

What's Happened to Us?

Two new books argue that we must recommit ourselves to political equality, lest we become an authoritarian society.

By **ROBERT B. REICH**

THE GREATEST THREAT to Western liberal democracies in the future is more likely to come from extreme inequality than from Islamic extremism. This is because inequality erodes two foundation stones of modern society — openness to new ideas and opportunities, and a conviction that all citizens are morally equal.

THE FATE OF THE WEST

The Battle to Save the World's Most Successful Political Idea

By **Bill Emmott**

257 pp. PublicAffairs. \$28.

ONE ANOTHER'S EQUALS

The Basis of Human Equality

By **Jeremy Waldron**

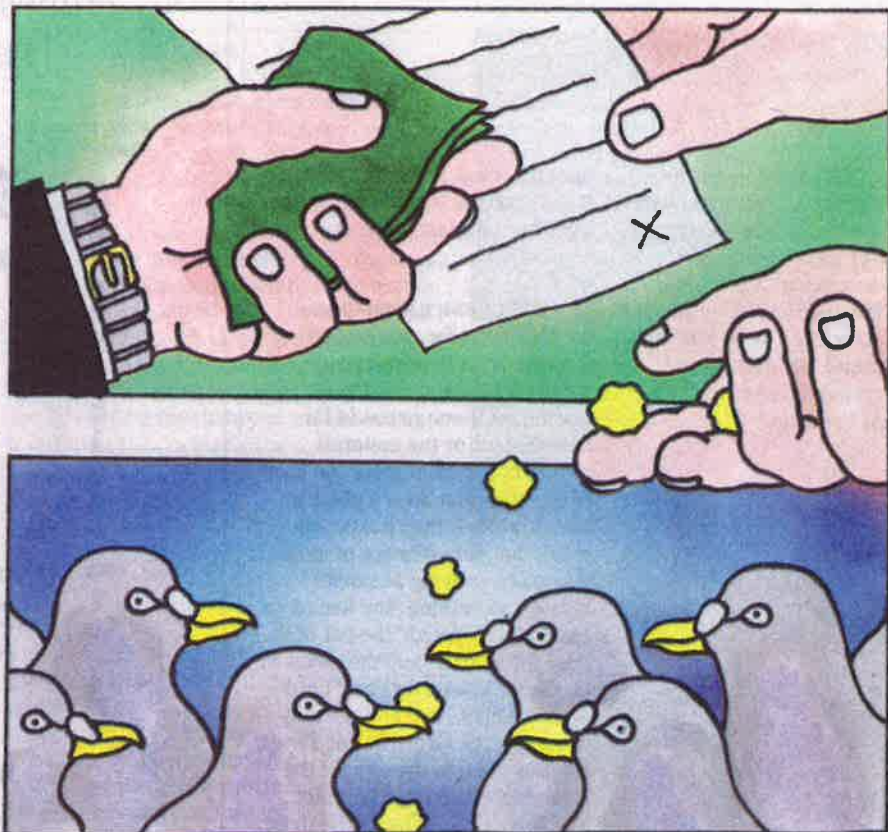
264 pp. The Belknap Press/Harvard University Press. \$29.95.

For the first three decades after World War II, openness and equality constituted a virtuous circle. Openness generated unprecedented levels of prosperity. That prosperity allowed America and the citizens of other modern nations to invest in excellent schools and universities, basic research, modern infrastructure and social insurance. These investments, in turn, made it easier for people to adapt to change, and fostered ever greater equalities of income and opportunity. The result was a high level of trust in the fairness of the political and economic system.

But by the 1980s, the virtuous circle had stopped working. Economic and technological dynamism was upending jobs, convulsing communities and splintering families. At the same time, inequalities of earnings, wealth and job security were widening. After the financial crisis of 2008, many Americans, along with the citizens of other nations affected by the crisis, began to doubt the fairness of the system. Some came to feel neglected, disadvantaged, powerless or otherwise left behind. Within the decade they became easy fodder for demagogues who rejected openness and blamed "others" — immigrants, foreign manufacturers, the news media, racial or ethnic or religious minorities — for what had happened to them.

Enter Donald Trump, who promised to "make America great again" by erecting walls, slowing immigration, withdrawing from free-trade agreements, cutting science budgets, attacking the free press and renegeing from security alliances the United States has maintained since 1945. Meanwhile, Britain has pulled out of Europe. Marine Le Pen, leader of France's National Front, has been mounting a challenge to the

ROBERT B. REICH is chancellor's professor of public policy at the University of California, Berkeley. His most recent book is "Saving Capitalism: For the Many, Not the Few."



French establishment. Hungary's Viktor Orban and others of his ilk are emulating closed-society dictatorships. The result is likely to be less prosperity and widening inequality. The old virtuous circle is in danger of becoming a new vicious cycle.

Two important new books offer useful and complementary explanations for what has occurred and, by implication, what must be done. In "The Fate of the West," Bill Emmott argues that the 2008 financial crisis and its aftermath resulted from "a devastating blend of complacency, negligence and corruption" in the years leading up to it. The banks that created the calamity got bailed out and no top executive went to jail, but millions of people lost their jobs, savings and homes. Nearly a decade later, many citizens in the United States, Britain, France, Italy and elsewhere still feel trapped in dead-end jobs or don't have jobs at all. The result has been a profound loss of confidence in the system.

Emmott, who was editor in chief of *The Economist* from 1993 to 2006, faults economic and political elites who chose to advance themselves at the expense of the larger society. He points to a paradox deep within modern capitalism: The same financial incentives that spur innovation and investment can also lead the captains of industry and finance to manipulate the rules of the game for their own benefit, and thereby harm those without power. These moneyed elites "are the true sources of the sense of inequality that is currently threatening the openness that has enabled

us in the West to flourish," he writes. "They are the explanation for Trump, for Brexit, for Le Pen."

Emmott argues that the financial interests of banks and big companies have distorted and disarmed public policy. Both of America's political parties are culpable. "Most notorious, in the U.S. at least, was the successful lobbying in 1998 by Wall Street of the treasury secretary, Robert Rubin, and his deputy, Larry Summers, to block regulation of the trading of complex derivatives products which had been proposed by the then head of the Commodity Futures Trading Commission, Brooksley Born." Emmott also criticizes big companies like Google, which have the lobbying and financial heft to get whatever they want in Washington. Campaign finance scandals have likewise revealed the political influence of money in Germany, Japan, France, Britain and elsewhere.

The greatest source of unfairness stemming from the 2008 crash, according to Emmott, was the political and civic inequality it revealed. He believes that to preserve an open society we really do need, as Trump has said, to "drain the swamp." Getting big money out of politics would enable us, for example, to combat the rigidities and high prices of monopolies through strong antitrust enforcement, and to remove the exorbitant privileges that allow big banks to make profits at the expense of the rest of society. But to do this we will need a new, or at least restored, vision of equality, based not on redistribution or socialism but on

equality of voice and rights, so citizens can demand such reforms.

Emmott sees political and civic equality as the means to an open society. But why shouldn't such equality be an end in itself? In "One Another's Equals: The Basis of Human Equality," Jeremy Waldron, a professor of philosophy at New York University School of Law, argues that Western thought has been rooted in the moral imperative that people be treated and respected as equals, whatever disparities may exist between them in wealth or talent. Waldron sees moral equality between human beings as what's left over when "merit" is set aside. People deserve equal concern and respect because they are humans. Differences in wealth and power are consistent with this imperative if those differences serve the interests of all. Thus the answer to whose good is to be promoted in our social arrangements is — everyone's good.

Waldron warns that wide inequalities of income and wealth can erode this moral imperative because they make it harder to make the mental leap it requires: The poor may come to seem so different from the privileged and prosperous that the well-off cannot understand a moral principle that assigns equal value to the living of a human life as such. "We might become so accustomed to economic inequality, so inured to the spectacle of it despite its being unjustified, that we cease to recognize those who are deprived as nevertheless our equals," he writes, clearly alluding to modern Western society. "It may even be morally embarrassing for us to recognize them as such," he argues, "since we would then have to acknowledge the injustice. Better perhaps to turn away, or to try what it feels like to deny or suppress the proposition that poor people too are entitled to equal concern."

Waldron urges the same sort of political equality as does Emmott, but he gets there from the opposite direction. For him, the purpose of political equality is not to preserve an open society. It is to honor basic human equality. "It is because we are one another's equals that we ought to have concern about high levels of economic inequality," he writes.

Viewed from either Emmott's or Waldron's point of departure — the necessity of preserving an open society or of respecting the moral equality of human beings — the surge toward widening inequality is endangering the West. The culprit is not economic inequality per se. It is the political inequality that economic inequality can spawn. How will the vicious cycle we are now experiencing come to an end? These two insightful books suggest that if we don't recommit ourselves to political equality, we will become ever more closed, authoritarian societies. Economic elites should understand this. As Emmott notes, without openness, the West cannot thrive. But without equality, the West cannot last. □