

Grasping Reality with Both Hands

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Briefly Noted for 2020-09-22

FOLD <https://readfold.com/>

William Baumol (1990): *Entrepreneurship: Productive, Unproductive, & Destructive* <https://delong.typepad.com/baumol-1990-entrepreneurship.pdf>

Wikipedia: *French Conquest of Algeria* https://en.wikipedia.org/wiki/French_conquest_of_Algeria...

Gillian Tett, Paul Collier, & Martin Wolf: *be New Social Contract Agenda* <https://newsocialcontract.live.ft.com/agenda?login=ML>: ‘Why Democracy’s Future Depends on Citizenshipip...’

Gideon Rachman: *Germany Has More Pressing Concerns than Brexit* <https://www.ft.com/content/e9b7b193-47d4-4887-abe1-2c12f344922a>: ‘Chatting to a diplomat in Berlin last week, I suggested that Brexit probably ranked about number four on the list of German foreign-policy concerns. He looked thoughtful and then replied: “I think lower than that”...’

Mary Burfisher, Sherman Robinson, & Karen Thierfelder: *Agricultural & Food Policies in a United States-Mexico FTA* <https://www.sciencedirect.com/science/article/abs/pii/S095008040290004B>: ‘This paper analyzes the effects of a U.S.-Mexico free trade agreement (FTA) on agriculture. We use a 28-sector, three-country computable general equilibrium (CGE) model in which we explicitly model agricultural and food policies in both countries, and differentiate land types...’

W. Arthur Lewis (1977): *be Evolution of be International Economic Order* <https://github.com/braddelong/public-files/blob/master/readings/book-lewis-evolution-selections.pdf...>

Claudia Rei, Bitsy Perlman, & Felipe Valencia Caicedo: *Virtual Economic History Seminar* [https://warwick.ac.uk/fac/soc/economics/staff/crei/virhist/...](https://warwick.ac.uk/fac/soc/economics/staff/crei/virhist/)

Joshua Gans: *Reproduction Numbers Tend to 1 & be Reason Could Be Behavioural* <https://voxeu.org/article/reproduction-numbers-tend-1-and-reason-could-be-behavioural>: ‘Epidemiological models that incorporate rational economic agents tend to predict that pandemics may move towards a steady state for a significant period of time...’



I confess that I had greatly underestimated the damaging effects of Jim Crow on even the “talented 10th” of the African-American population:

Eric S. Yellin: *How be Black Middle Class Was Attacked by Woodrow Wilson’s Administration* <https://theconversation.com/how-the-black-middle-class-was-attacked-by-woodrow-wilsons-administration-52200>: ‘When Woodrow Wilson arrived in the nation’s capital in March 1913, he brought with him an administration loaded with white supremacists... Wilson’s personal racism tends to distract us from a bigger story about the changing place of race in American life and politics. Wilson’s administration[’s]... impact was not merely the result of one man’s prejudice...’

The *Economist* now fears not that the Chinese model will fail and leave China much poorer than it has to be, but that it will succeed:

Economist: *be Chinese Economic Model: Xi Jinping Is Reinventing State Capitalism. Don’t Underestimate It* <https://www.economist.com/leaders/2020/08/13/xi-jinping-is-reinventing-state-capitalism-dont-underestimate-it>: ‘The Trump administration... [thought] China’s steroidal state capitalism is weaker than it looks... Simple, but wrong... Xi’s... ruthless mix of autocracy, technology and dynamism could propel growth for years. Underestimating China’s economy is hardly a new phenomenon...’

Another thing that I would not have predicted: that TSMC would become such a key node, asset, and resource in the global economy—something not just producing great economic surplus for the world, but becoming a strategic key in the “weaponized interdependence” sense:

Paul Mozur: *TSMC* <https://stratechery.com/2020/an-interview-with-paul-mozur-on-technology-in-china>: ‘TSMC has basically been pulled into the American camp.... It does feel like in that kind of geopolitical chess match, Taiwan and TSMC are now with the United States, and that leaves China in a very difficult position...’

I am a sucker for “China pessimism” pieces. But then, while I have been optimistic about the short-run future of state capitalism with Chinese characteristics, egalitarian aspirations, and Stalinist instincts for 40 years, I have also spent those same 40 years being pessimistic about the long-run future. 40 years is a long time, long enough for it to be clear that I was wrong. So I am not someone you should ask to peer into the crystal ball with respect to China:

Jamil Anderlini: *Behind be Recovery, China’s Economy Is Wobbling* <https://www.ft.com/content/ef2ac2d3-6389-4ac6-8608-90dbc3e68465?shareType=nongift>: ‘The solid rebound was only achieved with Herculean effort from an interventionist state falling back on the same tools it has relied on since the financial crisis of 2008... A bicycle laden with enormous boxes of debt, ridden by a drunk and with strategic competitors such as the US trying to knock it over...’

Here the editorial board of the Financial Times grasps at the straw hope that modern neofascism will prove incompetent at governing, even according to the standards of its core supporters. They have not read their *1984*. Orwell saw very clearly that what the fascist and Stalinist base want is not for the government to raise the chocolate ration, but only that they be told on the TV that the chocolate ration has been raised. The editorial board knows and they should reflect on how Boris Johnson has managed to move his goalposts so that after the fact he will proclaim Brexit to be a success no matter what happens—for at least England will have “stood up” against the eurocrats and the deracinated rootless cosmopolites:

Financial Times: *Competence Is be Test for Populists* <https://www.ft.com/content/8e375a56-fddb-4de4-965f-a8edab644a97>: ‘Johnson’s campaign poetry has now caught up with him. Far from “getting Brexit done”, his own deal is—in his telling—getting in the way.... It is the political version of a Ponzi scheme: always move on to the next promise before you are asked to deliver on the last one...’

Plus

Willem Jongman (2006): *Gibbon Was Right: be Decline & Fall of be Roman Economy* <https://github.com/braddelong/public-files/blob/master/readings/article-jongman-gibbon.pdf>: ‘Imagine a pre-industrial and largely agricultural economy in a fairly stable equilibrium. Next that equilibrium is disturbed by catastrophic mortality: what do we expect to happen when the proportion between people and assets changes?... Prices and wages rose quite dramatically in the wake of the Antonine Plague... [and] the coinage itself began its slide into substantial debasement. Theoretically, there was no need for that. The money stock was large, and by now even too large...’

...The reason must have been the needs of the state. It had become difficult to collect taxes in the turmoil of the day, precisely when the state also had to finance huge military efforts.... The biggest economic and social change, however, was to the land-labour ratio.... Production per man hour must have gone up.... Conversely, rents [should] have gone down.... The Roman Empire should have turned into a world of happy and prosperous peasants, and much greater social equality.... Theory is impeccable....

Reality was, of course, different.... What we witness from the late second century is the emergence of a new social, political and legal regime, where oppression replaces the entitlements of citizenship...honestiores and humiliores.... Demand for slaves declined because citizens could now be exploited more fully.... Rome debased the value of citizenship and followed the same route that Prussian Junkers were to follow during the so-called second serfdom.... The coloni of the Saltus Burunitanus of 180 were not alone to complain to the emperor about increased oppression and growing abuse. When pushed hard enough, they could have moved, but that was precisely what was to become illegal. Tied to the land, they lost their powers in the market.... The declining legal status of citizens was... an instrument imposed in the face of what would have been an improved economic position for the peasantry if the market would have had its way.

This change in social relations is also reflected culturally. The late second century was a period of important cultural changes... Mithraism... Christianity... new forms of belonging and a sociability that no longer depended on civic life or patronal benevolence....

For me, the interesting thing is the resilience of the Roman state. For more than half a century, the Severan regime maintained the integrity and continuit The surprise is not that it finally collapsed, but that it survived... for so long that the crisis later became known as the crisis of the third century, rather than... of the second century.... Just as remarkable as the temporary Severan recovery is the recovery from Diocletian... [which] also generated a measure of economic recovery... substantial enough for late antique economic decline to be dramatic.

The real beginnings of that decline and fall, however, may have been in the beginning of a period of much colder and dryer weather, and in the scourge of the Antonine Plague. With the growth of its Empire, with the growth of its cities, and with the growth of a system of government and transportation based on those cities, Rome had created the perhaps most prosperous and successful pre-industrial economy in history. The age of Antoninus Pius was indeed probably the best age to live in pre-industrial history.

Is it the staying at home with lots of time to think, the economic distress and uncertainty, or the heightened fear and consciousness of mortality, or just chance that turn the coronavirus spring into Black Lives Matter spring? Barry Eichengreen believes that it is the second:

Barry Eichengreen: *Rage Against be Pandemic* <https://www.project-syndicate.org/commentary/covid19-racial-disparities-fuel-usa-protests-by-barry-eichengreen-2020-06>: ‘The connection running in the other direction—from the pandemic to the demonstrations—has received far less attention. Without diminishing for a moment the horror of Floyd’s death, the question is: why now? After all, before Floyd, there was the police killing of Michael Brown... Eric Garner... nearly 100 African-Americans who died in police custody over the past six years...’

...One explanation for why Floyd’s killing triggered a national uprising is that an especially horrific recording quickly dominated social media and traditional news outlets alike. But this answer will satisfy only those who have forgotten the equally horrific recording of Garner’s killing. A more convincing explanation must include the pandemic....

The COVID-19 mortality rate is 2.4 times as high among black Americans as white Americans. Even without more images of police brutality, the situation facing many African-Americans, disproportionately affected by the pandemic, was already approaching the unbearable. That is because of America’s threadbare social safety net. Unemployment insurance benefits are typically limited to 26 weeks in the US. Certain states in the South provide fewer. Indeed, some, such as Florida, have intentionally designed their bureaucracies to make applying for unemployment benefits as difficult as possible...

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