacific.

The rivers of Southern Europe are fewer in number and adversely affected by the region's climate. The winter sees torrential downpours and the heat and dryness of the summer can dry up the rivers.

The United States is a story of a continent blessed by great navigable rivers (e.g., the Mississippi and Hudson). The Great Lakes are a tremendous advantage. And there are numerous natural harbors on both the Atlantic and Pacific coasts. Once there were inhabitants with the skills to take advantage of these natural assets, the United States was in a geographically advantaged position. But this is despite natural geographical disadvantages. For instance, more tornadoes occur in the United States than in all other countries of the world combined. With geography as other factors, it is a balance of advantages and disadvantages influencing growth opportunities.

There are many other geographic issues. Mountain communities tend to be poor and isolated, and that is generally true around the world. (Switzerland is a notable exception.) America has its Appalachia and there are similar stories around the world. As already noted, climate is an important factor. Climate and soil influence agriculture. "Civilization dates from the beginning of agriculture, and with it the beginning of cities." Different continents and subcontinents vary greatly in the distribution of rich soil and, hence, crop yields. Rainfall patterns interact with soil condition. These have contributed to a different pace of economic development.

Animals play a significant role. The geography of the Western Hemisphere greatly resembles that of Western Europe, but the indigenous cultures of the two regions were quite different. Beasts of burden, like horses and oxen, were totally absent in the Western Hemisphere. These animals are critical for transportation, farming, and warfare. Again, exploitation of America's natural advantages awaited the arrival of Europeans with their animals.

Sowell deals with culture in many of his previous works, and it plays a critical role in his this book. "Cultures include not only customs, values and attitudes, but also skills and talents that more

directly affect economic outcomes, and which economists call human capital.” Human capital plays a major role in Sowell’s analysis, but he makes it clear that he does not equate it to formal schooling. Here, as in other works, he details how cultures differ radically and are transmitted around the world by migration.

For instance, Germans have excelled in the building of pianos and have done so in Australia, France, Russia, and England. They were world leaders in cameras and optical instruments. They also excelled in military skills, from Roman times to the present, in countries around the world, including in America’s revolution and two world wars. Germans also placed great emphasis on education and brought universities to wherever they migrated. Even when distinctly minority populations, they frequently were the majority of students. And they staffed the universities.

Jews, Lebanese, Chinese, and other groups flourished in commerce wherever they migrated, even though they were often subject to discrimination—sometimes very harsh discriminatory measures. Each of these groups, and all others, has its own sets of human capital, which result in radically different outcomes from the population as a whole.

People imitate the success of others, in effect borrowing from other cultures. Western civilization replaced Roman numerals with Arabic (really Indian) numerals because “Arabic numerals were simply *better*—not merely *different*, as multiculturalists might say—when it came to mathematical operations.” Attempts to change culture by force largely fail, however. I would add that includes attempts to force change in a country’s political culture, as when the West attempts to spread democracy where it is unknown and the necessary institutions lacking.

Countries that are culturally receptive to new ideas gain and prosper. That receptivity can change. One thousand years ago, the Muslim world was very receptive and prospered. Today, the lack of cultural receptivity can be gauged by the number of books translated annually in the Arab world of 300 million people. “Spain translates more books into Spanish annually than the Arabs have translated into Arabic in a thousand years.” (It is not entirely correct to equate Arab with Muslim.)

The discussion of culture and progress goes to the heart of the book. Sowell enumerates important cultural traits, which are not evenly distributed among peoples. Trust and honesty are very important for social and economic cooperation. Russia is a nation richly

endowed in natural resources, but it has suffered from systemic corruption. John Stuart Mill commented on the “venality” of Russian functionaries. Germans were hired because of their honesty. The problem continued under the Soviet Union and besets Russia today. Russia ranks 136th out of 175 countries for corruption in the 2014 Corruption Perception Index produced by Transparency International (175th being most corrupt).

By contrast, a high degree of trust has enabled groups like Hasidic Jews, the Marwaris of India, Chinese, and Lebanese to transact among themselves operating on trust. They have prospered as a consequence.

Education as a cultural value strengthens groups having it. Again, it is not evenly distributed across cultures. It is sometimes strongly present among ethnic minorities, such as the Tamils in Sri Lanka, who then go on to success in many endeavors. Again, this is true even when the minorities are discriminated against, as were the Tamils (leading to a long civil war).

Attitudes toward work and progress are very important. Many contemporary sources noted the poor work ethic of antebellum Southern whites. These included General Robert E. Lee. In 1860, the South had 40 percent of the dairy cows but produced only 20 percent of the butter and just 1 percent of the cheese in the country. Southern dairy farmers were just outproduced by immigrant German farmers in Wisconsin.

Sowell recounts other such stories from around the world. There were vast differences in productivity among Chinese, Indian, and Malays in the 1940s on rubber plantations. Somewhat differently, the newly educated in parts of the Third World are adverse to any physical labor, including working with their hands, even as an engineer. Such attitudes are an obstacle to economic advancement and exemplify why more formal education need not equate to greater human capital.

Social factors encompass many variables. Just to sample, the way children are raised varies greatly from group to group. Children in families in which both parents are professionals hear on average 2,100 words spoken per hour. Children of working class parents hear 1,200 words per hour, while children of parents on welfare hear only 600 words per hour. It is difficult to imagine how these differences can be overcome by any simple policy. The life outcomes for these children, including their incomes, will be

different. And those differences are not the result of any discrimination.

Sowell's discussion of mental capabilities is one of his most important. It is a touchy subject, which he handles well. How different groups perform on mental tests varies and has changed over time for these groups. He follows the ups and downs of groups in part by the makeup of a set of highly prestigious high schools: Stuyvesant, Bronx Science, and Brooklyn Tech in New York City. At one time, Jews were heavily overrepresented. Today it is Asian Americans. Just to understand how elite these schools are, more graduates from Brooklyn Tech have been admitted to M.I.T. than from any other high school in the country.

The story of blacks is central to the discussion. In 1938, the proportion of blacks attending Stuyvesant was almost as high as the proportion of blacks in the city's population. But 1938 was the last year that was true. Over a period of 33 years, the proportion of blacks attending Stuyvesant fell to one-tenth the figure. That fact, and many others he adduces in the book, makes a mockery of appeals to racism or the legacy of slavery. "Back in 1938, both racism and poverty were worse than in later times, and the blacks of 1938 were generations closer to slavery. Clearly something else was happening."

That something is culture, and he argues that the culture within black communities has changed for the worse. To argue this, he takes the reader back to the immediate aftermath of the Civil War. Many white educators went to the South to educate black youth. Many of the teachers came from New England and modeled the schools on New England academies. They openly proclaimed a goal of displacing the Southern culture that blacks had absorbed. The most famous school founded was Dunbar High School in Washington, D.C., in 1870. It produced a stunning output of students who went on to the very best colleges in America.

Dunbar produced a large number of "firsts," including the first black federal judge, the first black general, the first black Cabinet member, etc. In short, the legacy of these Northern white educators was one of educational excellence in which the performance of black students equaled or exceeded that of whites.

The social climate changed in the 1960s. Later in the book, Sowell attributes that to the Great Society and welfare. The result is a pattern in which even the black children of professional, middle class parents fall behind their white counterparts academically. These results come

out of a study of Shaker Heights, Ohio. The researcher found that black students had an aversion to “acting white.” White behavior most singled out was “talking proper.” “Culture matters” is how Sowell concludes the discussion. We return to this issue at the end.

Sowell’s discussion of IQ tests is based on the work of Professor James R. Flynn. I met Flynn in Sowell’s house a few years ago and can report he is one of the most interesting scholars I have ever met. His work called into question whether IQ tests measure some fixed, genetic endowment. They clearly do not. Sowell has long been a skeptic of genetic explanations for differences in intelligence and achievements. Flynn’s work helped confirm Sowell’s skepticism.

Political factors can aid or block economic advancement. Too often, it is the latter. In his chapter on the topic, Sowell considers the complexity of politics. He begins with the emergence of nations. It is a very complex subject, but his account does not persuade me. He suggests political and economic benefits from larger political units. The political benefits of a larger political unit include a better ability to protect its citizens. The economic benefits a larger market that enables producers to capture the benefits of the economy of scale. But surely the latter benefit accrues from trade, and in medieval times there was trade aplenty. As already noted, there was the Hanseatic League in the North. There was also the trade carried out by the merchants of Venice and Genoa.

He describes the process of creating a nation-state as a “spontaneous coalescing of smaller groupings into successively larger groupings.” I find that an ironic description of the lust for power that propelled European princes and kings to create the great nation-states through warfare and conquest. And nowhere are the costs of that endeavor calculated.

Moreover, the account overlooks the great economic progress by small political units of medieval Europe that preceded the nation-states. There were great advances in agricultural technique and invention beginning in the 12th century. There were great advances in energy production, again due to innovation and invention. The waterwheel was just one. Windmills were another. As previously mentioned, Europe was endowed with animals. The invention of the horseshoe and stirrup greatly improved the efficiency and uses for horses. There were important developments in ships, critical for trade and defense. The list goes on and on. It was a period of

Schumpeterian growth largely without the aid or protection of the modern nation-state (Mokyr 1990).

In the larger scheme of the book, the rise of the nation-state is not a critical issue. But I believe that Sowell, very uncharacteristically, attributes to a grand political enterprise what was the product of private initiatives of ordinary people like “peasants, wheelwrights, masons, silversmiths, miners, and monks” (Mokyr 1990: 56).

The greatest external threat to Europe in the Middle Ages came from the Ottomans. They were only decisively defeated at the Battle of Lepanto, October 7, 1571, by the ships of the Holy League created by Pope Pius V. The great Western empire of Spain under Philip II was occupied fighting elsewhere. He contributed galleys, but the leadership was under John of Austria. Aside from Spain, the League utilized galleys from Venice, Genoa, the Pope, Savoy, and the Knights of Malta. Superior seamanship and technology propelled a great naval victory over an empire by the decentralized states of Europe (Stark 2014: 294–96).

Just a few years earlier, the Ottomans had sent a fleet of 193 vessels with an army of 50,000 aboard to invade the island of Malta. No European state came to the island’s defense. Instead, the defense was led by 500 Knights of Malta and supported by 1,000 mercenaries and 3,000 locals with no military training. The Turks suffered a resounding defeat at the hands of a private military organization. No European state supplied the defense by which they justified their existence (Stark 2014: 292–94). As with the Hansa, private action and city-states proved to be effective.

The main role of large states in Sowell’s account is the conquest of smaller states, of which European colonialism is illustrative. In the tragic case of India when the British departed, they left behind multi-ethnic states racked by frequent internal conflicts.

The later problem is dealt with under the politics of polarization. Multiethnic societies have the economic potential for lagging groups to imitate the more productive groups. From a political perspective, however, income differences are fodder for politicians to exploit. They depict the lagging group, often the majority, as victims of the successful minority group. That has played out in countries like Malaysia, Sri Lanka, and around the world. Asian immigrants, especially Chinese, have routinely been discriminated against and even terrorized. That was true in America in the 19th century.

Chinese and other Asians continue to be discriminated against in American university admissions. The rationale given for that discrimination reminds one of the rationale for discrimination against Jews not so long ago. These successful immigrant groups are hated for their success, even today, even in America.

Turning to home and contemporary times, Sowell identifies the welfare state as the scourge of black Americans. He takes on the legacy of slavery argument directly and effectively. Black economic performance was better in the 1930s, '40s, and '50s, and going into the 1960s than today. Blacks of those generations were closer to the experience of slavery than blacks today, subject to more discrimination then than now, and poorer then than now.

Pick an economic or social metric, and Sowell has probably addressed it. In 1948, black youth unemployment was just under 10 percent, compared to today's rate of around 40 percent. The legacy of slavery, or the minimum wage? The proportion of black children raised by single mothers escalated after the passage of the Great Society.

Blacks have made great economic progress both absolutely and relative to whites, but the progress slowed after the welfare programs of the 1960s. Sowell dates that progress beginning with the Emancipation Proclamation of 1863. By 1900, the majority of blacks were literate, a milestone that would not be reached for the populations for some countries, even European ones (e.g., Romania) until decades later.

After the 1960s, some social metrics indicate retrogression. Prominent among these is the decline of the two-parent families and all the consequences that has. The homicide rate among blacks, which had declined substantially in the 1950s, rose sharply during the 1960s. That consequence is with us today in many urban areas.

One of the most important contributions of this book is to clarify that none of what we witness in inner cities today is intrinsically tied to race. The exact same phenomena exist among the white underclass in England. Sowell relies on the work of Dr. Theodore Dalrymple in *Life at the Bottom*. And the cause is the same, the rise of the welfare state. Immigrant groups are less prone to rely on welfare and consequently soon outperform native groups economically and socially. That leads to resentment against the successful newcomers.

Political entrepreneurs convince those lagging behind that they are victims. That leads to "lashing out" at others. Sowell identifies the ghetto riots of the 1960s as lashing out. Three of the most chilling pages are devoted to evidence that organized lashing out by blacks against

whites has been going on for years. He warns that could lead to a white backlash against blacks. He observes that what a “race riot” meant a hundred years ago was exactly attacks on blacks by majority whites.

To me, it is curious that he does not focus more on such factors as the rule of law and what I will call the institutions of liberty, like private property. He discusses law and order, but that is a subset of the rule of law. Many authoritarian societies have law and order, but a weak rule of law. Pipes (1999) argues that property is the source of freedom. The institutions of liberty are not evenly distributed among countries. Some countries and continents lacking natural advantages, like Africa, have also been deficient in such institutions. A fuller consideration of the institutions of liberty would only strengthen Sowell’s argument.

The book finishes with a lengthy chapter on “Implications and Prospects” (plus a shorter Epilogue) He draws many lessons from history, the first of which is that “there is no such thing as ‘the’ reason” for differences in income and wealth. The factors influencing these variables are too numerous to catalog. Sowell doesn’t believe that he has identified all of them. Differences in human capital (broadly defined) among real people by themselves ensure different economic outcomes. More spending on public education will not eliminate these, or even necessarily reduce the differences.

As he has in prior works, Sowell notes that how one measures income alters the measures of income inequality to a substantial degree. He presents numerous examples of how nonrandom outcomes are in life, such as in PGA tournaments, Grand Slam titles in tennis, spelling bees, etc. All of which is to buttress the conclusion that disparities in outcomes are an inevitable feature of life and evidence no discrimination. My favorite in that vein is that men are struck by lightning several times more often than women. That gives new meaning to disparate impact.

In many ways, *Wealth, Poverty and Politics* summarizes themes of earlier books by Sowell. But it also represents a significant extension and restatement of some of these. Sowell takes on icons like Paul Krugman and Joseph Stiglitz. There is a fascinating story of Milton Friedman and Rose Director (later Rose Director Friedman) dancing away the night in a Harlem nightclub, which makes an important point. If anything, Sowell is becoming more pessimistic about America’s future, and that is the one respect in which I hope he is wrong. Nonetheless, the book is a *tour de force*, and I highly recommend it.

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The Conservative Heart: How to Build a Fairer, Happier, and More Prosperous America

Arthur C. Brooks

New York: Broadside Books, 2015, 246 pp.

Conservatives and libertarians have the answers for many of America’s problems today, says Arthur Brooks, president of the American Enterprise Institute (AEI), especially the problems of poverty. So why is our message so unpopular with so many? It’s because, Brooks argues, we lead with our heads, not with our hearts—we do a terrible job packaging our message. He’s right. We need to take people as they are, not as the purely rational creatures we’d like them to be.

After tracing his own idiosyncratic odyssey before he reached AEI—among other things, a college dropout, an itinerant French hornist with the City Orchestra of Barcelona, and a chaired Syracuse University professor of economics—Brooks begins his argument by noting the paradox his travels have brought before him: In recent decades the free market has lifted millions out of poverty in the developing world, yet poverty persists in America despite a half-century War on Poverty. Worse still, since the Great Recession, even the American middle class feels left behind.

So with the failure of the liberal solutions that have dominated our politics for decades, Brooks asks: “Why aren’t Americans turning to conservatives for better solutions? Simple: People don’t think conservatives care.” And he has the polls to prove it.