



## BOOKS ON THE HORIZON

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***Balance: The Economics of Great Powers from Ancient Rome to Modern America* by Glenn Hubbard and Tim Kane (New York: Simon & Schuster, 2013, 368 pp.)**

It seems more difficult than ever to find books on public policy that are not loaded with the partisan issues of the day. One wonders whether this has always been true, but lately it has been especially challenging to locate the right combination of research-based yet sufficiently accessible and balanced writing about the economy. Those who author for a broad audience seem to hover over the following argument: Does an economy rebound best when government props up banks and creates deficits in order to jumpstart the economy or do these actions just kick real problems, such as deficits, down the road and put the brakes on innovation and entrepreneurship? In *Unintended Consequences* by Edward Conard (reviewed in the November/December 2013 issue), the author argued that the key to future growth lies in unshackling entrepreneurs and reducing regulatory barriers. Conard has a blunt, unapologetic willingness to explain the conservative point of view: reduce taxes on the wealthy so money will be directed into new ventures and job creation rather than government programs. Comparatively, *Why Nations Fail* by Deron Acemoglu and James Robinson (also reviewed in the November/December 2013 issue) takes an institutional look at the history of economic success and failure. Combine the themes of these two books and you have the makings of

***Balance: The Economics of Great Powers from Ancient Rome to Modern America.***

Authors Glenn Hubbard and Tim Kane rely heavily on the theory that debt above 90% of GDP sharply inhibits economic growth. Specifically, in the introduction they cite Harvard economists Carmen Reinhart and Kenneth Rogoff's article "Growth in a Time of Debt," which was later found to contain errors that called into question the validity of their findings. Of course, Reinhart and Rogoff's article has been used by conservative politicians and pundits even after the flaws in their methodology came to light; arguments concerning the article and austerity in general still appear in Op/Ed pages. Whether or not the problem with austerity theory is as serious as liberal economists argue, it is truly a problem for Hubbard. As a prominent, influential conservative economist who served as Chairman of President George W. Bush's Council of Economic Advisors, his focus on austerity at the beginning of *Balance* makes it difficult for readers to digest the rest of the book without being distracted by his policy leanings and recent debates surrounding this topic.

However, there is still a case to be had for *Balance*. Like Acemoglu and Robinson, Hubbard and Kane have come to the conclusion that institutions are at the heart of economic success and failure. In that sense, they have written an engaging examination of the economic history of empires. It is less exhaustive than *Why Nations Fail*, yet it is still thoughtfully done. In particular, aside from drawing on Acemoglu and Robinson, Hubbard and Kane return repeatedly to Paul Kennedy's important work from the late 1980s, *The Rise and Fall of Great Powers*, both to praise its conclusions and to update what they consider to be a flawed conceptual framework. In the end, they

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return to institutions and examine their theory with respect to the economic future faced by the United States and whether it will be possible for the world's current great power to avoid the fate of other institutions presented in the book. Generally, they contend that structural issues as well as problems of short-term self-interest create a sort of prisoner's dilemma for policy makers, leading to a dangerous cycle of inaction:

Our theory of Great Power imbalance holds that political decay locks a society into a status quo economy, resistant to productivity growth through disruptive new technologies.

Although they paint a grim picture of the U.S. political process, Hubbard and Kane shun declinist thinking. They prefer to believe the U.S. will find a way to remain the world's leading great power, and so offer thoughts on how to do so. For the most part, these are standard conservative fare with a modified balanced budget amendment as the centerpiece. The proposals are still relevant even as the economy seems to be rebounding, for the authors are not looking at the short term, but rather are taking a longer view of U.S. prospects. If you read and enjoyed *Why Nations Fail* for its focus on economic history, you will also enjoy Hubbard and Kane's interpretations. If you enjoyed Conard's brash writing and his creative explanations of the counterintuitive nature of taxes, incentives, entrepreneurship, and innovation, you will find *Balance* somewhat lacking.

***Lean In: Women, Work, and the Will to Lead* by Sheryl Sandberg (New York: Knopf, 2013, 240 pp.)**

Where have all the female CEOs gone? The 1980s and 1990s saw a rise in women entering business schools on their way to achieving equality in the executive ranks, yet where are they now? Sheryl Sandberg, current COO of Facebook—formerly of McKinsey & Company, Google, and onetime Chief of Staff to Treasury Secretary Larry Summers—decided to find out. In *Lean In*, she attempts to discover just why the heady predictions that so many upwardly mobile women a generation ago would be leading companies today have not materialized. By examining research studies covering gender issues in the workplace and at home, and drawing on her own corporate experience, Sandberg proposes that women themselves play a big role in derailing their careers. She claims that it's not entirely their fault however; workplace values have not evolved to the point where women have a chance to achieve total parity. As an example, Sandberg cites the contradiction inherent in the relatively generous maternity leave

that companies usually offer women compared to the small amount of paternity leave allowed for men. She argues that these types of policies foster an atmosphere of gender difference that encourages couples to stick with traditional arrangements regarding who should stay at home with children and who should work. There are unwritten rules as well. After the birth of a child, peers expect upwardly mobile men to return to work quickly: staying at home with a wife and a newborn represents a sign of weakness and low commitment to the company. In the social sphere, male executives tend to stick to traditional roles, brushing off female co-workers and excluding them from vital networking venues like bars, restaurants, and golf courses. Women simply can't win in the workplace: they are paradoxically viewed with suspicion if they are too ambitious, too sexy, too motherly, or not motherly enough. According to Sandberg, this is a toxic system that affects how women view themselves, causing many to drop off the ladder and settle back into the role of motherhood or lose the ambition for positions of higher power. She argues that this handicaps women by forcing them to live by a different set of rules in the corporate structure. After all, what man has ever had to seriously consider whether he would put his career on hold to raise children?

Balancing work and family obligations is just one roadblock to a woman's career path. Sandberg argues that workplace equality is not only about changing leave policies, but also about confronting the cultural norms that influence the ways men and women are perceived in business. There is an impossible and contradictory set of perceptions that women must navigate but men hardly encounter. Sandberg says being tough and career-minded is not an admirable trait: "'She is very ambitious' is not a compliment in our culture." Drive, determination, and company loyalty are givens in the corporate world, but women must simultaneously "come across as being nice, concerned about others, and 'appropriately' female."

Sandberg's evolution into the role of spokesperson for gender equality is a rather recent development. After convincing Google founders Larry Page and Sergey Brin to move her parking spot closer to the office during her pregnancy, Sandberg had a revelation. While Page and Brin were more than happy to accommodate her, this relatively innocuous event led Sandberg to ponder whether workplace culture causes many women to avoid confronting their company over gender issues: "Having one pregnant woman at the top—even one who looked like a whale—made the difference."

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