

## Remarks at AEI Chairman's Dinner

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One year ago this evening Jim Wilson delivered his Boyer Lecture entitled "Two Nations." He described America as two nations to dramatize the contrast between our dominant culture—rich, powerful, and accomplished, the successful children of the Enlightenment—and our subculture, which he did not call the underclass but many now do, characterized by broken or nonexistent families, lack of attachment to work, school, and other social institutions, promiscuous and often predatory sex, and high rates of violent crime, illegitimacy, and drug use. Jim's concern that evening was with the second nation—with our many failed attempts to bring it into the dominant culture and with how we might do better in the future. But his opening passage contained more than a hint of concern about the first American nation as well:

We live in a nation confident of its wealth and proud of its power, yet convinced that this wealth cannot prevent and this power cannot touch a profound corrosion of our cultural soul. We are materially better off than our parents but spiritually worse off.[1]

Moreover, Jim's lecture was an extension of earlier work with obvious application to American culture in general as well as to the cultural problems of modern poverty. His book *The Moral Sense* [2] emphasized the crucial social role of the traditional family in instilling moral understanding and virtuous habits in each succeeding generation. His 1985 essay, "The Rediscovery of Character: Private Virtue and Public Policy,"[3] published as the Reagan economic boom was getting into full throttle, argued that good policy could not be concerned exclusively with economic incentives and formal rules of law and policy—which up to then had been the strong emphasis of neoconservative policy argument—but needed also to be concerned with the stuff upon which all those incentives and rules operate: with individual character, with the family that shapes character, and with the larger culture that shapes and is shaped by individual character and family structure.

These two prongs of political thought are now firmly established as Jack Kempism, which asserts that formal rules (such as monetary rules) and economic incentives (such as marginal tax rates) are the key variables in determining a society's good health and tendency to progress, and Bill Bennettism, which asserts that character and culture are at least equally important, especially in prosperous, permissive, secular modern America.

In the past year AEI has concerned itself with both of Wilson's two nations and has continued to hold a well-diversified portfolio of Jack Kemp and Bill Bennett approaches to both. On the problems of poverty and the underclass, Doug Besharov is overseeing wide-ranging work on the effects of the Welfare Reform

Act of 1996 and a variety of post-welfare-reform efforts to improve the economies and social foundations of our poorest communities. The new issue of *The American Enterprise* asks, "Is America Turning a Corner?" and answers with an upbeat assessment of recent improvements in rates of crime, illegitimacy, divorce, school dropout, abortion, and welfare dependency, while Charles Murray is completing a study, "The Underclass Revisited," that offers a considerably darker interpretation of some of those same trends. Our work on economic and regulatory policy has never been stronger and has been greatly augmented by the arrival of Ricardo Caballero, Tom Hazlett, and Randy Lutter, while our work on culture, ethics, and religion—an AEI specialty among the national think tanks since long before Wilson's 1985 article—has been equally fortified by the return of Leon Kass and the arrival of Hillel Fradkin and Graham Walker.

The complementarity of our two-pronged approach may be illustrated by the following question: When economic incentives in primary and secondary schooling are straightened out by the institution of charter schools and school choice, will that be sufficient to rid the curricula of "whole language" approaches to literacy, "fuzzy math" approaches to numeracy, multiculturalism, victim feminism and environmentalism, and other corruptions of sound educational methods and texts? The answer seems to be: Don't count on it. Earlier this year Jim Glassman published a fine study of the success of the charter school movement in Arizona, which noted that competition from charter schools had prompted Mesa's regular public schools to advertise their "back to basics" teaching methods to parents. But when Lynne Cheney inquired of the schools in question, she discovered that they were still employing whole language and fuzzy math texts that were among the worst she had encountered in her study of U.S. textbooks. I conclude that charter schools and school choice are necessary but not sufficient for curricular reform. Reform will not spring spontaneously from right incentives, because "child-centered schooling" has become too deeply embedded in the educational culture; it will require the additional work of people like Lynne and the education militiaman movements she is organizing and inciting across the country.

And beyond our hallowed halls in 1998, even as a few important issues of economic reform—especially social security—have gathered steam with critical help from AEI, many others—tax, regulatory, health care, and international financial reform—have languished for the duration while the government has been preoccupied with one singular issue of character and culture. The battle cry of impeachment opponents throughout the fall—"It's time to move on"—has been more than a tactic of the president's partisans: it is the sincere view of those who believe that government should be exclusively concerned with formal public laws and economic policies and not with morality and personal conduct. (That is why the pro-impeachment forces reply, "It's not the sex, it's the perjury.") But of course it is impossible to move on. The Clinton-Lewinsky affair is about sex *and* perjury and much more. What gives the scandal its astonishing grip on the public mind is that it is such a comprehensive metaphor for all that so many

feel is amiss in our society and demonstrates the impossibility of separating issues of personal character from those of public policy. The ultimate issue in the case is even greater than marital fidelity, lying, perjury and obstruction of justice, workplace relations in an age of sexual equality, the litigation explosion, the independent counsel statute, and the proper scope of harassment law. The issue is whether there is such a thing as objective truth that exists beyond the control of a particular individual or group, or whether truth is instead a social construct that may be defined and redefined according to the contingencies of the moment, provided that those doing the defining are sufficiently sincere. It is the same issue as that at the core of the debates over politically correct school and college curricula, moral relativism in literature and popular entertainment, and many other cultural tempests—wonderfully summarized by Tom Sowell in the title of his book, *Is Reality Optional?* [4]—which takes on an even more menacing dimension when transferred to the political sphere. We cannot possibly move on until moral judgment is rendered one way or the other.

In the meantime, 1998 saw a quieter development in a quite different realm, that of international economic development, where a decade of research and scholarship finally crystallized—and amazingly recapitulated the domestic debates over economics, law, and culture that Jim Wilson expounded in 1985. It is retrospectively evident that the fact of a militarily strong, ideologically aggressive Soviet Union exerted a powerful influence throughout the cold war on Western thinking about economic development in poorer nations. Although there were important dissenters, such as AEI's Michael Novak and Nick Eberstadt, the dominant view was that socialist planning and force-fed industrialization were the surest paths to "economic takeoff" for poor nations; the influence of this view is preserved for all time in the U.S. government's economic statistics for 1989, the year the Berlin Wall fell, which show per capita economic product in East Germany *higher* than in West Germany.[5]

But the collapse of Soviet communism, and with it the prestige of socialist economics, seems to have stimulated scholars to think afresh the great question, going back to Adam Smith, of the causes of the wealth of nations. In the past few years there has been an outpouring of original work on the subject by economists Robert Barro, Thomas Sowell, Robert Hall, and others; historian David Landes; political scientist Francis Fukuyama; journalist Tom Bethell; and even humourist P. J. O'Rourke.[6] Their work is highly diverse in scope and method; much of it emphasizes the influence of noninstitutional factors such as climate and geography; and no quick summary could possibly do it justice. But for present purposes it is fair to say that the strong trend of thinking, made explicit in Landes's historical tour de force *The Wealth and Poverty of Nations* published earlier this year, is away from explaining prosperity and progress in terms of economic policies or legal institutions and toward explaining them in terms of *culture*--a people's traditions, customs, and habits of thought and action.

The empirical foundation of this view is that, since the beginning of the scientific

and industrial revolution in the early nineteenth century and continuing to the present, economic welfare in the nations of Western civilization—Western Europe, Great Britain, the United States, Canada, Australia, and New Zealand—has improved at fantastically greater rates than in any other nations, with the exception of Japan and the small Asian tigers since the 1960s. In 1820, gross domestic product per person in the wealthy Western nations was about 50 percent higher than in Eastern Europe and Russia, 70 percent higher than in Latin America, twice that in Asia, and 2.5 times that in Africa; the ratio of incomes in the richest and poorest nations was 3–1 or 4–1. But in 1992, per capita GDP in the same Western nations had grown to nearly 4 times that in Eastern Europe and the USSR nations, 3 times that in Latin America, 3.5 times that in Asia (this despite Japan's having reached income parity with the West and Korea and Taiwan's having achieved half of Western income), and 13 times that in Africa; the ratio of incomes in the richest and poorest nations had grown to more than 70–1.[7]

At the time of the collapse of Soviet communism and third world socialist ideology, it seemed natural to believe that the global spread of free markets and democratic government, combined with the spread of modern medical, public health, information, and other technologies, would at last produce convergence in productivity, economic output, and individual welfare between the West and the rest. But so far it is not happening, and the failure has been dramatized by this year's financial collapse, which particularly afflicted two Asian nations that have been converging with the West, Japan and Korea, and the largest post-Communist experiment in instant capitalism, Russia herself.

The past year's events, and one decade of post-Communist economic reform, are only blips in economic history. Yet it is unnerving for advocates of free markets and the rule of law to observe nations with tolerably honest governments and sensible economic policies—such as the former East Germany, which has had the advantage of importing Western economic policies and legal institutions wholesale—where there is nevertheless little domestic entrepreneurship and economic growth and where cities teem with unemployed men. Something must be at work that goes beyond technology, which is universal, and beyond economic policies and political institutions, which vary but not nearly so much as levels of economic welfare—and which have changed over time not nearly so much as the changes in economic welfare I have summarized.

The new development literature suggests that something is culture. Sound economic policies such as stable money, discipline in government taxing and spending, and free trade—the sorts of things that AEI has preached for decades and that the Harvard economists taught the Russian reformers in the early 1990s—are necessary but not sufficient. Effective political and constitutional institutions, such as representative democracy, checks and balances on government power, civil liberties, and an independent judiciary, are also necessary but also insufficient.[8] A culture conducive to economic growth is not

only necessary but antecedent: the unique prosperity of Western civilization is due not so much to its economic policies and political institutions as to the culture that fashioned and sustained them—along with complementary private institutions of education and science, religion and philanthropy, commerce and industry, and art and literature.

Herb Stein anticipated this view in 1990, in an address to a group of Russian economists who had come to an AEI conference in the early days of *glasnost* to learn about the workings of the American economy and perhaps a few secrets of our success. In the course of a detailed account of the structure and performance of the U.S. economy and the various factors affecting its performance—economic policies, taxation, regulation and antitrust, business investment, foreign trade—Herb observed that "[t]he basic reason for our prosperity is that 120 million Americans get up in the morning and go to work to do the best they can for themselves and their families and previous millions did the same thing for two centuries."<sup>[9]</sup>

Our Russian visitors, if they fastened on this passage at all, probably thought it was very bland and opaque and certainly unhelpful; but it was the deepest moment of the lecture. Its force consists in capturing so many different aspects of culture in a single thought: people prosper because they work hard over a long period of time; they work hard out of personal self-interest and also out of attachment to their families; their attachment to their families leads them to spend a considerable part of their lives away from their families working with outsiders.

The culture of a people or nation is, of course, an extraordinarily subtle and intricate thing—rather like a molecule of DNA, with innumerable different attributes acting sometimes in isolation and sometimes in concert with other attributes to produce a certain result, and taken as a whole mysterious, durable, immutable. The genetic analogy may be extended to say that the debate over culture versus policy in determining social health and welfare is like the debate over nature versus nurture in determining individual health and welfare. If it is so that an individual's life circumstances are determined largely by genetic inheritance, and home and social environments play a much smaller role, that is not, as Charles Murray insists, cause for despair over the possibilities of human intervention: improving family and community environment can still make an important difference, and it would be unthinkable not to try. Similarly, if it is so that a society's material circumstances are determined largely by its cultural inheritance, that is not to say that sound economic policies and political institutions cannot make an important difference at the margin. Policy successes such as Chile and Taiwan do exist and may yet become a trend. Russia may yet fashion institutions to channel its people's great brooding talents. India and Bulgaria may yet become hotbeds of software innovation rather than exporters of programming geniuses to the United States. The U.S. economic boom may yet come to an end if we fail to enact Larry Lindsey's 10 percent tax cut.

The final step in the analogy is this: Whole cultures, like whole genomes, are probably intractable to purposive intervention to change their gross and essential characteristics; but just as particular genes may be manipulated to achieve a specific change in a living organism (like cancer-prone laboratory mice, frost-resistant crops, and, sometime soon, disease-resistant humans), so particular social practices may be modified to aim for a specific result within a larger culture. A whole culture is the product of lengthy social evolution and changes only slowly with respect to broad tendencies such as the tendency to generate economic growth and technological progress. Following the Civil War, it took the American South, a region with a distinctive subculture living under the same national political institutions and economic policies as the North, more than a century to approach northern levels of economic welfare.[10] Efforts to transform cultures wholesale and rapidly, such as Stalinism, have invariably produced calamity. But there are numerous examples of social movements' changing specific habits and customs—such as alcohol and drug use, marriage practices, child-rearing and schooling practices, and religious observance. The Victorian era in England is one, as Gertrude Himmelfarb has shown;[11] so are the successive religious awakenings in America—including perhaps the one we are experiencing today.[12] Jim Wilson's Boyer Lecture, and recent papers by John Dilulio and colleagues, describe current efforts to promote responsible personal and child-rearing practices among unmarried young mothers through supervised communal living arrangements, and responsible conduct among fatherless teenage males through the social ministries of urban churches.[13] These are promising, although as yet unproven, attempts to alter the "culture of poverty" in the wake of the economic-incentive reforms of the Welfare Reform Act of 1996; they are to welfare reform what Lynne Cheney's curriculum reforms are to the charter school and school choice movements.

Is it possible to identify with any particularity the cultural genes that determine, or at least strongly influence, something so general and profound as propensity for economic progress? The habits of individualism and competition on the one hand, and of social association and cooperation on the other, seem to be fundamental. There is a strong tendency in the new growth literature to emphasize the remarkable Western, and especially American, knack for spontaneous voluntary association—for grasping the potential for fruitful social cooperation beyond the family unit and for forming churches, community organizations, schools and universities, giant corporations, and complex market arrangements, all of which require intricate collaboration and trust among strangers. Several social critics of both left and right worry that contemporary Americans have become self-absorbed, narcissistic, and unsocial—"bowling alone" as Harvard's Robert Putnam puts it. That would certainly be a leading indicator of U.S. economic decline, but research by Everett Carll Ladd presented at AEI this fall argues persuasively that Americans in the 1990s remain the proficient social busybodies that Tocqueville marveled at in the 1830s.[14]

At least equally important to material progress are the equally remarkable

Western cultural attributes of individualism, self-reliance, and competitiveness. I am speaking here not only of business culture but of attitudes and habits that pervade American society. They are the inheritance of two thousand years of history in which, in the West and only in the West, no one institution of church or state and no private power has ever been able to maintain a monopoly over the lives and allegiances of citizens for any extended period of time—a history in which every institution had to fight it out constantly, often violently but increasingly over time in peaceful civil competition, with equally strong and durable rivals. Limited government, private enterprise, the independent judiciary, and freedom of the press, religion, association, and inquiry are important parts of this inheritance—but only parts. Ours is also a culture where the sheer pleasures of striving and self-realization, and the hope of winning and fear of losing, keep many of us at the office early and late long after our material needs have been abundantly provided for. It is a culture where academic research and intellectual life are as ferociously competitive as anything on display in the *Microsoft* antitrust trial. It is a culture where government and business misconduct are pitilessly exposed and punished rather than left to fester and grow.

These tough and often lamented cultural attributes are not easily emulated, much less prescribed by the International Monetary Fund. Their tendency to produce continuous improvement is dramatized by another striking artifact of American culture: that Babe Ruth's home run record is always broken *in twos*, when one great slugger is driven not just by the hope of abstract glory—an entry in the record books, a hometown parade—but by the immediate relentless day-to-day rivalry of another great slugger threatening to outdo him.

I am a big believer in altruism, volunteerism, the preaching of right conduct, and every sort of do-good venture that the do-gooders themselves are prepared to pay for. But my sense of the current moment in American culture and politics is that the hard competitive masculine virtues—assertiveness, willingness to take risk, stoicism, cussed determination to prevail—are receiving much less attention than they should. Here are two examples of what I have in mind:

First, an important strand of new research on school performance shows that the intensity of competition among schools has an important effect on school performance as measured by student performance on standardized tests. Where public schools face greater head-to-head competition, either because of the way public school districts are organized or because of the presence of many parochial and other private schools, the public schools do much better by their students and their parents.[15] This suggests that the emphasis in school reform advocacy should be on the effect of school choice and charter schools on the performance of all schools, public and private, rather than on the mere provision of additional options to consumers (as the slogans "school choice" and "parental choice" insinuate). Advocates of social security privatization have already adopted this advice, to great effect: their emphasis is not on the joy of shopping—or being "free to choose" from a smorgasbord of mutual funds and

pension plans—but rather on the superior investment performance that results from competitive supply. In general, the various free-market causes that today go in the name of choice—school choice, investment choice, health insurance choice, charitable choice—should jettison the language of consumerism and instead stress the supply side: the superior discipline and performance that competition tends to produce.[16]

Second, political conservatives should stop talking about how compassionate they are. They will never outdo liberals in the warm-and-fuzzy department, and one party of compassion and tenderness is sufficient. Bill Kristol and other hard-edged conservative activists have recently come under attack for ignoring the example of Ronald Reagan, who is portrayed as a genial, kindly grandfather. Ronald Reagan, we may recall, is the man who first attracted national attention as governor of California by saying to the student radicals at Berkeley, "If it takes a bloodbath now, let's get it over with," and whose formative act as president was to tell the air traffic controllers that those who did not show up for work would be summarily fired. The media spin on Newt Gingrich's downfall is a similar trick: if he had remained truer to flinty Republican principle, he would still be Speaker and his party's majority would be larger. Conservatives should not be afraid to say of compassion what liberals say of passion: that it should be kept largely a private matter.[17]

One salutary effect of these suggestions would be to counterbalance cultural fragmentation and "multiculturalism" in our increasingly heterogeneous nation. Although "choice" is the language of the libertarian right, and "compassion" the language of the redistributionist left, in practice both emphasize differences among individuals and groups rather than what they have in common, and both encourage citizens to regard themselves as entitled recipients of what society has to offer rather than responsible participants in what society has to do. One of the great historic strengths of American culture has been its capacity to embrace and assimilate useful attributes of *other* cultures, whether introduced through immigration or other means. There is plenty of evidence, from language to sports to automobile manufacturing, that this assimilative capacity is as strong as ever today. Americans rightly celebrate their social diversity and dynamism and enjoy the free market's alacrity in serving their highly variegated tastes and interests. Indeed, there is a sense in which both "choice" and "compassion" are political responses to the shrinking importance of government, and growing importance of private markets and private society, in the lives of American citizens: the political entrepreneur, observing what is popular and successful in the society around him, seeks to lead the parade or at least be part of it. But this form of entrepreneurship should be resisted, for a central responsibility of government and political leadership is to emphasize common traditions and those aspects of a nation's culture that are unifying rather than dividing. A government that sticks to the business of providing essential public services fortifies the common culture, because essential services are those that serve needs which are widely shared. And a government that respects and fortifies competition in all aspects of private

society does a great deal to promote a strong, healthy culture—one where the old and the new are continuously tested and combined into a productive and satisfying whole.

I am happy to say that AEI's Board chairman over the past four years is a model of the virtues I am advocating—reserved and undemonstrative, even taciturn, but also knowing, strongly principled and determined, and, when necessary, unhesitatingly willful—all to AEI's enormous benefit. Bill Taylor is also a true intellectual who follows our work to a degree that is sometimes a little unnerving. When I first met him and was trying to impress him with some recent piece of AEI research, he replied that he had already read all about it in the latest issue of his favorite journal, *The Public Interest*; I remember thinking to myself: this is a very special man, and specially suited to overseeing AEI. Working with Bill has been a pleasure and one of the great perks of my job in recent years. He is not abandoning us—he remains a member of the AEI Board and Executive Committee, and I know he will remain a discriminating AEI reader who will let us know what we are doing well and what we are doing less than well. But tonight is the night for us to convey our heartfelt gratitude to Bill and his wonderful wife Barbara for all that they have done to advance AEI's fortunes and ideals, and to raise a toast to their continued good health and happiness in the years ahead.

As some of us know, Bill also has a romantic side and is an accomplished student of the cinema. He's the sort of person who, when you are raving uncritically about some great old 1930s movie, will remark that the best thing about the film was that so-and-so was the cinematographer, and that was where he first used his revolutionary panning technique, and do you remember how he later improved on it to such great effect in such-and-such movie in the 1940s. So we thought that some old movie posters to hang in the vicinity his movie collection would be a nice gift. From what I've said about Bill, you might guess that Gary Cooper would be appropriate, but Bill's tastes are actually a bit more cerebral and run to the Basil Rathbone of the Rathbone/Nigel Bruce *Sherlock Holmes* movies of the 1930s. I am happy to present to Bill these five original 1939 studio cards from the series, inscribed:

*For Wilson H. Taylor Chairman of the Board of Trustees American Enterprise Institute for Public Policy Research 1994 – 1998 Whose eye for the subtle detail helped us to solve many mysteries From his friends and colleagues at AEI December 10, 1998*

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## Notes

1. James Q. Wilson, *Two Nations* (AEI Press, 1998), p. 9.
2. James Q. Wilson, *The Moral Sense* (Free Press, 1993).
3. Originally published in *The Public Interest*, No. 81 (Fall 1985), p. 3, and

reprinted in *On Character: Essays by James Q. Wilson* (AEI Press, 1991; expanded edition, 1995), p. 11.

4. *Thomas Sowell, Is Reality Optional?* (Hoover Press, 1993).

5. The estimate was for 1985, the most recent year covered. See U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1989* (Government Printing Office, January 1989), table 1411, p. 822, showing per capita gross national product for 1985 (in 1984 dollars) as \$10,330 for East Germany and \$10,320 for West Germany. The events leading to East Germany's abandonment of its emigration restrictions and the opening of the Berlin Wall on November 9, 1989, are recounted and analyzed in Jeffrey Gedmin, *The Hidden Hand: Gorbachev and the Collapse of East Germany* (AEI Press, 1992), pp. 87–116.

6. Robert J. Barro, *Determinants of Economic Growth: A Cross-Country Empirical Study* (MIT Press, 1997), and *Getting It Right: Markets and Choice in a Free Society* (MIT Press, 1996), pp. 1–43 ("Economic Growth"); Thomas Sowell, *Race and Culture: A World View* (Basic Books 1994), *Migrations and Culture: A World View* (Basic Books 1996), and *Conquests and Culture: An International History* (Basic Books 1998); Robert E. Hall and Charles I. Jones, "Fundamental Determinants of Output per Worker Across Countries," *Quarterly Journal of Economics*, vol. 114 (forthcoming 1999); Rafael La Porta, et al., "The Quality of Government," NBER Working Paper 6727 (September 1998); David S. Landes, *The Wealth and Poverty of Nations: Why Some Nations Are So Rich and Some So Poor* (Norton, 1998); Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (Free Press, 1996); Tom Bethell, *The Noblest Triumph: Property and Prosperity through the Ages* (St. Martin's Press, 1998); P. J. O'Rourke, *Eat the Rich: A Treatise on Economics* (Atlantic Monthly Press, 1998). An important earlier work emphasizing the role of culture in economic development is Lawrence E. Harrison, *Underdevelopment Is a State of Mind* (Center for International Affairs, Harvard University, and University Press of America, 1985).

7. Ratios calculated from Angus Maddison, *Monitoring the World Economy, 1820–1992* (Organization for Economic Cooperation and Development, 1995), table 1–3, p. 23, and Angus Maddison, "Explaining the Economic Performance of Nations, 1820–1989," in William J. Baumol, et al., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford University Press, 1994), table 2–1, p. 22. Cf., Lant Pritchett, "Divergence, Big Time," Policy Research Working Paper 1522 (World Bank, October 1995).

8. The inclusion of representative democracy on this list is problematic. Democratic governments are reliable sources of redistributive policies that retard economic growth. Democracy and prosperity are highly correlated, but the direction of causation is empirically ambiguous and probably runs strongly from

prosperity to democracy: wealthy, educated populations demand self-government. See Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* (1959), vol. 53, p. 69; Robert J. Barro, "Democracy and Growth," *Journal of Economic Growth* (January 1996), p. 1.

9. Herbert Stein, "The U.S. Economy: A Visitors' Guide," *The American Enterprise*, July/August 1990, pp. 6, 7.

10. Robert J. Barro and Xavier Sala-i-Martin, "Convergence Across States and Regions," *Brookings Papers on Economic Activity*, 1991, No. 1 (1991), p. 107. Cf. Barro, *Getting It Right*, op. cit., pp. 12–17.

11. Gertrude Himmelfarb, *Marriage and Morals among the Victorians and Other Essays* (Random House, 1975).

12. See Robert W. Fogel, *The Fourth Great Awakening and the Future of Egalitarianism* (University of Chicago Press, forthcoming 2000).

13. John J. Dilulio, Jr., "The Coming of the Super-Preachers," *The Weekly Standard* (June 23, 1997), p. 23; David B. Larson and Byron R. Johnson, "Religion: The Forgotten Factor in Cutting Youth Crime and Saving At-Risk Urban Youth," Manhattan Institute, Center for Civic Innovation (1998); Jeremy White and Mary de Marcellus, "Faith-Based Outreach to At-Risk Youth in Washington, D.C.," Manhattan Institute, Center for Civic Innovation (1998).

14. Everett Carll Ladd, "Bowling with Tocqueville: Civic Engagement and Social Capital," Bradley Lecture delivered at the American Enterprise Institute on September 15, 1998, available at the AEI website, <http://www.aei.org/bradley/bl091598.htm>. The lecture is based on Ladd's forthcoming book, *The Ladd Report on Civic America* (Free Press, 1999). The article by Robert D. Putnam contradicted by Ladd is "Bowling Alone: America's Declining Social Capital," *Journal of Democracy* (January 1995), p. 77.

15. Caroline Minter Hoxby, "Does Competition Among Public Schools Benefit Students and Taxpayers?" *American Economic Review* (forthcoming); "Do Private Schools Provide Competition for Public Schools?" NBER Working Paper No. 4978 (1994). The finding that more numerous suppliers positively affects the quality of the services supplied has no formal basis in economic theory: in that theory, even the monopolist with no competitors supplies the *quality* of services consumers desire, and uses resources efficiently to supply them—he just charges a higher price than competitive suppliers would. The finding is best understood as evidence about the culture of competition.

16. Milton Friedman, whose powerful polemical work, *Free to Choose* (Harcourt Brace Jovanovich, 1980), has influenced the substance and rhetoric of the

various "choice" movements, himself recognizes that the case for free markets does not depend on the "work-to-live" school of human action, which regards the fulfillment of given individual wants as the primary end of economic activity, but may also be based on the Schumpeterian "live-to-work" school, which regards productive activity as the primary end and the producer-innovator as the driving force in economic markets. See Milton Friedman, *Price Theory* (Aldine, 1976), pp. 12–13.

17. Jean-Jacques Rousseau, the original exponent of compassion as a political sentiment, himself concluded that "compassion must remain a private matter" and would have been unsympathetic with the use of compassion by modern liberals as a device for building popular support for government spending and redistribution programs. The quotation is from Clifford Orwin, "Moist Eyes—from Rousseau to Clinton," *The Public Interest*, No. 128 (Summer 1997), pp. 3, 13 (originally delivered as a Bradley Lecture at AEI in April 1997).