

and initially engaging; that their actions must lead to actual or narrowly averted catastrophe; that they must be, on the Arab and Jewish side, mirror images of each other. While Stone skimps a bit on the last of these (though he does include the obligatory scene with Palestinian fanatics in the Gaza Strip, it is the Jews who exercise him), on the whole he observes them faithfully. His ending, too, sticks to the convention. Like Fielding and Aziz at the conclusion of *A Passage to India*, Lucas and Sonia must go their separate ways, for the believer and the agnostic cannot lie down together.

Yet while Lucas leaves Israel with painfully fond memories of "a land in exile, a God in His absconding, a love in its loss," there is in his attitude toward it, too, an ultimate condescension that corrodes the pages of *Damascus Gate*. Ah,

*Israel!* these pages seem to say. *So alluring in your dreams and certainties to the Western, rational mind—and so fatal if it lets itself be snared by them.* But the truth is that Israel is overwhelmingly a place in which the Western, rational mind prevails and argues with itself, even in the settlements of the West Bank. The Jerusalem Syndrome is not an Israeli illness, nor is the country seen from the Damascus Gate the real one. For an outsider to assume otherwise is to be paternalistic toward its inhabitants and indulgent toward himself, and to make things conveniently easy in either case. Art that makes things easier than they should be is never art of the highest quality.

HILLEL HALKIN is a writer and translator living in Israel, and a contributing editor of the *Forward*.

---

## The Explanation

---

BY JAGDISH BHAGWATI

---

### The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor by David S. Landes

(Norton, 650 pp., \$30)

### World Economic Primacy: 1500-1990 by Charles P. Kindleberger

(Oxford University Press, 269 pp., \$35)

Big questions demand big minds. To inquire into the wealth and the poverty of nations, to seek to comprehend "why some are so rich and some so poor," is no mean ambition, whether you are an economist or a historian. Indeed, while no economist is likely to attract critical attention investigating how soap is priced or whether the dollar is high, and no historian imperils his reputation by tracking the growth of the coal trade in nineteenth-century Ruhr, the risks are colossal when your canvas is outsized. And so are the rewards.

For this reason, the best among the economists and the historians have not shied away from the challenge of divining the alchemy of wealth and the secret of poverty. Adam Smith's *The Wealth of Nations* is the most celebrated example: the work virtually led Smith to found economics as we now know it, though it cannot be held to have ended the quest it defined as its task. Even a cursory

glance at the two centuries since Smith's seminal work shows that the problem has continued to invite analysis, and to baffle the analysts.

Within economics itself, the notable efforts include that by Arthur Lewis, who broadened the Smithian inquiry about wealth to ask in 1977, in his *The Evolution of the International Economic Order*, "Why did the world come to be divided into industrial countries and agricultural countries," the former rich and the latter poor. And five years later, Mancur Olson published his influential book on *The Rise and Decline of Nations*. Olson had the interesting idea that pressure groups formed around industries that are related to successful development would eventually turn into a malignant iron fist that, unlike Adam Smith's benign invisible hand, would kill growth, and also that wars and catastrophes that shook up this political kaleidoscope were a major source of renewed prosperity.

Historians, too, have been exercised by this great and urgent problem, often treating it within the context of the rise and fall of the empires that frequently went with the rise to prosperity and glory of nations; Gibbon on the Roman empire and Toynbee on Western civilization define the furthest reaches of the arena over which historians have wandered in their intellectual quest. And now today's premier economic historians, David Landes and Charles Kindleberger, have published important books addressing the same essential issues related to the economic rise and fall of nations, and drawing on the past as defined for Landes as an entire millennium and for Kindleberger as only (only!) its second half.

The timing could not be better. These books straddle between themselves the Asian financial collapse, which has shattered the canonical illusion that the twenty-first century would be Pacific, and replaced it with the inviting belief that it will continue to be American. The turbulent experience of the Asian economies in recent months has brutally exposed the fragility of our ideas and convictions about what triggers and sustains growth and what prompts and accelerates decline. We have learned again that reversals of fortune can be swift; and this is a reminder, too, that these economic historians tread on treacherous ground.

Landes is a historian who has crossed over into economics and Kindleberger is an economist who has crossed over into history. Landes puzzlingly sacrifices countless pages to interesting but peripheral issues; but there is certainly a clear thesis in his immensely learned book, and it is advanced with passion and certitude. It is that culture is the key. The Europeans triumphed economically owing to their culture; and they will continue to do so, as will others who imitate them effectively.

If we learn anything from the history of economic development, it is that culture makes all the difference.... Until very recently, over the thousand and more years... that people look upon as progress, the key factor—the driving force—has been Western civilization and its dissemination: the knowledge, the techniques, the political and social ideologies, for better or worse. This dissemination flows partly from Western dominion, for knowledge and know-how equal power; partly from Western teaching; and partly from emulation.

For Landes, Western culture, with its associated "values," is the magic bullet, and, once you have it, you will be on a roll except for random contingencies.

Kindleberger, by contrast, is a "rise-and-fall" man. He is taken more with the notion that nations come and go, even within the charmed orbit of Europe and the Western-values-defined diaspora. Drawing on the economic historian Joel Mokyr's contention that "no country has been on the cutting edge of technical innovation for more than two or three generations," Kindleberger is fascinated by the idea of a "national life cycle." He prefers a Buddenbrooks plot for the inevitable decline in a nation's fortune.

Where Landes displays an occasionally overbearing confidence in his judgments ("Big mistake." "Sacrilege." "Crazy." "Bad history."), Kindleberger's tone is more cautious. He concludes his inquiry with these words: "In due course a country will emerge ... for a time as the primary world economic power. The United States again? Japan? Germany? The European Community as a whole? Perhaps a dark horse like Australia or Brazil or China? Who knows? Not I." The two economic historians thus complement each other in temperament and in technique, Landes aiming at the sweeping, magisterial view that may be provided by the writing of history at its imaginative best, and Kindleberger deploying the focused, microscopic analysis that economics typically brings to the table.

Kindleberger offers a sensible and impeccable taxonomy of "influences," neatly classified into "internal" and "external," that bear on the likely prospect of economic decline in all prosperous nations; but it is Landes's far grander ambition to zero in on the essential mainsprings of wealth formation. He announces boldly that his "aim in writing this book is to do world history ... to trace and understand the main stream of economic advance and modernization." In his display of historical scholarship, Landes reminds me of Sakalanarayan Shastri, the legendary Indian scholar of Sanskrit grammar in the early twentieth century, who was asked "What have you read?" and reportedly replied: "Everything that has been written." Landes's erudition certainly pays off, but not completely. In the end his extraordinary enterprise is only partially successful.

Landes's central argument is that Europe's rise to economic preeminence since the fifteenth century was founded on a constellation of institutions, such as property rights. It also profited from phenomena such as the ability of Europeans to escape cities and nations that did not offer such opportunities to other cities and states, in geographical proxim-

ity within Europe, that did offer them. This ability to vote with one's feet meant that, within Europe taken as a whole, the dominant pro-growth institutions held sway despite occasional lapses by particular locales.

What Eric Jones has called "the European miracle," and what Landes calls "European exceptionalism," began, in Landes's account, with the "luck" of geography. The Gulf Stream's warm current (whose origin Landes describes at tedious length) had given Europe a "privileged" temperate climate, consisting of "warm winds and gentle rain, water in all seasons, and low rates of evaporation—the makings of good crops, big livestock, and dense hardwood forests."

But then, why had Egypt and Sumer managed to get ahead even thousands of years earlier? Landes argues that the hardwood forests in Europe could not be cleared for cultivation because Europeans did not have iron cutting tools until the first millennium before our era. The Europeans thus had to settle in the less fertile areas such as lakeshores and grasslands. But this does not quite answer the objection. Why didn't the Europeans develop the iron cutting

technology earlier? Why could they not make more of these less fertile settlements?

After all, we know of numerous instances in which human ingenuity, resulting in great civilizations or rapid growth or both, has surmounted worse conditions than those of lakeshore and grassland settlements. Think of Israel blossoming in the desert; or contrast North Korea with South Korea, separated by war and political ideology but not by geography (whether climate, weather, or natural resources). Julian Simon has convincingly argued, against geographical determinism, that human beings are the ultimate resource. Place may impose advantages or disadvantages, but it plays no more than a bit part in the drama of development.

Indeed, Landes himself provides the best antidote to the thesis that geography is destiny by proceeding to argue that what accomplished the European miracle was in fact something else altogether. After the terrifying invasions of the Vikings, the Saracens, and the Magyars had been brought under control, "a new society was born" in Europe in the tenth century. It was based on the principles of "popular sovereignty" as opposed to those of oriental despotism, and on "private property" as contrasted with the

# All You Need Is Love

*The Peace Corps and the Spirit of the 1960s*

**Elizabeth Cobbs Hoffman**



Traversing four decades and three continents, this story of the Peace Corps and the people and politics behind it is

a fascinating look at American idealism at work amid the hard political realities of the second half of the twentieth century. With vivid stories from returned volunteers of exotic places and daunting circumstances, this is an engrossing account of the successes and failures of this unique governmental organization, and of the geopolitics and personal convictions that underpin it.

24 halftones • \$27.95 cloth  
Group photo: courtesy, John F. Kennedy Library

**Harvard  
University  
Press**

800 448 2242  
www.hup.harvard.edu

unprincipled principle of autocracy with its "ruler-owns-all."

Landes draws a larger lesson from this. Only societies with "room for multiple initiatives, from below more than from above, could think in terms of a growing pie." It was this combination of popular sovereignty with the institution of private property that made economic growth possible, and made it probable. Europe also profited from the rise of the semi-autonomous city, the "commune." Functioning economically as "governments of the merchants, by the merchants, and for the merchants," and exercising civil power, these communes provided the merchant, the "lever of riches" in Mokyr's evocative phrase, with the rights and the freedoms to live, to work, to accumulate, to prosper and to produce prosperity. Landes aptly adduces the medieval dictum: *Stadtluft macht frei*, or the city air makes one free.

Along with these fundamental economic and political freedoms came the ability to move to places where they were available, and the willingness of these jurisdictions to attract those who sought these freedoms. This accelerated the spread of these freedoms. The economic expansion that followed led, in turn, to the "commercial revolution" with all its associated codes, contracts, and the commercial infrastructure to support and to sustain trade and manufactures. Landes concludes eloquently that Europe "got thereby substantially enhanced security, a sharp reduction in the cost of doing business (what the economist calls 'transaction costs'), a widening of the market that promoted specialization and division of labor. It was the world of Adam Smith, already taking shape five hundred years before his time."

Landes cannot be faulted when he infers from this story (and from his account of Europe's boundless energy in the era of its outward expansion, in which it discovered the Americas and brought much of the world under its domain) that history is on the side of those who assert that institutions such as property rights, and the presence of flexibility of options when faced by restrictions on the freedom to work and to innovate, are important in improving the prospects for growth. To choose only one recent confirmation of the truth of this perception, anyone familiar with the economic collapse of the Soviet Union, which can be dramatically illustrated by a chart of Soviet growth rates in free fall, and which led Gorbachev into a half-baked *perestroika* with the unintended consequence of disintegration rather than rejuvenation, knows that the steady

decline was caused precisely by the absence of the economic freedoms and institutions that Landes deduces from history as conditions conducive to growth.

Indeed, economists have long understood that these conditions are important. Surjit Bhalla argued trenchantly several years ago that "economic freedom," which includes property rights and the freedom to produce and to innovate, was associated with growth rates in a broad cross-section of countries; and the association has been reaffirmed by number-crunching economists such as Robert Barro. Mediocre economists spend endless amounts of time and energy looking at such statistical associations across countries, putting all kinds of countries mindlessly on a "regression" that plots all kinds of variables against growth rates, but they do serve the useful purpose of underlining the conjectures of superior economists and gifted historians, such as Landes and Kindleberger, whose ability to put their inferences into the necessary context, and hence to reach sophisticated judgments, is unrivaled.

If Landes had stopped there, it would have been splendid. He would have reinforced, with the weight of sharp and detailed historical analysis, our current consensus in favor of political and economic freedoms, of democracy and markets, as powerful institutions for promoting prosperity. But he seeks to relate these pro-growth institutions to culture and values, seeking in turn to conclude that nations that do not share this same culture and these same values are doomed to stagnation or to decline from earlier prosperity (which anyway must have been due to fortuitous circumstance).

Landes wishes to link the European miracle causally, in the spirit of Max Weber, to underlying values as defined by the Judeo-Christian, and especially the Protestant, universe. Islam is held to be inimical to a repetition of the European experience owing to its allegedly holistic nature, with religion "in principle supreme and the ideal government that of the holy men." Such assertions recur throughout the book. And here Landes is stepping into quicksand. For it is nearly impossible to relate culture or values to these pro-growth institutions and policy frameworks, and hence to economic growth, in a causally tight way.

Landes rails against economists for being rejectionists on this front. Among numerous assertions of the significance of culture, the most amusing is his insistence that, despite the mirthful scorn of his economist friends, the use of

chopsticks has led to East Asian dexterity with doing microassembly in electronics. I must admit that I fit right into Landes's casual empiricism: I can neither handle chopsticks nor fit semiconductor boards. But surely electronics is one modern industry that has spread across continents and cultures.

Economists have struggled with the culturalist claim and have given up on it, for several good reasons. For a start, growth seems to be compatible with all kinds of values and cultures. Confucianism was long held to be inimical to growth, but it became the main-spring of growth when the Far Eastern nations—South Korea, Taiwan, Singapore, and Hong Kong—became the winners in the race in the postwar period. And you have only to read the early literature on Japan to see how many foreign observers thought that Japan's culture was incompatible with growth. My favorite example is this comment by an Australian expert invited by the Japanese government in 1915:

My impression as to your cheap labour was soon disillusioned when I saw your people at work. No doubt they are lowly paid, but the return is equally so; to see your men at work made me feel that you are a very satisfied easy-going race who reckon time is no object. When I spoke to some managers they informed me that it was impossible to change the habits of national heritage.

I have little doubt that many in Japan also shared this view, condemning Japan to low growth. (When the great Japanese novelist Natsume Soseki was contemplating a career as an architect, he was dissuaded from it at virtually this time by a friend who told him that, Japan being a poor country, he would have no opportunity to build anything splendid like St. Paul's Cathedral.)

Indeed, the early postwar period of developmental economics pitted the culturalists against economists who claimed that the role of culture was vastly exaggerated. A celebrated study by Edwin Dean in Nyasaland investigated the hypothesis that Africans react to prices differently from Western nations where "impersonal" cultural traits have squeezed such factors as tribal affiliation out of prices charged and received. Dean actually sat in on three markets, gathering data on prices to see whether, for instance, sellers belonging to the Likouba and the Baongo tribes charged lower prices to buyers from their own tribes than to the others. The answer was that there was no statistically significant difference.

In light of such analyses, economists have generally taken three positions on

the relationship between culture and development. As Walpole said, "every man has his price," and culture simply determines what that price is, not whether there is a price. Moreover, culture yields over time, and in necessary ways, to the profit motive: the sacred cow is sold by Hindus to Muslims for slaughter when the price is good. Then again, given a particular culture, we can still design incentives and policy frameworks (of the sort that Landes rightly extols) that will induce development; culture does not really confound or cripple an activist developmental policy.

In the end, Landes is the prisoner of the ambition that economists have generally renounced. Economists are usually content to explain growth by reference to proximate causes. Thus, the famous Harrod-Domar growth model that inaugurated postwar growth theory simply argued that growth was a function of your savings rate, which determined how much you increased your capital stock, and of the productivity of that increment in capital stock. So, if your income was \$100 and your savings rate was 10%, so that you saved and hence invested \$10, and the productivity of that investment was such that you would need 5 units of capital to get one unit of output, then income would grow by  $(10/5) = \$2$ , i.e. by 2%. And if these two parameters (the savings rate and the capital-output ratio) remained unchanged, then growth would continue forever at 2%.

Looking at this, a historian has famously remarked that it was like telling someone who had asked for a road map to just take the first left, then the first right, and keep repeating that until the end of time. Similarly, when W. W. Rostow wrote a book that sought to explain growth by discussing "propensities" to invest and to save and so on, the great economic historian Alexander Gerschenkron observed sardonically that Professor Rostow had explained growth by reference to the propensity to grow.

The wisecracks are funny, but they are off the mark. Economists will probe these parameters further. They will analyze, for example, how an inward-looking policy dampens the inducement to invest, and hence inhibits growth. They have even turned to investigating massively and systematically how the choice of economic policies is determined in the context of politics, breaking down the traditional wall between economists telling governments what they should do and political scientists analyzing what governments will do instead.

But they rarely wish to go further, peeling the onion down to the core, to discover why, "deep down," people exhibit different responses and make different choices when faced by identical institutions and incentives. They are not emboldened in the manner of historians. Consider India's Kafkaesque maze of bureaucratic controls, amounting to what we call here "industrial policy" but in a particularly virulent form. It almost killed India's economic growth for over a quarter of a century before India started

economic reforms in 1991. Economists have shown how and why this regime hurt India's economic performance. They have also analyzed the role of economic ideology—the Fabianism which English-trained economists such as myself brought back to India in the late 1950s—and of the political structure and incentives that facilitated the rise and growth to robustness of this affliction.

But did Indian culture matter? I doubt it. After all, with the same overlay of culture in its broadest sense, different

## Sky

The sky is where we should have started.  
A window without a windowsill, without a frame, without a pane.  
An opening wide open, with nothing beyond it.

I don't have to wait for a starry night,  
nor crane my neck,  
to look at the sky.  
I have the sky behind me, and close at hand and on my eyelids.  
It is the sky that wraps me tight  
and raises me from underneath.

The highest mountains  
are no closer than the deepest  
valleys to the sky.  
No place has any more of it  
than any other place.  
A cloud is as thoroughly  
crushed by the sky as a grave.  
A mole is as high, sky high  
as an owl beating its wings.  
Whatever falls into an abyss,  
falls from sky to sky.

Friable, fluid, rocky,  
flammable, volatile stretches  
of sky, crumbs of sky,  
gusts of sky, heaps of sky.  
Sky is omnipresent,  
even in darkness under the skin.

I eat the sky, I excrete the sky.  
I'm a trap in a trap,  
an inhabited inhabitant,  
an embrace embraced,  
a question that answers a question.

Dividing earth and sky  
is not the right way  
to think about this wholeness.  
It only allows one to live  
at a more precise address—  
were I to be searched for  
I'd be found much faster.  
My distinguishing marks  
are rapture and despair.

**WISLAWA SZYMBORSKA**

—translated, from the Polish, by Joanna Trzeciak

Indian states have experienced astonishingly diverse growth rates. Kerala's success, and Bihar's failure, have been attributed by analysts to factors such as the differences in the politics of an active, bottom-up mobilization of people by successive communist governments in the former, and a passive, top-down politics of feudalism in the latter. Did the fact that Kerala has more Christianity whereas Bihar has more Hinduism matter? If so, how? It is tempting to argue that Christianity has led to the greater emphasis on education. But it is well known that the Brahmins have traditionally valued education to an excess, and many Brahmins led the Indian Renaissance under British rule. Indeed, some have suggested, sometimes playfully and at other times out of exasperation, that it must have been gene mutation under centuries of the caste system, assigning each Indian to his immutable place in the social hierarchy, that led to the close embrace of an economic philosophy

that assigns each industry to a hierarchy where goods are not just goods but some are better than others. If I wrote like Landes, I would say: Cute. Or, better still: Crazy.

I do not mean to deny culture any role. But the precise role of culture in economic behavior remains elusive. The encouraging truth appears to be that growth-inducing institutions, like hardy perennials that will grow in different and indifferent soils, are resilient and compatible with a range of cultures. And for a historian who is confronted with economic success in extremely diverse cultures, it is ahistorical to assert otherwise. Ironic.

JAGDISH BHAGWATI is the Arthur Lehman Professor of Economics and Professor of Political Science at Columbia University. His latest book, *A Stream of Windows: Unsettling Reflections on Trade, Immigration and Democracy*, will be published in May by MIT Press.

## An Unsentimental Journey

BY ROBERT BOYERS

### The Posthumous Memoirs of Brás Cubas by Joaquim Maria Machado de Assis translated by Gregory Rabassa

(Library of Latin America, Oxford University Press, 219 pp., \$25)

### Dom Casmurro by Joaquim Maria Machado de Assis translated by John Gledson

(Library of Latin America, Oxford University Press, 258 pp., \$25)

Joaquim Maria Machado de Assis is fated to be, or to seem to be, a modern writer. He was born in Rio de Janeiro in 1839, and he did his best work in the years between 1880 and 1900, but he is often associated with narrative devices and manners that belong to the standard vocabulary of modernism. Digressive, fragmentary, allusive, reflexive, Machado's mature fictions compulsively refer to their own devices, and make much of their resistance to the features of realist fiction. Writing in a voice that is alternately playful and disenchanting, mocking and didactic, Machado is friendly and forbidding. In his volatility, and in his lacerating self-awareness, he is unmistakably our familiar.

The scholarly and critical literature

on Machado is extensive. Often he is compared to the writers whom he himself invokes, especially to Sterne. But he has also called to many minds the flamboyances of Gogol, the feral disenchantments of Dostoyevsky's underground man, the comic inventions of Waugh. He has seemed utterly distinctive, inimitable, and yet very much a member of that diverse fraternity of originals who most inspire us by their resistance to optimism, and by their contempt for the varieties of rightmindedness. For mainstream scholars of Latin American literature, Machado is a brilliant allegorist, a philosophical "pessimist," and an important if not always reliable guide to the social conventions of Brazil in the nineteenth century.

Though most of Machado's fiction

has been available in English for some time, the Library of Latin America has published new translations of Machado's best-known novels. This makes a kind of sense, even if the earlier English versions of the novels read well and are still in print. Machado is exactly the kind of writer one wishes to see early in such a series. A man of a particular time and a particular place, whose works (they were written in Portuguese) refract the assumption of his society, Machado's frame of reference is nonetheless very broad. He is as comfortable with Othello and Pascal, with Dante and Faust, as with the affairs of the Brazilian church and state, and reminds us that many of Latin America's greatest writers belong to a highly cosmopolitan tradition, and have made wonderful use of ideas and resources drawn from many cultures.

Machado's mature fiction has no subject in the usual sense. Though it records experiences and thoughts ostensibly generated by events in the world, it handles events as it handles everything else, as instigations to reflection or emotion. This is not to say that events in Machado are without their peculiar interest. Often they reveal much that we wish to know about characters, or help us to grasp the logic of the intelligence for which they are emblematic or otherwise remarkable. Still, we do not have the sense in reading these two novels that they are about events or their implications. When critics of Machado's work inform us that it is about the hypocrisy of genteel society in Brazil, or about changes in the tenor of family life, we know that they are confusing one kind of topical interest with another. In these novels, Machado is no more interested in making arguments about social questions than he is interested in making statements about life or the meaning of love.

Of course Machado's narrators make many statements, and more than a few of them have the ring of philosophical generalization. They are eloquent on everything from the difference between men and women to the moment when consciousness is first revealed to itself. They have enough to say on the subject of "discourse" to satisfy, if only briefly, the most mandarin of contemporary theorists. In all of Machado's reflections, however, there is an unmistakable element of deliberate self-cancellation. Often the assertions are too emphatic or too sweeping to be believed. They are an expression of a speaker's will to impress, to sound a note of transparently crummy wisdom. Sometimes the assertions are extended just a bit too long, and we note

Copyright of New Republic is the property of New Republic and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.