

BOOKS

Diversity: The Invention of a Concept

by Peter Wood

Encounter Books • 2003 • 308 pages • \$24.95

Reviewed by George C. Leef

Anthropologists study the origins and development of human customs and beliefs. Often that takes them to places like New Guinea, but anthropologist Peter Wood did not need immunizations or a passport to write this remarkable book. It examines one of the strangest of contemporary American beliefs—*diversity*—dissecting this foolish, often destructive mania with consummate wit and skill. To provide a parallel in economics, think of what Henry Hazlitt’s *The Failure of the “New Economics”* did to the Keynesian mystique. Wood’s assault on diversity does comparable damage.

Wood first argues that a fascination with diverse cultures is nothing new for Americans. Our forebears read avidly about the various peoples with whom explorers came into contact. Nor, contrary to popular belief, did they necessarily regard non-whites as inferior. They were simply different. It never occurred to anyone to “celebrate” the fact that people aren’t fungible units.

What Wood means by “diversity” is “a *belief* that the portion of our individual identities that derives from our ancestry is the most important part, and a *feeling* that group identity is somehow more substantial and powerful than either our individuality or our common humanity.” That’s not the way the “diversiphiles” (Wood’s term) pitch the idea, of course. To them, diversity is a big, warm teddy bear of lovely emotions, centering on the idea that everyone would respect and like everyone else if institutions would make sure that members of all “groups” were represented in schools, businesses, and other places where humans congregate. Wood shows, however, that diversity is no teddy bear. Over and over, he

penetrates through the smiley-face sloganeering to show the feebleness of the diversiphile arguments.

Much of the book focuses on the diversity movement in education, where Wood has seen it firsthand as a professor at Boston University. Many pages are devoted to the origin of the movement, which dates from the U.S. Supreme Court’s 1978 *Bakke* decision. Wood explains that Americans had been losing patience with affirmative action (which had metamorphosed into racial quotas by the 1970s), and that the odd happenstance of *Bakke* rescued the quota fanatics by giving them a new justification for insisting that student bodies (and other groups) must be carefully engineered to achieve what Wood calls “aquarium-style” diversity.

In *Bakke*, Justice Powell’s opinion stitched together a tenuous majority for the proposition that it was not necessarily unconstitutional for state universities to consider race as a factor in admissions. His opinion included the idea that there might be a “compelling state interest” in having a “diverse” student body. No other justice joined with Powell on that point, but quota advocates had been handed a brand-new argument and they made the most of it.

Affirmative action had been billed as a temporary measure to correct historical wrongs—a tough sell when the wrongs applied to only one group, and those wrongs were in a rapidly receding past. But diversity could be a permanent program based on the notion that wonderful things happen when the state brings together people of different backgrounds. Wood writes, “Without *Bakke*, the *diversity* argument—the conceit that ethnic and racial diversity are educationally constructive—might have languished along with the labor theory of value and other bits of leftist rhetoric that never caught on.”

College leaders quickly grabbed at the lifeline Powell had tossed out. Since then, they have defended their policies of admitting students and hiring faculty members based on race, gender, sexual orientation, and so on, by saying that it is all done for better education.

But is it? For a long time, diversiphiles got away with mere assertion on that, but the University of Michigan cases that the Supreme Court will decide this summer have brought the issue into the open. Wood examines the evidence that the diversiphiles have presented and finds it weak and deceptive. The much-touted book by William Bowen and Derek Bok, *The Shape of the River*, he concludes, is just a “soggy apology for diversity.” Professor Patricia Gurin’s study of the educational benefits of diversity, cooked up to bolster the U of M’s case, receives richly deserved scorn as well.

Wood also devotes chapters to diversity in the arts, churches, and business. His insights are just as penetrating in those fields as they are in education.

Henry Hazlitt’s great book didn’t immediately cause the Keynesian edifice to collapse, but it was a rallying point for free-market economists who gradually drove Keynesian thinking off the commanding heights. My hunch is that Peter Wood’s *Diversity* will play a similar role. □

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Worlds Together, Worlds Apart: A History of the Modern World from the Mongol Empire to the Present

by Robert L. Tignor, et al.

W.W. Norton & Co. • 2002 • 462 pages
• \$62.50 hardcover; \$20.00 paperback

Reviewed by Andrew Cline

History books for college students are reputedly terrible. Do they merit that reputation? If *Worlds Together, Worlds Apart* is indicative, the answer is yes.

The authors of Norton’s new world-history textbook set out to accomplish something they say no history text has done: teach the subject from 1300, instead of 1492, to the present and shift the focus away from the West so that all the world’s peoples are given “fair coverage.”

Cramming 700 years of human history into 462 pages requires a great deal of labor to separate the wheat from the chaff. With a year and a half to fit into each page, many individuals, movements, battles, events, and so on won’t make the cut or will be reduced to a passing mention. The seven Princeton University professors who wrote *Worlds Together, Worlds Apart* undertake this historical culling with gusto. They chop, snip, clip, and weave like hairdressers on speed, creating a strange narrative in which Thomas Jefferson seems less important than numerous popular entertainers.

Take the twentieth century, for example. The authors carve out space for such people as Nelson Mandela (mentioned on five pages), Lenin (six pages), Hitler (eight pages), Gandhi (eight pages), Stalin (ten pages), and Chairman Mao (11 pages). But these people get only a mention: Woodrow Wilson, Margaret Thatcher, Pope John Paul II, Lech Walesa, Japan’s Emperor Hirohito, Malcolm X—as well as Boy George, Carmen Miranda, the Village People, Melissa Etheridge, Hideo Nomo, Toni Morrison, Josephine Baker, the Black Panthers, and Sting. It is difficult to see how students can get a coherent view of the century’s crucial events from this kaleidoscopic presentation.

There was so much going on in the twentieth century that the authors obviously wouldn’t have space to include everyone. I mean, they *had* to put Boy George and Carmen Miranda *somewhere*. So, naturally, they left out certain irrelevant figures. Among those not making the cut are J. Robert Oppenheimer, Albert Einstein, Enrico Fermi, Sam Walton, Duke Ellington, Golda Meir, and The Beatles. Of course, reggae musician Bob Marley is mentioned on two different pages and has his own photo.

There is no confusing *Worlds Together, Worlds Apart* for an old-fashioned, Western-centric textbook that uses out-of-date concepts like balance and historical perspective. In this book, we are spared long passages on such figures as George Washington, whose entire presence in the book consists of a single reference in the caption describing a painting of Simon Bolivar. It reads, “Bolivar

wanted to transform the former colonies into modern republics, and used many of the icons of revolution from the rest of the Atlantic world—among his favorite models were George Washington and Napoleon Bonaparte.”

Junking Washington leaves room for an entire page devoted to Ernesto “Che” Guevara. The text devotes more space to Guevara’s death scene than to Washington, Isaac Newton, and Michelangelo combined.

Also given entire pages are *The Communist Manifesto*, Islamic rebels Abi Al-Qasim and Zaynab, the official 1993 declaration of war against the Mexican government by a group of peasants, and rantings on socialism and black power by the first president of Senegal.

The authors also spare us most specific dates, such as July 4, 1776. They even dispense with such outdated concepts as the distinction between voluntary and involuntary transactions, saying “trade could also take the form of tribute to powerful rulers.” And they point out how social forces shaped history, claiming that the Mongol conquests were caused by “population pressures.”

Glossing over mass murder is a hallmark of this book. The Mongols were merely “terribly destructive,” but positively so because they “deepened the connections” between cultures. Likewise, Mao, history’s deadliest ruler, is summarized thus, “many of Mao’s ventures proved disastrous failures, but the Chinese model of an ongoing people’s revolution provided much hope in the Third World.”

One could go on and on with examples of how the authors of *Worlds Together, Worlds Apart* have turned history on its head, lionizing socialism and taking pot shots at free trade and capitalism. But by now you get the picture.

Studies show that history is no longer a required course at many colleges and universities. Maybe that’s not a bad thing, if it means that students won’t be subjected to material such as this. □

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What’s So Great About America

by Dinesh D’Souza

Regnery Publishing • 2002 • 256 pages
\$27.95 hardcover; \$15 paperback

Reviewed by Jim Peron

The title of Dinesh D’Souza’s book promises one thing, but the book itself delivers another. What it does deliver is still worth reading. Rather than a discussion of what is great about America, the book is mainly a response to various anti-American special-interest groups. In that, he mostly succeeds.

One drawback is that he doesn’t sufficiently distinguish American values from Western values, for example, in his chapter “Why They Hate Us” (in which he argues convincingly that the attacks of 9/11 grew out of a culture clash with Islam, not out of U.S. foreign policy). While the values of Enlightenment liberalism came to dominate Europe, they took a very different form in America. When D’Souza does discuss American values he makes a big leap, because he does not explain how or why American values are different from European values. It would have been constructive had he done so.

In Europe, liberalism was grafted onto a culture that had had centuries to develop. European culture was already steeped in economic feudalism, aristocratic rule, a church/state alliance, and nationalism that barely escaped tribalism. There was always an uneasy arrangement where liberal concepts were based on values that evolved under illiberal systems.

The United States was special in that its liberal political structure, and hence its basic social values, were established before any uniquely American culture had evolved. Liberalism dominated American thinking from its birth, and thus American culture evolved within a liberal framework. D’Souza does put his finger on one distinctly American concept that helps make America great: egalitarian meritocracy.

Jefferson's view that all men are created equal is endemic in American culture. He correctly observed that no American really believes that anyone else is his superior. Yet at the same time, Americans tend to applaud achievement. Envy is not a strong cultural factor, even though some politicians frequently resort to it. This meritocratic egalitarianism is one reason that open socialism was never widely accepted. Yet in Europe, the rise of classical liberalism almost immediately brought with it the counterrevolutionary revival of feudalism in the form of state socialism.

D'Souza tackles some of the opponents of American values. He also effectively debunks the multiculturalist assault, which argues that all cultures have equal value. The wholesale switching of value systems seen in recent decades around the world indicates that multiculturalism, while widely held by Western academics, seems to have little support from the very people whom the academics claim to be defending.

D'Souza is less convincing when he attempts to defend American foreign interventionism. He tries to argue that American interventions have differed from other nations, but surely our numerous military escapades are not among the factors that make America great. Moreover, he neglects the important question of how such policies undermine the traditional American values he supports. Even when the response was to an attack on American civilians on their own soil—on September 11—the size and scope of government expanded at the expense of individual liberty. No American intervention has managed to avoid similar enduring consequences.

Throughout the book one catches glimpses of what's so great about America. But glimpses are insufficient to fulfill the promises of the title. I can't help but suspect that *What's So Great About America* was a hastily written response to September 11 and would have benefited from a longer gestation before its publication. While I enjoyed D'Souza's attack on the opponents of American values, I would have preferred to see

more discussion of those values themselves. □

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The Big Problem of Small Change

by Thomas J. Sargent and
François R. Velde

Princeton University Press • 2002 • 432 pages
• \$39.50

Reviewed by Robert E. Wright

When it comes to quotidian monetary issues, like making small change, denizens of the third millennium A.D. have things rather easy. We are accustomed, without systematic trouble or hassle, to walking into a store, picking up a soda for 99 cents plus tax (and perhaps deposit), tendering a 10- or 20-dollar bill, and receiving exact change. People have not always had it so good. In the Middle Ages and early modern period, getting change was often a "big problem." That problem stemmed from four interrelated facts:

First, the money stock was largely composed of full-bodied coins.

Second, coins of different denominations were manufactured from different metals—copper, silver, or gold.

Third, the relative market prices of those metals frequently changed.

Fourth, coins of different denominations were not convertible into each other at fixed rates.

Thus a gold coin when minted might be worth 20 one-shilling silver coins and stamped as such. If silver became relatively more valuable than gold, however, the gold coin, though stamped 20 shillings, might only be able to purchase 19 one-shilling silver coins. Obviously, that would create quite a few problems. It would be like receiving only 19 one-dollar bills when changing \$20.

Sargent and Velde's purpose is to explain how monetary authorities came, over the course of centuries, to abandon the awkward medieval coinage system described above and to adopt the "standard formula"—the government's policy, to which we have grown accustomed, of exchanging all denominations with one another at fixed rates. To do so, the authors develop a brilliant mathematical model of demand for coins of different compositions and denominations. More impressively still, they apply the model to eight centuries' worth of monetary history and theory. The result is almost certain to direct monetary history research for years to come.

To the financial historian or libertarian, however, the book is less convincing. In Chapter 17, "Britain, the Gold Standard, and the Standard Formula," readers learn that *entrepreneurs* were responsible for the creation and implementation of the key feature of the standard formula—convertibility of token moneys at fixed rates—and for the invention of the technologies necessary to effectively implement the formula. Various national governments then nationalized and monopolized the formula and its concomitant technologies. Despite the authors' obvious support for government fiat monetary regimes, therefore, a libertarian *could* read this book as a story about how the private sector saved us from centuries of government monetary bungling.

Similarly, a financial historian might wonder why the authors completely ignore the American experience until the late nineteenth century, when the U.S. *government* finally adopted the standard formula. Recently, a number of scholars have demonstrated that, contrary to earlier assumptions, the early U.S. financial system was an efficient and innovative force that helped to drive American economic growth. They also show that, as in Britain, entrepreneurs devised and implemented a private version of the standard formula while the govern-

ment mint remained an inconsequential economic force.

The early U.S. money supply was primarily composed not of government coins but of bank liabilities—notes and deposits—backed by fractional specie reserves. The notes and deposits were convertible into each other, in desired denominations, and into gold and silver. Where state governments prevented banks from issuing notes in fractions of a dollar, private nonbank issuers, often well-established retailers, supplied fractional tokens for local circulation.

The federal government defined the metal content of the dollar and exerted some control over a quasi-central bank. States regulated the other commercial banks. Otherwise, the market was pretty much allowed free rein. Whether the government's eventual nationalization of the standard formula improved on the private version is a matter of debate. Thousands of private-currency issues created ample opportunity for counterfeiting and speculation. Moreover, banknotes depreciated as they circulated away from their place of issue. However, the market's response to those problems—counterfeit defectors and banknote brokers—may have been inefficient compared to issuance of a single, national currency. On the other hand, government adoption of the standard formula was but a short step from an inflationary fiat-currency regime. The private version of the standard formula, which was predicated on specie convertibility, successfully maintained long-term price stability.

Sargent and Velde have written an important book that covers an impressive range of intellectual and historical territory. More attention to the early U.S. experience and the role of commercial banks in the development of the standard formula, however, would have further enhanced their study. □

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