Francis Fukuyama, “The End of History,” 1989

Francis Fukuyama is an American philosopher and political economist. In a famous article written at the end of the Cold War, Fukuyama argued that the progression of human history as a struggle between ideologies was at an end—not that history itself would cease, but that there was no longer any meaningful challenger or viable alternative to capitalism and liberal democracy.

In watching the flow of events over the past decade or so, it is hard to avoid the feeling that something very fundamental has happened in world history. The past year has seen a flood of articles commemorating the end of the Cold War, and the fact that “peace” seems to be breaking out in many regions of the world. Most of these analyses lack any larger conceptual framework for distinguishing between what is essential and what is contingent or accidental in world history, and are predictably superficial. If Mr. Gorbachev were ousted from the Kremlin or a new Ayatollah proclaimed the millennium from a desolate Middle Eastern capital, these same commentators would scramble to announce the rebirth of a new era of conflict.

And yet, all of these people sense dimly that there is some larger process at work, a process that gives coherence and order to the daily headlines. The twentieth century saw the developed world descend into a paroxysm of ideological violence, as liberalism contended first with the remnants of absolutism, then bolshevism and fascism, and finally an updated Marxism that threatened to lead to the ultimate apocalypse of nuclear war. But the century that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning full circle to where it started: not to an “end of ideology” or a convergence between capitalism and socialism, as earlier predicted, but to an unabashed victory of economic and political liberalism.

The triumph of the West, of the Western idea, is evident first of all in the total exhaustion of viable systematic alternatives to Western liberalism. In the past decade, there have been unmistakable changes in the intellectual climate of the world’s two largest communist countries, and the beginnings of significant reform movements in both. But this phenomenon extends beyond high politics and it can be seen also in the ineluctable spread of consumerist Western culture in such diverse contexts as the peasants’ markets and color television sets now omnipresent throughout China, the cooperative restaurants and clothing stores opened in the past year in Moscow, the Beethoven piped into Japanese department stores, and the rock music enjoyed alike in Prague, Rangoon, and Tehran.

What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of postwar history, but the end of history as such: that is, the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government. This is not to say that there will no longer be events... But there are powerful reasons for believing that liberal democracy is the ideal that will govern the material world in the long run. ...

Have we in fact reached the end of history? Are there, in other words, any fundamental “contradictions” in human life that cannot be resolved in the context of modern liberalism, that would be resolvable by an alternative political-economic structure? ...
In the past century, there have been two major challenges to liberalism, those of fascism and of communism. The former saw the political weakness, materialism, anomie, and lack of community of the West as fundamental contradictions in liberal societies that could only be resolved by a strong state that forged a new “people” on the basis of national exclusiveness. Fascism was destroyed as a living ideology by World War II. This was a defeat, of course, on a very material level, but it amounted to a defeat of the idea as well. …

The ideological challenge mounted by the other great alternative to liberalism, communism, was far more serious. Marx, speaking Hegel’s language, asserted that liberal society contained a fundamental contradiction that could not be resolved within its context, that between capital and labor, and this contradiction has constituted the chief accusation against liberalism ever since. But surely, the class issue has actually been successfully resolved in the West. … This is not to say that there are not rich people and poor people in the United States, or that the gap between them has not grown in recent years. But the root causes of economic inequality do not have to do with the underlying legal and social structure of our society, which remains fundamentally egalitarian and moderately redistributionist, so much as with the cultural and social characteristics of the groups that make it up, which are in turn the historical legacy of premodern conditions. Thus black poverty in the United States is not the inherent product of liberalism, but is rather the “legacy of slavery and racism” which persisted long after the formal abolition of slavery...

The passing of Marxism-Leninism first from China and then from the Soviet Union will mean its death as a living ideology of world historical significance. For while there may be some isolated true believers left in places like Managua, Pyongyang, or Cambridge, Massachusetts, the fact that there is not a single large state in which it is a going concern undermines completely its pretensions to being in the vanguard of human history. And the death of this ideology means the growing “Common Marketization” of international relations, and the diminution of the likelihood of large-scale conflict between states.

This does not by any means imply the end of international conflict per se. For the world at that point would be divided between a part that was historical and a part that was post-historical. Conflict between states still in history, and between those states and those at the end of history, would still be possible. There would still be a high and perhaps rising level of ethnic and nationalist violence, since those are impulses incompletely played out, even in parts of the post-historical world. Palestinians and Kurds, Sikhs and Tamils, Irish Catholics and Walloons, Armenians and Azeris, will continue to have their unresolved grievances. This implies that terrorism and wars of national liberation will continue to be an important item on the international agenda. But large-scale conflict must involve large states still caught in the grip of history, and they are what appear to be passing from the scene.

The end of history will be a very sad time. The struggle for recognition, the willingness to risk one’s life for a purely abstract goal, the worldwide ideological struggle that called forth daring, courage, imagination, and idealism, will be replaced by economic calculation, the endless solving of technical problems, environmental concerns, and the satisfaction of sophisticated consumer demands. … Perhaps this very prospect of centuries of boredom at the end of history will serve to get history started once again.
The good news is, you’ll be a millionaire soon. The bad news is, so will everybody else. …

What if we are just at the beginning of the beginning of a long wave of ultraprospersity?

Picture twenty more years of full employment, continued stock-market highs, and improving living standards. Two more decades of inventions as disruptive as cell phones, mammal cloning, and the Web. Twenty more years of Quake, index funds, and help-wanted signs. Prosperity not just for CEOs, but for ex-pipe fitters, nursing students, and social workers as well.

The market will fluctuate daily, but by 2010, the Dow will soar past the 50,000 mark.

How many times in the history of mankind have we wired the planet to create a single marketplace? How often have entirely new channels of commerce been created by digital technology? When has money itself been transformed into thousands of instruments of investment? It may be that at this particular moment in our history, the convergence of a demographic peak, a new global marketplace, vast technological opportunities, and financial revolution will unleash two uninterrupted decades of growth.

This quick-boom scenario promises accelerating economic expansion, perhaps in the vicinity of 4 percent per year - a scenario that’s simply off our charts, a prospect so unfathomable that we have refused to consider its implications. …

Yet ultraprospersity for Americans looks more plausible all the time. The metrics point to it: a booming stock market, low inflation, high employment, steady consumer confidence, price stability, low interest rates, rising wages, lowering crime, and no sign of any of these waning. … The beginning of every previous boom has hatched prophets claiming that “this time is different.” Immediately after these claims are made, the market crashes. But sometimes, things really are different.

This time, for the first time, the economy reflects these four forces at once:

**Demographic Peak** The largest, best-educated, most prosperous generation that has ever lived is entering its peak years of productivity, earning, and spending. This is true for the US, but also for much of the rest of the developed world. This boom of producers and
consumers creates a huge market for products, a huge force of creativity, a huge pile of money, and a huge demand for investments.

**Technology Rush** The largest deployment of novel products and services, labor-saving machines, and life-changing techniques is now under way. In addition, we'll begin to harvest the productivity gains of technology deployed in the past two decades. But most important, new technology is creating entirely new territories of economic development (the Internet and kin) that will be profitably settled in the next decade.

**Financial Revolution** Money itself is undergoing a revolution. The velocity of money - how often it changes hands - continues to increase, middle-class values continue to spread around the world, and financial inventions continue to proliferate. Innovations such as mutual funds, rapid IPOs, microloans, 24-hour markets, hedge funds, smartcards, reverse auctions, and mass online trading liberate the flow of capital and spur intense economic growth. And the transformation of money and markets has only just begun.

**Global Openness** The spread of democracy, open markets, freedom of speech, and consumer choice around the globe accelerates economic growth. Global openness not only enlarges the potential market for any invention to 5 billion customers, it also creates intense competition among governments to construct environments hospitable to progress. Prosperity can no longer be segregated to one part of the globe, and when prosperity does break out, it is amplified quickly by ever-spreading freedoms.

Fast-forward to 2020. After two decades of ultraproductivity, the average American household’s income is $150,000, but milk still costs only about $2.50 a gallon. Web-enabled TVs are free if you commit to watching them, but camping permits for Yellowstone cost $1,000. Almost everyone working has signed up for a job that does not exist (at the moment); most workers have more than one business card, more than one source of income. Hard-hat workers are paid as much as Web designers, and plumbers charge more for house calls than doctors. For the educated, the income gap narrows. Indeed, labor is in such short supply that corporations “hire” high school grads, and then pay for their four-year college educations before they begin work.

What the rich have in the year 2000, the rest have in 2020: personal chefs, stay-at-home moms, six-month sabbaticals. The personal private foundation has become the status symbol of wealth. *People* magazine features its annual list of the world’s most charitable donors. Although tax rates have lowered, the amount of money flowing into state and federal budgets is awesome. Social Security has ample funds, and hundreds of thousands of schools, hospitals, and libraries have newly opened. Ambitious, large-scale public works are all the rage; there’s a scandal over whose corporate logos appear on the space suits of the first manned mission to Mars. The majority of Americans are heavily invested in the stock market, so market quotes are as ubiquitous as pop music. The abundance of cheap appliances and gadgets has devalued possessions. The most affluent consumers boast of having less of this or that, but in the end they spend a larger percentage of their income on services and products that attempt to define their identity. In the age of ultraproductivity, it’s easy to make a dollar, but hard to make a difference. …

Here, in some detail, are a variety of consequences that seem possible, should this ultraproductivity happen.

**The Dow at 100,000** The market will fluctuate daily, but by the end of the next decade the Dow Jones index will soar past the 50,000 mark. Barring total disaster, by the year 2025
the Dow will hit 100,000. Four analysts, using four different methods, have forecast the Dow reaching these seemingly exuberant heights in the coming decades. 

**The Equity Majority** The percentage of Americans who own stock in corporate enterprises, either through pension funds, mutual funds, or direct stock ownership, has been rising rapidly. Today it is about 45 percent. By 2010 a clear majority of Americans will be equity holders, especially in a rising market. … Ultraprosperity nurtures this emerging equity culture and enriches the equity majority.

**Escalator Salaries for Most** Those in the highest-paid quintile can expect to see their average household take-home rise to about $500,000 by 2020. The average wage will also rise, but not as fast. …

**Cheap Necessities** As societies become richer, people tend to spend less of their income on basics such as food, clothing, and shelter. At the turn of the century a typical American allotted three-quarters of his spending to these basics; by the 1990s this amount was reduced to 37 percent. It should be as low as 25 percent by 2010. … Prosperity will liberate 75 percent of the average household income to be spent on nonessentials such as travel, self-fulfillment, charity, deluxe health care, risk reduction (insurance), pets, entertainment, investments, and lots of new gizmos. …

**Consumptivity** Cheap necessities breed consumption. Without consumption there is no boom. … But can our voracious appetite for new goods continue at this pace another 20 years? Can we possibly purchase, and enjoy, 10 times more than we now have without collapsing in fatigue? The answer is yes. As the real prices of goods continue to drop, we will continue to populate our environments with more of them. More cars. More phone lines. More bathrooms. More trips. More digital screens. More books. More of everything. …

**Jeeves Returns** … Not long ago Hawaiian vacations, cell phones, and traveling in sweatpants were reserved for the very wealthy. As the ultraprosperity wave washes over middle America, the lifestyles of the working rich become a template for everyone else. What’s the first thing the rich of today do? They hire Jeeves. They get personal assistants. They pay for doctors, vets, and trainers who make house calls, or chefs who come to their homes to cook for their family. They have gardeners, handymen, tutors for their kids, and all kinds of personal advisors. … Even now, finding a good gardener can be on par with finding a good dentist.

**Eight in Nine Leisure Time** Ultraprosperity increases our leisure time - sort of. … In 1870, for every hour we worked at a job, we spent roughly two hours not working - and devoted most of that free time to sleep. By 1950, the ratio was close to one hour working for four hours leisure. By 2010, for every hour of our lifetime that we spend working (including working at home), we’ll spend eight hours in leisure. …

**Polyemployment** Today there are 20 million enterprises and 130 million workers in the US; that means there is one company for every six and a half workers. Starting a business is becoming as routine as getting a job. In another 20 years, there could be 40 million enterprises, or one company for every three bodies in the workplace. This is possible not because the average size of a company is shrinking to three people, but because so many workers double- or triple-dip, moonlighting, part-timing, consulting, or running a startup in their garage. Everybody is in business, and they are in more than one business. We’re headed for polyemployment instead of unemployment.

**Pure Green** Prosperity unleashes demand for pure water and air. The true costs of a clean environment can be faced and afforded. Air, soil, and water pollution will lower dramatically in the next 20 years. Healthy interiors, including air quality, will be the norm. Intolerance for pollutants and species extinction will be high. … Ironically, technologies that
diminish our impact on the environment will make more money and generate yet more prosperity.

**Getting Richer Younger** While fortunate times have created sudden wealth before, there has never been so much wealth in the hands of so much youth as in this wave. In the past, extreme wealth was slowly accumulated and enjoyed by people (mostly men) in the latter part of their life. Now the greatest wealth on the planet is going to an increasingly younger group of people who are also increasingly women. Workers are getting richer younger, and the young rich don’t use their money in the same way as the old rich; the chief difference is that the young rich keep working. And since they are still working, still taking chances, after they buy their big house and fast cars they invest aggressively, demand equity rather than income, and keep priming the pump for more economic growth.

**Prosperity Dividend** The tidal waves of wealth being generated by industry are surging into the coffers of the tax collectors. The US Congressional Budget Office expects to retire the national debt by 2009. In 2020, there could be a budget surplus in the trillions (!). As Matthew Miller, a senior fellow at the Annenberg Public Policy Center, says, “This means guns *and* butter: ballistic missile defense, universal health coverage, hefty tax cuts, *and a Marshall Plan for Kosovo.*” Peter Schwartz of the Global Business Network suggests that a prosperity-fed treasury means that “we’ll set out to do the Great Works - like upgrading schools, or sending a mission to Mars.” The short-lived Peace Dividend gave us some idea of the difficulty in apportioning a bonus; a longer-lived Prosperity Dividend will likewise be hard to divide, all the more so as it gets bigger.

**Help Wanted Forever** In the ultraprosperity zone there are a million ideas, a million dollars to fund each idea, and no one to make it happen. Where do 40 million businesses find enough workers? Where do they find skilled and trained ones? Where do they find 40 million managers? People are the limiting factor in the expansion of prosperity. This plays into the strengths of people, making them the killer app. But it also makes a shortage of laborers a key challenge. Immigration may help. Retirees who never retire may also help. Extreme prosperity means perpetual help-wanted signs.
Bill Clinton, Speech to the WTO, 1998

Bill Clinton’s presidency moved the Democratic Party towards the political center by marrying liberal-left positions on social and cultural issues to financial policies often associated with the Republicans. In particular, Clinton embraced free trade. He broke with many in his own party, especially labor unions, to push for legislation lowering trade barriers between nations. He signed the North American Free Trade Agreement between the U.S., Canada, and Mexico in 1993, reached a landmark trade agreement with China in 1999, and was instrumental in creating the World Trade Organization in 1995. His speech to the WTO in 1998 expressed the decade’s most cherished economic ideals: faith in trade, markets, globalization, and new technology.

Near the end of World War II, as leaders and ordinary citizens began to dream of a system that would prevent a return to war, President Franklin Roosevelt asked the people of the United States and the world to look ahead to peace with these words: He said, “A basic essential to permanent peace is a decent standard of living for all individual men and women and children in all nations. Freedom from fear is eternally linked with freedom from want.”

It was that understanding that led a farsighted generation of postwar leaders, determined to avoid past errors of protectionism and isolationism, to embrace what was then still a revolutionary idea, that freedom – freely-elected governments, free markets, the free flow of ideas, the free movement of people – would be the surest route to the greatest prosperity for the largest number of people.

They were also confident that growing economic interdependence would lead to greater peace among nations. The economic alliances and institutions they created – the IMF, the World Bank, the GATT – built a platform for prosperity and peace that has lasted down to the present day.

In the fullness of time, events have confirmed the convictions of the founders of the international system. World trade has increased fifteenfold; average tariffs have declined by 90 percent; the trading community has grown from 23 nations to 132, with 31 more working to join. Russia and China, where the shackles of state socialism once choked off enterprise, are moving to join the thriving community of free democracies. Trade is creating prosperity among the nations of the Americas and offers hope to the emerging economies of Africa and Asia.

On the edge of a new millennium, our people are creating a new economy, a very different one from that our founders faced 50 years ago. The new one is driven by technology, powered by ingenuity, rewards knowledge and teamwork, flexibility and creativity, and draws us closer across the lines that have divided us for too long.

This new global economy offers the possibility, but not the guarantee, of lifting billions of people into a worldwide middle class and a decent standard of living, the opportunity to give their children a better life. … The challenge of the millennial generation here gathered is, therefore, to create a world trading system, attuned both to the pace and scope of a new global economy and to the enduring values which give direction and meaning to our lives. We took the first vital step when we created the World Trade Organization in 1995, a goal that had eluded our predecessors for nearly half a century. … Since that event, world trade has increased by 25 percent. We also have begun to build an infrastructure for this new economy, with historic agreements on information technology, telecommunications, and financial services, which together affect trillions of dollars in global commerce every year.

At the G-8 Summit just concluded in Birmingham, the leaders worked on ideas to strengthen the international financial architecture so that private capital markets can spur rapid growth while minimizing the risk of worldwide economic instability. Now, we must build on these achievements with a new vision of trade to construct a modern WTO for the 21st century. I would like to offer you my suggestions.

First, we must pursue an ever more open global trading system. Today let me state unequivocally that America is committed to open trade among all nations. Economic freedom and open trade have brought unprecedented prosperity in the 20th century; they will widen the circle of opportunity dramatically in the 21st. One-third of
the strong economic growth we have enjoyed in America these past five years was generated by trade. For every country engaged in trade, open markets dramatically widen the base of possible customers for our goods and services. We must press forward.

Redoubling our efforts to tear down barriers to trade will spur growth in all our countries, creating new businesses, better jobs, higher incomes, and advancing the free flow of ideas, information, and people that are the life blood of democracy and prosperity. At the U.S.-EU Summit in London today, we embraced this goal and committed ourselves to reducing barriers and increasing trade in a dozen important areas.

No matter how much some people might wish otherwise, globalization and the technology revolution are not policy choices, they are facts. The choice is whether we shape these forces of a new economy to benefit our people and advance our values, or retreat behind walls of protection to be left behind in the race for the future.

At a moment when, for the first time in all human history a majority of the world’s people live under governments of their own choosing; when the argument over which is better -- free enterprise or state socialism – has been won; when people on every continent seek to join the free market system, those of us who have benefited most from this system and led it must not turn our backs. For my part, I am determined to pursue an aggressive open market strategy in every region of the world. …

We must have a trading system that taps the full potential of the Information Age. This revolution in information technology is the greatest force for prosperity in our lifetimes. The Internet is the fastest growing social and economic community in history, a phenomenon with unimagined revolutionary potential to empower billions around the world. It has been called the "death of distance," making it possible for people to work together across oceans as if they were working together across the hall.

When I became President, there were only 50 sites on the World Wide Web. Four years ago, there were still less than 3 million people with access to the Internet. Today, there are over 100 million people, with the number doubling every year. …

Earlier today at the Summit of the EU, we agreed to deepen our collaboration in this area. And last week, the Japanese Prime Minister, Mr. Hashimoto, and I, agreed to move forward together with a market-oriented, private-sector-led approach to enhance privacy, protect intellectual property, and encourage the free flow of information and commerce on the Internet. I hope we can build a consensus that this is the best way to harness the remarkable potential of this new means of communication and commerce. …

Finally, we must develop an open global trading system that moves as fast as the global marketplace. In an era in which new products lifecycles are measured in months, and information and money move around the globe in seconds, we simply can no longer afford to take seven years to finish a trade round – as happened during the Uruguay Round – or to let decade pass between identifying and acting on a trade barrier we all know ought to fall.

In the meantime, new industries arise, new trading blocs take shape, and governments invent new trade barriers every day. We should explore what new type of trade negotiating round or process is best suited to the new economy. There must be a way to tear down barriers without waiting for every issue in every sector to be resolved before any issue in any sector is resolved. There must be a way to do this that is fair and balanced to nations large and small, rich and poor. Surely we can negotiate trade agreements in a way that is faster and better than the way we have followed to date.

For example, agriculture – which I understand has been discussed quite a bit here -- is at the heart of our economy and many of yours. Tearing down barriers to global trade is, I believe, critical to meeting the food needs of a growing world population. Starting next year, we should aggressively begin negotiations to reduce tariffs and subsidies, and other distortions that restrict productivity and the best allocation of food. We must develop rules rooted in science to encourage the full fruits of biotechnology. And I propose that even before negotiations near conclusions, WTO members should pledge to continue making annual tariff and subsidy reductions so that there is no pause in reform. …
These are my proposals for a 21st century trading system -- one that is more open and accountable; one that listens to the voices of citizens; that works to protect the environment, and lift the lives and incomes of ordinary people; one that is in sync with the Information Age; that promotes honest, effective government; and that makes better, faster decisions. In short, a trading system based on the new economy and old, enduring values. To move forward, I am inviting the trade ministers of the world to hold their next meeting in 1999 in the United States.

I ask you to think about the opportunity that has been presented to all of us – the chance to create a new international economy in which open markets and open economies spark undreamed of innovation and prosperity; in which the skills of ordinary citizens power the prosperity of entire nations; in which the global economy honors those same values that guide families in raising their children and nations in developing good citizens; in which poor people, at last, find opportunity, dignity, and a decent life; in which increasing interdependence among nations enhances peace and security for all.

Pat Buchanan and Ralph Nader,
“(No) Battle in Seattle,” 1999

Democratic and Republican support of trade liberalization left opposition to free trade, the WTO, the World Bank, etc. to the fringes of both parties. On the eve of the WTO meetings in Seattle, conservative Pat Buchanan and progressive activist Ralph Nader discussed trade and globalization in a then-novel forum, an online chat for Time Magazine. Both Buchanan and Nader would run as third-party candidates for president in the 2000 election.

Time: Our guests tonight are Pat Buchanan and Ralph Nader ... two very different political figures, who are coming down on the same side of a hotly debated issue: globalization. Patrick Buchanan has just joined us! Welcome, Mr. Buchanan. Thanks for coming by.

Pat Buchanan: Glad to be here in the chat room with my old friend and antagonist Ralph Nader.

Time: Mr. Nader should be here in just a few minutes... but let's take the first question.

lady504 asks: Please tell me what this "battle" is all about.

Pat Buchanan: The battle in Seattle is about whether global free trade shall triumph over all other values. Whether it be the environment, human rights, economic independence, or national security. And almost all of us going out to the WTO to oppose the agenda say no.

Time: Mr. Nader has just joined us... He adds to that:

Ralph Nader: I would not use the language of the adversary. It isn't free trade. If it was free trade why would they need hundreds of pages of rules and regulations? If it was free trade they could do it in two sentences. GATT and WTO is a massive global regulatory system concocted by corporations, lawyers and their minions without any accountability. It's an autocratic system.

BlueSilkBebe asks: I would like to know how the two of you ended up on the same side of the issues?
Pat Buchanan: What brought me to the issue is the massive loss of good paying jobs, the decline of America’s economic independence, and the emergence of a global government unresponsive to the people.

Ralph Nader: What attracted me to the WTO was the fact that it’s government of the big corporations, by the big corporations, for the big corporations, that undermined our democracy, that gave up more of our sovereignty than we have ever given up in our entire history in order to subordinate all human values for workers, consumers, small taxpayers and the environment, and our democratic processes to the dictates of international commerce.

Pat Buchanan: It’s trade uber alles.

bradknick asks: Have Messrs. Nader and Buchanan discussed WTO-related issues in depth together? Or is it strictly a marriage of convenience - "the enemy of my enemy is my friend" sort of thing?

Ralph Nader: Nonsense. We’ve discussed this for five years. We’ve held press conferences. And it’s a cooperation of convictions that we must defend and improve our democracy so that we can agree to disagree freely.

Pat Buchanan: Ralph and I have been in this battle for almost six years since the great NAFTA fight. And we stand together firmly on one principle, that whatever the decisions about the economic destiny of Americans are, they will be made by the American people and not by the transnational corporations in collusion with this embryonic institution of world government.

Louisk39 asks: For Ralph Nader: Why mix environmental concerns with trade policy? Free trade is good for America; if you want developing countries to have concern for the environment, go there and convince their governments.

Ralph Nader: Tell that to the timber companies who are cutting down the equatorial forests. Tell that to the giant fishing fleets who have reduced the ocean catch for the first time in history. Tell that to the biotechnology corporations who are trying to control the seeds that the farmers are using. Tell that to the fossil fuel giants who are contaminating the air, water and land of 3rd World countries along with automobile manufacturers. To summarize: Trade issues and environmental issues should be separated. Environmental and health issues should not be subordinated to trade matters. The first mistake of the WTO is that it subordinates health and environment to trade. They should not try to subjugate democratic processes to trade.

ironpumper35 asks: Why are not more Republicans fighting this new world order that takes American sovereignty away to give to the UN?

Time: Or in this case, the WTO.

Pat Buchanan: First, we’ve gained support among Republicans in the house from about 43 who opposed NAFTA to about 70, I believe, who opposed fast track. Second, a significant slice of the Republican Party are the bellhops of the Business Roundtable. If they say no to the Business Roundtable, they’ll probably hold their next Republican Party Gala at a Motel 6.

Louisk39 asks: For Buchanan, why lock our workers into old 19th century factory jobs via protectionism? The best examples of protectionism are in North Korea and Cuba. We have 20 million new jobs under freer Clinton/Gore trade.

Pat Buchanan: The gentleman is ignorant of history. The greatest growth in American history was from 1860 to 1913 when we averaged 4% a year. We had an economy half the size of Great Britain at the start, and ended up with an economy twice the size of Great Britain’s, while the British embraced free trade and we embraced protectionism. And how can you say these are 19th century jobs, building cars, motorcycles, textiles, toys, etcetera, when Americans, on the eve of the 21st century, are consuming them in greater volumes than ever before.

Ralph Nader: US trade with all foreign nations accounts for less than 12% of our GNP. All international trade between all countries, including countries in the European Union, all totaled, is less than the
size of the US economy. It runs a little over 6 trillion dollars; the US economy is more than 10 trillion. That 6 trillion dollar figure includes all trade between all other countries, Germany with France, Brazil with Peru, Malaysia with India, everything. Countries prosper when they get their domestic economies growing. Japan is the leading protectionist nation; that’s how it made its economy grow. …

ihc55 asks: How are you going to stop globalization?

**Ralph Nader:** The way to stop the WTO is to enforce all the accusations of member countries against other member countries. The US puts out an annual report along with Canada and Japan, accusing other countries by name of violating laws. All you have to do is enforce most of them and the WTO would collapse under an uproar of popular indignation and revolt.

**Pat Buchanan:** I think that the rise of economic patriotism in countries all over the world including the US is going to bring down these global governmental institutions which basically work at the behest of transnational corporations, that override the interests of nations and their people. Seattle is a dress rehearsal for what is coming. …

**bobreform** asks: Mr. Nader, Do you endorse Mr. Buchanan's presidential campaign?

**Ralph Nader:** Since I am going to decide whether to run early next year, I can’t support anyone at this point.

**Pat Buchanan:** What party?

**Ralph Nader:** The Green Party.

dwgu55 asks: Are there any responsible corporations out there or is that an oxymoron?

**Pat Buchanan:** Let me say that my criticism of American corporations is that so many of them are ceasing to be American in their outlook, in their interest and in their concern. They’re turning their backs on their country, and their workers and that’s not the system of free enterprise I’ve celebrated all my life. And I have no interest in defending that. They’ve ceased to be American companies.

**Ralph Nader:** About two years ago, I sent letters to some of the largest American corporations. I asked since they were born in the US, since they made their profits off the labors of American workers, since when they get in trouble they go to Washington. for corporate bailouts by US taxpayers, and when they get in trouble overseas they call the US Marines, I suggested that these companies pledge allegiance to the American flag and the republic for which it stands, of course, ending with the delightful phrase, with liberty and justice for all. Only one company said it was a good idea: Federated Department Stores, I guess because they can’t relocate overseas. All the rest who replied, about half of them, said no. I guess that illustrates what Pat was saying.

**andrew93_2000** asks: All the jobs leaving the USA are no-tech and low-tech, though they are unionized. Why not focus on the new hi-tech labor force we need rather than save the low-tech jobs?

**Pat Buchanan:** Look, we have working men and women in this country many of whom do not have advanced degrees and computer skills. For years, these Americans had a yellow brick road right to the middle class: tens of millions of manufacturing and industrial jobs in a country that produced at one point 30% of all the world’s manufactured goods. It’s these jobs we’re sending overseas. And it’s these workers and Americans who we are selling out when we deprive them of a manufacturing job with health insurance and force them into a service job that may pay only two thirds of their previous wages.

**Ralph Nader:** The jobs that are staying at home are the $6 an hour low-tech, McDonald’s food jobs. And the capital-intensive jobs moving over the Rio Grande into Mexico are not low-tech jobs. They are capital intensive jobs. So the reality is just the opposite of what the questioner poses.

**hyde_volpe** asks: Pat and Ralph: Do either or both of you see this coming together of the old liberal and conservative politics over the sovereignty and corporate power issues as the beginnings of a truly
new populist movement that may have equal significance to the one
of the last century?

**Pat Buchanan:** I think there’s a realignment coming in American politics. It will leave Newt Gingrich and Bill Clinton and their minions in the same party. And there will be a new party that’s rooted in traditionalism and economic patriotism and that puts America and the American people first. And I think the battle will be between globalism and patriotism.

**Ralph Nader:** It began a few years ago on corporate welfare issues, where liberal and conservatives got together to defeat the Clinch River breeder reactor boondoggle. … Giant corporations are on a collision course with democracy. Whether liberals and conservatives disagree on all sort of issues, they have got to agree on one: they can’t operate without democracy.

**Pat Buchanan:** The transnational corporate interests are repeatedly coming into conflict with US national security interests, as we see in the China WTO deal. Some of my conservative friends on Capitol Hill should wake up to that reality.

**billbarnwell19** asks: Pat, will the rank and file in the Teamsters and Steelworkers unions walk the party line or do you think you can bring them to you?

**Pat Buchanan:** I think we can win over many of them in a general election. I think we’ll see out here in Seattle that some union leaders have really lost touch with their rank and file. They may have spent too many nights in the Lincoln bedroom.

**ZEN413_99** asks: Pat, Ralph: Any suggestions on how a new "patriotic" and "responsible" form of capitalism can replace this new worship of the almighty dollar above national pride, national interests and patriotism?

**Pat Buchanan:** My ideas are best outlined in my book "The Great Betrayal."

**Ralph Nader:** One way is to really stop the discrimination against small business in favor of big business in national economic policy. Because small businesses are not going to threaten to move overseas if they don’t get their way. That’s what big business does. The second: we need more activism by the pension trusts. I mean by the people who have money in the pension funds and not the big banks that hold their shares. There are 4 trillion dollars of worker pension funds, most of which are invested in corporations on the New York Stock Exchange but the workers who own the money don’t control the shares. The way to make business more accountable is to make sure that the people who own the shares control the shares. Right now, it’s the people who run the companies, the boards of directors, people like that, who make all those decisions and control the shares.

**Time:** Some final thoughts from both of you....

**Pat Buchanan:** In conclusion, the great battle of our time, succeeding the Cold War, is for people in nations and republics to control their own destinies, their lives and futures. The great threat that we have inherited comes not from the evil empire, the Soviet Union, but from an emergent, global government, and an international political class that seeks to control the destiny of the world in furtherance of its own ideology. I think this is the great battle of the future.

**Ralph Nader:** Woodrow Wilson became famous for advocating self-determination of nations all over the world. Corporate globalization is replacing the self-determination of nations with global corporation domination. George Soros, the international financier, said that the large multi-national corporations are today the main threat to democracy in the world. If we believe in community, if we believe in self-reliance, if we believe in local, state and national governments accountable to their people, there needs to be broad-based popular resistance to corporate globalization, a US withdrawal from the WTO, and a renegotiation of international trade agreements that pull up other nations rather than pull down ours, that no longer subordinate environmental, consumer and worker standards.

**Time:** Thank you both, Mr. Buchanan and Mr. Nader, for joining us. And thanks for all your great questions! Sorry we couldn’t get to them all.
In November 1999, the annual meeting of the World Trade Organization in Seattle was brought to a near halt by massive demonstrations and protests against the globalization policies of the WTO. The scale of the demonstrations—protesters came to Seattle from at least 30 countries, and even the lowest estimates put the crowd at over 40,000—dwarfed any previous demonstration in the United States against economic or corporate globalization.

Canadian journalist Naomi Klein was not involved in the Seattle protests, but the publication of her book No Logo only weeks after the Seattle protests (it was in press when the protests occurred) made her an unofficial leader and spokesperson for the anti-corporate globalization movement.

"Who are these people?" That is the question being asked across the United States this week, on radio call-in shows, on editorial pages and, most of all, in the hallways of the World Trade Organization meeting in Seattle.

Until very recently, trade negotiations were genteel, experts-only affairs. There weren't protesters outside, let alone protesters dressed as giant sea turtles. But this week's WTO meeting is anything but genteel: a state of emergency has been declared in Seattle, the streets look like a war zone, and the negotiations have collapsed.

There are plenty of theories floating around about the mysterious identities of the fifty thousand activists in Seattle. Some claim they are wannabe radicals with sixties envy. Or anarchists bent only on destruction. Or Luddites fighting against a tide of globalization that has already swamped them. Michael Moore, the director of the WTO, describes his opponents as nothing more than selfish protectionists determined to hurt the world's poor.

Some confusion about the protesters' political goals is understandable. This is the first political movement born of the chaotic pathways of the Internet. Within its ranks, there is no top-down hierarchy ready to explain the master plan, no universally recognized leaders giving easy sound
bites, and nobody knows what is going to happen next.

But one thing is certain: the protesters in Seattle are not anti-globalization; they have been bitten by the globalization bug as surely as the trade lawyers inside the official meetings. Rather, if this new movement is “anti” anything, it is anti-corporate, opposing the logic that what’s good for business—less regulation, more mobility, more access—will trickle down into good news for everybody else.

The movement’s roots are in campaigns that challenge this logic by focusing on the dismal human rights, labour and ecological records of a handful of multinational companies. Many of the young people on the streets of Seattle this week cut their activist teeth campaigning against Nike’s sweatshops, or Royal Dutch/Shell’s human rights record in the Niger Delta, or Monsanto’s re-engineering of the global food supply. Over the past three years, these individual corporations have become symbols of the failings of the global economy, ultimately providing activists with name-brand entry points to the arcane world of the WTO.

By focusing on global corporations and their impact around the world, this activist network is fast becoming the most internationally minded, globally linked movement ever seen. There are no more faceless Mexicans or Chinese workers stealing “our” jobs, in part because those workers’ representatives are now on the same e-mail lists and at the same conferences as the Western activists, and many even travelled to Seattle to join the demonstrations this week. When protesters shout about the evils of globalization, most are not calling for a return to narrow nationalism but for the borders of globalization to be expanded, for trade to be linked to labour rights, environmental protection and democracy.

This is what sets the young protesters in Seattle apart from their sixties predecessors. In the age of Woodstock, refusing to play by state and school rules was regarded as a political act in itself. Now, opponents of the WTO—even many who call themselves anarchists—are outraged about a lack of rules being applied to corporations, as well as the flagrant double standards in the application of existing rules in rich or poor countries.

They came to Seattle because they found out that WTO tribunals were overturning environmental laws protecting endangered species because the laws, apparently, were unfair trade barriers. Or they learned that France’s decision to ban hormone-laced beef was deemed by the WTO to be unacceptable interference with the free market. What is on trial in Seattle is not trade or globalization but the global attack on the right of citizens to set rules that protect people and the planet.

Everyone, of course, claims to be all for rules, from President Clinton to Microsoft’s chairman, Bill Gates. In an odd turn of events, the need for “rules-based trade” has become the mantra of the era of deregulation. But the WTO has consistently sought to sever trade, quite unnaturally, from everything and everyone affected by it: workers, the environment, culture. This is why President Clinton’s suggestion yesterday that the rift between the protesters and the delegates can be smoothed over with small compromises and consultation is so misguided.

The faceoff is not between globalizers and protectionists but between two radically different visions of globalization. One has had a monopoly for the past ten years. The other just had its coming-out party.
From 1993 to 1997, Joseph Stiglitz was the Chairman of President Bill Clinton’s Council of Economic Advisers. From 1997 to 2000, Stiglitz was a Vice President and Chief Economist of the World Bank. In 2001, he received the Nobel Prize in Economics.

In the Roaring Nineties, growth soared to levels not seen in a generation. Newspaper articles and experts proclaimed that there was a New Economy, that recessions were a thing of the past and that globalization was going to bring prosperity to the whole world. But toward the end of the decade, what seemed to be the dawn of a new era began to look more and more like one of those short bursts of economic activity, or hyperactivity, inevitably followed by a bust, which had marked capitalism for two hundred years. Except this time, the bubble—the boom in both the economy and the stock market—was greater, and so too were its consequences; the new era was a new era for the United States and the whole world. Thus, the bust that followed was a downturn not only for the United States but for much of the whole world.

This was not the way it was supposed to be. The end of the Cold War left the United States as the sole superpower and it marked the victory of the market economy over socialism. The world was no longer divided on ideological grounds. It may not have been the End of History, but at least it was supposed to be the beginning of a new era—and for a few years that seemed to be the case.

Not only had capitalism triumphed over communism; the Ameri-
can version of capitalism, based on an image of rugged individualism, seemed to have triumphed over other, softer, fuzzier versions. At international meetings, such as the G-7, which brought together the leaders of the advanced countries, we boasted of our success and preached to the sometimes envious economic leaders of other countries that if they would only imitate us, they too could enjoy prosperity like ours. Asians were told to abandon the model that had seemingly served them so well for two decades, involving lifetime job security—and had led to new ways of business that we had imitated, such as just-in-time production—but was now seen to be faltering. Sweden and other adherents of the welfare state appeared to be abandoning their models as well, by trimming state benefits and lowering tax rates. Small government was the order of the day. We proclaimed the triumph of globalization. With globalization came the spread of American-style capitalism to all the reaches of the world.

Everybody seemed to be benefiting from this new world order, this *Economia Americana*, which brought unprecedented flows of money from developed countries to the developing world—sixfold increases in six years—unprecedented trade—an increase of over 90 percent over the decade—and unprecedented growth. The trade and money would, it was hoped, create jobs and growth.

At the center of modern American-style capitalism was what had come to be called the New Economy, symbolized by the dot-coms that were revolutionizing the way America—and the world—did business, changing the pace of technological change itself and increasing the rate of productivity growth to levels not seen for a quarter century or more. The world had experienced an economic revolution two centuries earlier, the Industrial Revolution, in which the basis of the economy shifted from agriculture to manufacturing. The New Economy represented a change of equally momentous proportions: a shift from the production of goods to the production of ideas, entailing the processing of information, not of people or inven-
tories. Manufacturing had in fact by the mid-nineties shrunk to close to 14 percent of total output, and an even smaller proportion of total employment. The New Economy also promised the end of the business cycle, the ups and downs of the economy that had, until now, always been part of capitalism, as new information technologies allowed businesses to better control their inventories. (Excess investment in inventories, which later had to be cut back, had been one of the major sources of economic downturns in the postwar era.)

It was abroad, in Asia, that the first glimmerings that something was wrong arrived—crises in Korea, Indonesia, Thailand in 1997, followed by Russia in 1998 and Brazil in 1999. But it was in the United States, in Seattle, Washington, in December 1999, that the protest movement against globalization broke out with full vengeance: if globalization was benefiting everybody and making everybody’s lives better off, many seemed not to know it. Seattle was but a harbinger of what was to come, the protests in Washington, D.C., Prague, and Genoa—indeed, at every major meeting of global leaders. So strong, so intense, was the protest movement that when the leaders of the advanced industrial countries met, they had to withdraw to isolated venues, such as northern Quebec. Clearly, something was amiss.

Four months into the new millennium, symptoms began to show that something was also wrong at home, with the crash of the technology stocks. As the new millennium began, the stock market, that ultimate barometer of the economy, was at an all-time high. The NASDAQ Composite Index, containing mostly technology shares, soared from 500 in April 1991 to 1,000 in July 1995, surpassing 2,000 in July 1998, and finally peaking at 5,132 in March 2000. The stock market boom reinforced consumer confidence, which also reached new highs, and provided a strong impetus for investment, especially in the booming telecom and high-tech sectors.

The next few years confirmed suspicions that the numbers were
unreal, as the stock market set new records for declines. In the next two years, $8.5 trillion were wiped off the value of the firms on America’s stock exchange alone—an amount exceeding the annual income of every country in the world, other than the United States. One company, AOL Time Warner, took write-downs of $100 billion, an admission that the investments it had made had lost enormously in value. At the beginning of the nineties, there was no firm worth $100 billion, let alone one capable of losing that much value and continuing to exist.

It was not long after the breaking of the tech stock bubble that the fortunes of the real economy went into reverse and America experienced its first recession in a decade. Evidently, the New Economy had not brought an end to the business cycle. If the boom was greater than most of the others of the postwar period, the downturn too was worse. During the boom, we in the Clinton administration prided ourselves on the new records being set: jobs were being created at an unprecedented pace—10 million from 1993 to 1997, and another 8 million between 1997 and 2000. By 1994, unemployment had fallen below 6 percent for the first time in four years, and by April 2000, below 4 percent for the first time in three decades. Though the rich reaped the largest share of the gains, everyone seemed to be gaining. For the first time in a quarter century, those at the bottom saw their incomes begin to grow, with the greatest ever reduction in welfare roles (more than 50 percent in six years) and the largest declines in poverty since records had been kept.

The first two years of the new millennium saw still more records being broken. They weren’t the kind to brag about, however. Enron was the biggest corporate bankruptcy ever—until WorldCom came along in July 2002. Stocks fell further, faster, than they had for years—the S&P 500, which provides the best broad-gauged measure of stock market performance, had its worst annual performance for a quarter century. Americans had confidently plowed their savings into corporate equities during the nineties; now, thanks to an $8.5 trillion decline in the market’s value, roughly a third of the worth of America’s individual retirement accounts, IRA and 401(k) plans, simply vanished. Even with the boom in real estate prices—a precarious boom, which did not necessarily bode well for the future—the third quarter of 2002 alone saw more than $1.6 trillion wiped off household balance sheets. Longtime workers awoke to discover that their retirement calculations no longer added up.

The stock market, of course, doesn’t always reflect the broader economic reality. This time, unfortunately, it did. Between July 2000 and December 2001, the nation registered the longest decline in industrial production since the first oil shock. Two million jobs were lost in a mere twelve months. The number of long-term unemployed more than doubled. The unemployment rate jumped from 3.8 percent to 6.0 percent, while some 1.3 million more Americans moved below the poverty line, and an additional 1.4 million found themselves without health insurance.

And before the economy could recover from the recession, America was rocked by the worst corporate scandals in more than seventy years, bringing down mighty firms like Enron and Arthur Andersen, and touching almost every major financial institution. As time went on, it became clear that the problems were not confined to the telecommunications sector, or even high tech. Problems arose in the health sector and even in what had seemed the boring grocery business.

How had things changed so quickly—from American capitalism triumphant around the world to American capitalism becoming a symbol of all that was wrong with the market economy? From globalization that brought untold benefits to all to the first recession of the new era of globalization, as downturns in Europe, United States, and Japan each pull each other down? From a New Econ-
omy that promised the end of the business cycle to a New Economy that meant even larger losses?

The turnaround of events raised more questions: in the boom years, credit was shared between the Federal Reserve Board, with its long-serving chairman, Alan Greenspan, and the Clinton administration. Many outside politics, and especially on Wall Street, gave more of the kudos to Greenspan. Yet, not only did he seem powerless to forestall the downturn, but, as the downturn stretched on and on, he seemed powerless to bring about a recovery. Had Greenspan lost his magic touch? Or had he been given more credit than he deserved?

The timing of the downturn, coming on the heels of the change in America’s political administration, provides a too-easy answer to the puzzle of the sudden change in circumstances: Clinton and his economic team knew how to manage the economy, George W. Bush and his team did not. But the downturn came too quickly after the turnover of power for this explanation to hold water.

On the other side, we could have taken some solace from the fact that there have always been ups and downs in market economies. Every bubble comes to an end; usually there are internal dynamics which bring about its own destruction. In housing bubbles, for example, high prices lead to more investment in real estate, and eventually the mismatch between increased supply and decreased demand brought on by ever-soaring prices cannot be avoided. The real estate bubbles of the early eighties burst when vacancy rates in Houston had reached some 30 percent. As the prices get higher and higher, it becomes increasingly implausible that the rate of increase can be sustained. So too in this bubble: the higher prices brought forth more dot-coms, more investment in telecoms. When the bubble burst, perhaps 97 percent of all the fiber optics had seen no light—they had simply never been used. We might even have taken pride in the fact that while the average boom in the half century since the end of World War II had lasted less than five years, our boom had lasted longer, much longer.

But Americans should face up to the fact that in the very boom we were planted some of the seeds of destruction, seeds which would not yield their noxious fruits for several years. We had not intended to plant these seeds—we had not even known that we were doing so. On the contrary, we believed we were planting the foundations of a prosperity that would continue into the future. And indeed, we had planted many of those as well. Some of the seeds were for slow-sprouting trees—investments in preschool education for the disadvantaged, or in basic science—the fruits of which will not be realized for another generation. Some of those seeds, however—like the budget surpluses in the trillions of dollars, reversing the mounting deficits of the Bush and Reagan years—proved more fragile than even we had thought, as George W. managed to convert what had seemed huge surpluses as far as the eye could see into mounting deficits. But it became increasingly clear that we had also planted some of the seeds of destruction that would underlay the recession that arrived in March 2001. Had the economy been well managed, the recession that followed might have been short and shallow; but President George W. Bush had another agenda, and the consequences for America, and the world, have been serious.
What happened in the Roaring Nineties was that a set of long-standing checks and balances—a balance between Wall Street, Main Street (or High Street, as it is called in the United Kingdom), and labor, between Old Industry and New Technology, government and the market—was upset, in some essential ways, by the new ascendancy of Finance. Everyone deferred to its judgment. Countries, including the United States, were told to accept the discipline of the market. Longstanding wisdom, that there were alternative policies, that different policies affected different groups differently, that there were trade-offs, that politics provided the arena through which the trade-offs were evaluated and choices were made, was shunted aside.

In the Clinton administration, we knew this thinking was wrong. If Finance really did rule supreme, if there was a single set of policies to which all could subscribe, then what would distinguish us from the Republicans was only our greater competence. But a kind of schizophrenia took over. While we believed we were promoting different policies, policies that benefited the poor and middle class more than the policies that the Republicans had advocated, while we knew that there were trade-offs, too many in the administration seemed to accept the notion that the bond market, or financial markets more generally, knew the best way forward. The financial markets, it seemed, represented America’s best interests as well as their own.

The Politics of Failure

When the economic advisers to President Clinton came to Washington, we were well poised to address many of the problems that gave rise to the bubble and its bursting; to restore balance, between the role of collective action and private, between government and the market; to create the foundations for strong, long-term growth. Clinton had been elected on a platform of “putting the people first,” not putting financial interests first. We knew that there were conflicts of interests; we knew that markets by themselves often did not work; we knew that there was a role for government regulation. And the broader general interests that most of us came to serve meant that we should not have been seduced by the self-serving arguments of free market advocates. Democrats had long argued against preferential tax treatment of capital gains, and yet here we were, a few years after coming to Washington, advocating it.

Of all the mistakes we made in the Roaring Nineties, the worst were caused by a lack of standing by our principles and a lack of vision. We had principles. As the administration came into office, most of us knew what we were against. We were against Reagan conservatism. We knew that there needed to be a larger and different role for government, that we needed to be more concerned for the poor and for providing education and social protection for all, and we needed to protect the environment. The shortsighted focus on finance, on the deficit, made us push this agenda aside.

We stood too for civil and human rights, for a new internationalism, for democracy. In the Cold War, we had befriended ruthless dictators, paying little heed to what they stood for and what they did, simply because they were on our side in the fight against communism. The end of the Cold War gave us more freedom to stand for traditional American values—and we did that. We pushed for democratic governments. AID, the U.S. agency providing international assistance, spent more of its money supporting democracy. But, again under the influence of finance, abroad we pushed a market fundamentalist set of reforms, in any way we could, paying little attention to how what we did undermined democratic processes.

Why did we fail to follow through on our principles? It is easy to blame others—the deficit that we had inherited did circumscribe what we could do, as did the conservative Congress that was elected
in 1994. We were, however, I think, in part a victim of our own seeming success. At the beginning of the administration, the bold, broad-gauged agenda to address America’s problems was put aside in favor of a single-minded focus on deficit reduction. The economy recovered, and deficit reduction was given the credit, and with that credit, the credibility of those who had advocated it soared. If they advocated deregulation, we should listen to their wisdom. If they advocated deregulation for their own industry, we should be particularly attentive—after all, who knows more about financial markets than the financiers. So enthralled with our seeming success, we put aside two centuries of experience about problems of conflicts of interest—let alone the lessons in the recent advances in the economics of asymmetric information.

Politically, the new orientation seemed to serve the Democratic Party well. The old coalition of southern conservatives and northern liberals had fallen apart, one couldn’t win an election just standing up for the poor, and in modern America, everyone saw themselves as middle class. Advocating deregulation distanced the New Democrats from the New Deal of the Old Democrats.

Moreover, when the Republicans seized control of Congress, deregulation and capital gains tax cuts provided part of the common ground: an activist president, wanting to place the Democratic Party in a new centrist position, wanted to find some common ground with the conservative Republicans.

Lessons

The central lesson that emerges from this story of the boom and bust—that there needs to be a balance between the role of government and of markets—is one which evidently the world has had to learn over and over again. When countries got that balance right, they grew strongly—America through much of its history, East Asia