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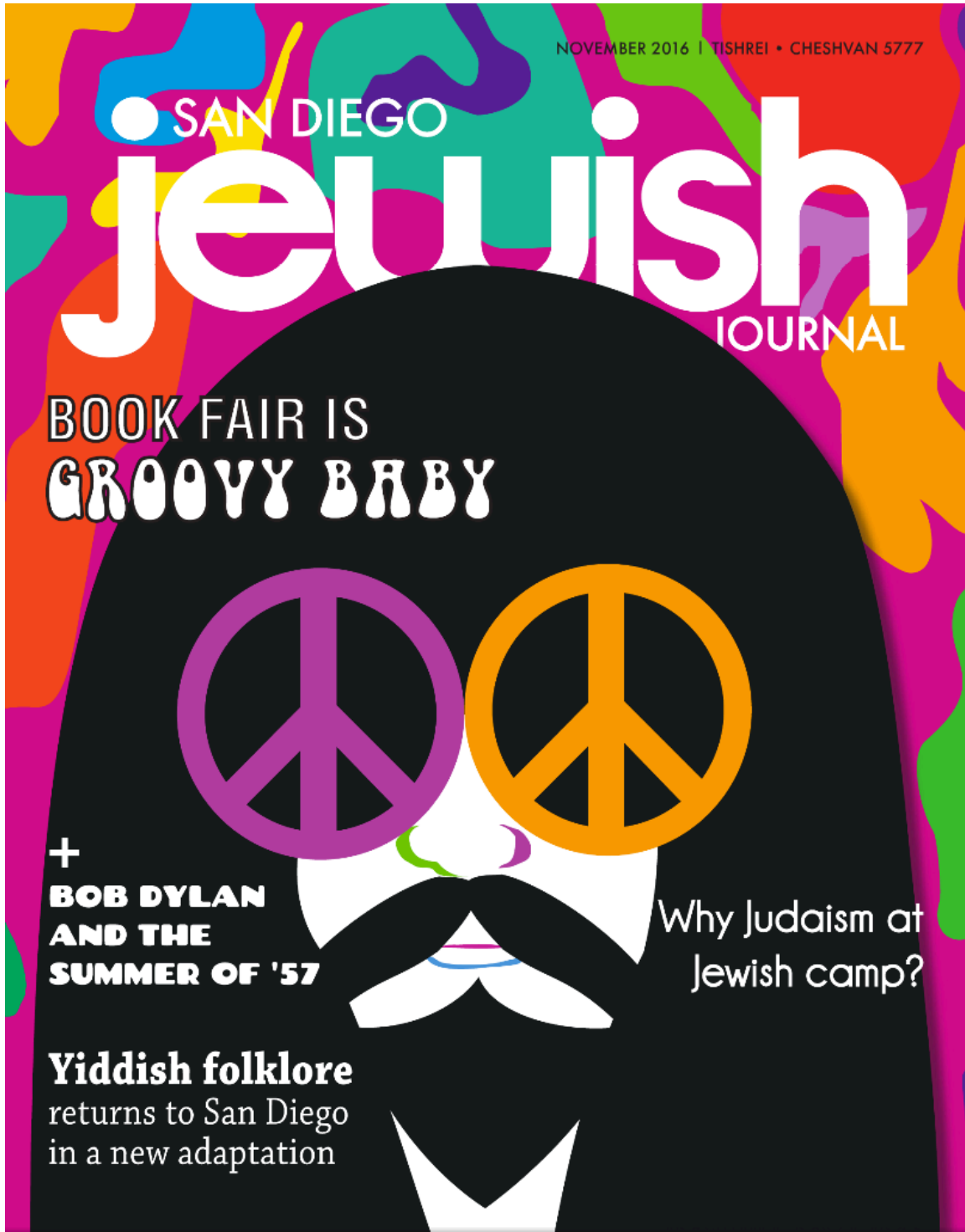
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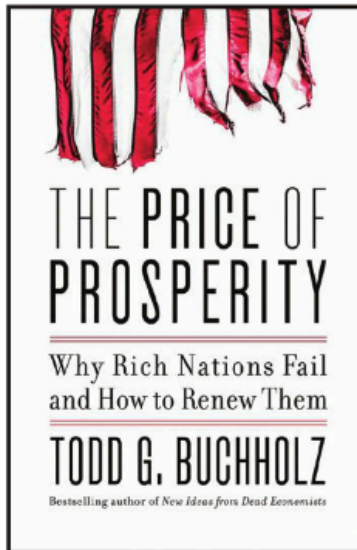
The Roller Coaster of “Prosperity”

Economist Todd Buchholz asks big questions, falls short on answers

BY DEREK RURY

What makes a country prosperous? How does increasing wealth create inequality? In what way does globalization affect local communities? Economists, political theorists, and sociologists alike have been asking these “big think” questions for quite a while, and recently, a series of popular books have been published by leading scholars in attempts to address them. For his part, author Todd Buchholz adds another big question to the cannon with his latest book, “The Price of Prosperity: Why Rich Nations Fail and How to Renew Them.” While he sets out to persuasively answer it, despite his earnest political beliefs and narrative talents, Buchholz’s efforts are not up to the task. “The Price of Prosperity” quickly reveals itself to be a cultural conservatism manifesto full of anecdotes, pop-history and appeals to nostalgia that he fails to connect to the herculean task with which he presents himself. With the global financial crisis and subsequent great recession not too far in the rear-view mirror, Buchholz argues that America’s economic, political and cultural decline may be closer than they appear. He sets out to understand what great nations must do to stay on top, which is an incredibly well-posed and ambitious question for any author.

A former White House economic advisor, inventor and successful popular economics author, Buchholz certainly has the credentials of a legitimate big thinker, and his ambition to be one is evident throughout “The



Price of Prosperity.” Indeed, with his new book, it’s clear that Buchholz’s aim is to join the ranks of Daron Acemoglu, James Robinson, Thomas Piketty and Robert Putnam, all top academics in various social science fields whose respective careers have all been recently crystalized into incredibly popular, persuasive and prize-winning books. But where those books are the result of decades of scientific research, Buchholz’s efforts in “The Price of Prosperity” are much more personal and less rooted in generalizable analysis.

The book begins with a story about Buchholz’s upbringing. Each presidential elec-

tion, he writes, his neighbors would threaten (a total bluff, he admits) to leave the country if a certain candidate wins (his examples are Nixon, Carter, then Reagan), a theme that continues to this day. The story is humorous, relatable and timeless. Buchholz then asserts, “I have written this book because for the first time in my life, I’m not sure it’s a bluff,” after which he cites a statistic demonstrating that the number of people renouncing their U.S. citizenship has quadrupled over the past few years. Where other scholars would endeavor to provide an intricate, compelling and rigorous argument for this claim, Buchholz ends his inquiry there, on one statistic that he himself has qualified by explaining that those citizenship renouncements have not been made in political protest but rather for shrewd economic reasons (like tax evasion). Thus the rigor of “The Price of Prosperity” is set – conclusions are drawn from superficial, tenuous relationships wielded at the author’s convenience.

Buchholz repeats this pattern while dipping his toes into a hot pot of political tension from this election season – international trade.

The chapter centers around two ideas; “Nations cannot grow and stay rich without trading with others, but trading with others eventually shakes the customs and character of the nation,” one example of the many “paradoxes,” as the author calls them, that threaten prosperous nations. A winner of the Harvard Teaching prize in economics, Buchholz clearly has a talent for elucidating economic concepts, and he truly shines in

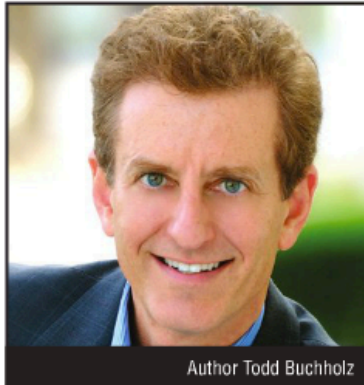
his defense of the international trade (his use of Milton Friedman's classic example of how a pencil is assembled is about as effective as it gets). The effect of that trade, the more controversial assertion, however, is left almost completely undefended, as Buchholz replaces cogent analysis with hand-picked pop-history lessons from 16th century Venice, 18th century Hungary and 19th century Japan. While these historical detours are engaging, well-researched and never overstay their welcome (to the author's credit, "The Price of Prosperity" is never boring), they are only superficially related to the economic and political circumstances of the present day United States. More likely, these detours leave the average reader with more questions than convincing answers.

In one such story, Buchholz attributes the decline of Venice to the outsourcing of its defense to foreign armies. While this is clearly a good example of the potential perils of paying foreigners to fight your wars, it has absolutely no relevance to the present day issue of the United States outsourcing jobs. In fact, Buchholz himself admits near the end of the chapter that, "In the long run, outsourcing likely helps the U.S. economy by boosting productivity and increasing the available sources of intellectual and physical capita."

His argument quickly deteriorates into an outright rant against a purportedly low work ethic among present day youth. In his chapter on trade, Buchholz writes:

"For every Mark Zuckerberg in his dorm room, thousands of young men in hoodies are sitting on a sofa in their mom's basement, bravely chasing avatars in World of Warcraft, but not gritty enough to climb the steps out of the basement to sign up for a training session to get a machinist license in the world of reality."

This loosely flung assessment is taken further in chapter four, "The Problem with Work" where the author almost completely abandons his original topic, as well as any attempt at legitimizing any of his assertions, and simply begins to beat the drum of the generation wars (which continues into chapter five with "Patriotism, Immigration,



Author Todd Buchholz

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and Grit in the Era of the Selfie"). His baseless critique begins in a section titled "The Go-Nowhere Generation" with the following:

"In recent decades, amid the shattering of nations, we are seeing a new phenomenon: young and middle-aged people acting more like retirees and avoiding work."

How does the author defend such a bold assertion? He cites a statistic showing that "young people today are 25 percent less likely to get a driver's license than their parents or grandparents." How does this prove that people in this age group are working less? That question remains unanswered.

Buchholz does demonstrate a deep understanding of economics and finance and truly shines when he decides to focus on these topics. The book begins strong with a discussion on the increasingly relevant if not already well-trodden topic of declining birth rates among developed countries. Here, rising to the challenge of such a big think topic, Buchholz cogently synthesizes disparate ideas and provides a compelling overview of the issues surrounding America's aging population, the potential problems that come with it and ideas on how to address them. It's this strong beginning that makes the meandering of later chapters both perplexing and disappointing.

The entire second half of the book is dedicated to snapshot biographies of a handful of prominent historical figures, each meant to represent a set of characteristics that contribute to the strength of a nation. The stylistic shift makes this part of the book almost completely irrelevant to its original question. Part II of the book contains 133 of the book's 322 pages, with very little connection to the thesis of Part I, however the well-researched and engaging nature of these biographies makes it easy to forgive or forget this point. As such, the second half of "The Price of Prosperity" may be what makes it worth the price of purchase.

While comparing Buchholz's efforts with those of heavyweight scientists like Acemoglu, Piketty, and Putnam may be unfair, "The Price of Prosperity" is mainly a watered-down offering of what could have been a more compelling discussion of a very interesting question. In the end, the author's blatant political views dominate stories which are told in an entertaining if slightly inconsequential manner. The uneven analysis makes the book read like a roller coaster, resulting in alternating feelings of sickness and glee. ☆

Todd Buchholz will discuss "The Price of Prosperity" on Nov. 1 at 7 p.m. as part of the San Diego Jewish Book Fair. Find details and purchase tickets at sdjcf.org/sdjbf.