

**Boris Begović**

University of Belgrade,  
School of Law,  
Serbia  
✉ begovic@jus.bg.ac.rs

# The Complacent Class: The Self-Defeating Quest for the American Dream

by **Tyler Cowen**

St. Martin's Press, 2017.

It is now almost a conventional wisdom that America lost the dynamics that made her the leader of the world. The US growth rates, although positive, are rather modest and not sustainable, and productivity growth is moderate, at least compared to the US golden age. America is still the land of opportunity, at least compared to the rest of the world, otherwise the inflow of immigrants would not be so substantial, but the lack of dynamics has made the image of the American dream less credible. The campaign slogan “Make America Great Again” indirectly confirms the stasis of the nation.

Hence the crucial question is what is the origin of the stagnation. For Tyler Cowen the roots of the undesirable outcome are not superficial, but rather deep in American society. He describes his latest book “as detailing the social roots for the resulting slow growth outcome and explaining why that economic and technological stagnation has lasted so long and why, for the most part, it has failed to reverse itself” (p. 12). The author clearly identifies the culprit responsible for the stagnation in next sentence: “Sadly, the villain is us. Most Americans don’t like change very much... Americans are sufficiently happy that they don’t even notice their starring role in the stultification of what has been... the world’s great nation” (p. 12). In short, Cowen sees complacency – “a general sense of satisfaction with the *status quo*” – as an increasingly prominent phenomenon in American life. The author coins the phrase “complacent class” to describe the growing number of people in American society “who accept, welcome, or even enforce a resistance to things new, different, or challenging” (p. 2).

The complacent class is not homogenous. Cowen identifies its three tiers: (i) the privileged class; (ii) those who dig in; and (iii) those who get stuck. It is easy to explain the behaviour of the first tiers – they do not face strong incentives to change anything. It is bit more difficult to understand the complacency of the second tier, who are doing better than a typical middle-class existence, but a reader could only assume that it is about risk aversion. Nonetheless, it is quite difficult to understand why the third tier, those who get stuck, are complacent, since they have every reason

not to be. The author just points out that they have been committing much fewer crimes, engage in much less social unrest, and embrace much less extreme ideologies like communism. In short, “they have been more disillusioned than politically engaged” (p. 4). Irrespective of the insight that political engagement is only one way out of the situation of being stuck, this is a description rather than an explanation of why the people who get stuck are complacent, especially taking into account that the author considers that the source of complacent in America is “very appealing comforts of everyday life” (p. 5), something those who get stuck obviously do not have.

Nonetheless, the others, those who are happy with their lives, evidently have strong incentives not to change anything, especially taking into account increasing risk aversion – the marginal utility of getting better is smaller than the marginal loss of utility of getting worse. Accordingly, no change is the only desirable option, hence plenty of acronyms have been introduced, though most of them primarily or at least initially in the area of town planning and urban projects: NIMBY (Not In My Backyard), BANANA (Build Absolutely Nothing Anywhere Near Anything), CAVE (Citizens Against Virtually Everything) and more resolute than global NOPE (Not On Planet Earth), with two more focused to politics: NIMEY (Not In My Election Year) and NIMTOO (Not In My Term Of Office).

But town planning and politics, whatever constraints exist in these areas, are hardly enough to proclaim, as the author does, that complacency is the *Zeitgeist* and that it is the cause of America’s stasis. Nonetheless, Cowen is specific: it is lack of mobility – lack of income and education mobility, lack of mobility across physical space, and lack of all mobilities that, once upon a time, made America great. The stay-at-home culture, provided by all the IT gimmicks of connectivity, successfully undermines a cherished American tradition: the car culture. It is not only about the cars, the author rightly points out; car culture was an individualistic culture. The demise of that culture can be easily seen from the quotation in the book: “Instead of Ford *versus* Chevy, it’s Apple *versus* Android” (p. 10). The latter is the dilemma of Millennial Generation, as only half of that generation bother to get a driver’s licence by age of eighteen.

This is a symptom of the paradox that Americans now use innovative, even more efficient technology to slow down the change. The other symptom is new culture of matching even more supported by such technologies. Nonetheless, as the author emphasises “good matching technologies can separate us more rapidly and more effectively than ever before” (p. 15). And separation not only leads to segregation, but also means less competition and fewer incentives to be innovative. The advent of the culture of matching is closely linked to the “calm and safety above all” principle. Cowen points out that in the 1970s American “angst-ridden” teenagers search for ideas in Nietzsche’s works and classical Russian novels. These days Jane Austin is “a canonical classic novelist” claims the author, even the *Wall Street Journal* refers to “the Jane Austin industry”. Cowen’s punch line is a question to a reader: can you imagine Mr. Darcy shouting Ivan Karamazov’s statement “If there is no God, then everything is permitted!”? Very few, is an obvious answer. Although, some contemporary readers might say that the Karamazov’s statement is not politically correct towards agnostics; perhaps the book should be banned on that ground.

A part of contemporary calm of Americans, tens of millions of them, according to the author is produced by antidepressant medications: Prozac et al. The debate about these medications demonstrated that they are calming users down at the costs of robbing them of their personalities or removing their authentic selves. The debate is over, medications are in full use, and many Americans enjoy their medicated sense of calm. Whoever is reminded of the *Brave New World* by Aldous Huxley is on the right path, it seems.

The very first symptom of the strengthening, even dominance of the complacent class is that American stopped moving, although they still think of themselves as great movers. Nonetheless, the interstate migration rate has fallen 51 percent, below its 1948-1971 average, and the number has been falling steadily since the mid-1980s. The rate of intrastate migration between counties fell 31 percent, and the rate of moving within the county fell 38 percent. The author comments that “Americans have used the dynamism of IT to help [themselves] to stay put, not to move around” (p. 28). These changes cannot be explained by demographic trends, and African Americans, who were especially mobile in the past, have become especially immobile. So, what is the reason for such a development?

One is the decline in job switching. The job reallocation rates – a rough measure of turnover in the labour market – have fallen by more than a quarter since 1990. Furthermore, in 2014, 51 percent of the workers had five or more years on the job, a substantially higher percentage than in 1984 (only 44 percent). Comparing the same years, the percentage of workers with less than one year on the job dropped from 28 to 21 percent. The reasons for these trends are that, due to the technological change, employers like finding quality workers and investing in them, and since specialization has gone up, it is the team with all the members that is important. In short, workers are better matched with their jobs. Furthermore, there has been rising inequality across firms, producing a tiered system: high-pay, high-productivity companies on the one hand, and low-pay, low-productivity companies on the other. Cowen claims that this division reduces aggregate job turnover, but this is rather dubious, since there are no barriers for the turnover within the tiers. It is more compelling that, on average, larger firms have been replacing smaller ones, and the former have lower rates of both job destruction and job creation (Henry R. Hyatt and James R. Spletzer 2013). In addition to that, there is substantial growth of occupational licensure in the United States. With states providing occupational licences, professional interstate mobility has unsurprisingly decreased.

Perhaps the most important contributing factor to job stability in the US is globalisation, however counterintuitive that may be. Cowen emphasizes that Americans have kept many stable jobs at home and exported many of the less stable jobs, such as to factories in China. Many of the stable service sector jobs are kept in the United States and some of the country’s previous labour market volatility sent to the other countries, as demonstrated by Paul R. Bergin, Robert C. Feenstra, and Gordon H. Hanson (2009). This is another kind of outsourcing Cowen that points out: “Americans are outsourcing their mobility and capacity for economic adjustment” (p. 36).

The other reason for lower physical mobility is the decline in American geographic diversity. Cities across the country now look like each other much more than

before. While some jobs are better paid in big cities, due to the higher productivity, the costs of living in these cities are also greater, primarily due to high costs of housing. And a significant contributing factor to the high prices is the lack of supply of housing due to the strict town planning constraints and building regulation. These constraints have not come out of the blue; they are expected consequence of the residents of big cities not wanting to change their position – a privileged class in Cowen’s vocabulary, of say San Francisco, who have enough leverage to implement their NIMBY or rather CAVE preferences. This equilibrium effectively stopped American regional economic convergence and with that undermined the incentives for moving from one city to the other and from one state to the other for work.

How harmful is geographical mobility decline? Cowen has no second thoughts – very harmful, since there is a loss of dynamism: “a dynamic, moving society may be less comfortable personally, but it is likely to be more innovative” (p. 38). Furthermore, mobility decline made the American labour market more sluggish and the author believes this to be one of the explanations why unemployment stayed high for so long after the financial crises. Cowen also links geographical mobility decline with the decline of upper income mobility and, in this way, increased income inequality. He refers to the results obtained by Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz (2015), based on the program of subsidising migration, that children who switched to better neighbourhoods when they are young can expect additional earnings over the course of their lifetime, of the present value of 99,000 USD; a new look at the sources of economic inequality in America, analytically superior to the theory of conspiracy of rich against poor (Joseph E. Stiglitz 2012).

Perhaps the greatest consequence of the reduced geographical mobility in America is productivity loss due to misallocation of resources. The point is that high-productivity industries and corporations are located in big cities, like New York and San Francisco. The productivity gains of workers moving into these cities, i.e. gains of reallocating labour in this way, could be substantial. The problem is that CAVE-style regulatory constraints to both new housing and business premises provide a barrier for such a reallocation. Chang-Tai Hsieh and Enrico Moretti (2015) estimated that, if high-productivity cities adopt regulatory constraints at the level of the median city in the United States, such a move would increase the US GDP by 9.5 percent. Furthermore, for those interested in inequality, that amount would be upward income mobility.

The problem is, nonetheless, that the restrictive town planning regulation is sustainable. As Cowen points out: “Current arrangements suit the interest of incumbent homeowners” (p. 44). Accordingly, this constraint, along with most of the other constraints that contributed to the decline of geographical mobility of Americans, are here to stay. No increase of the geographical mobility should be expected, at least not soon.

The other consequence of the complacent class is the emergence of segregation in the United States. The author points out that: “Rather than a fully consistent process of ongoing integration, this country [America] has seen widespread cocooning and digging in, with the final collective result being tougher implicit barriers separating various socioeconomic groups” (p. 48). Evidently it is not only racial segre-

gation, as the most vivid example of new segregation, residential one demonstrates. No more KKK and burning crosses, but, as Cowen explains, the black neighbourhoods have vanished in the other way. “Blacks have not been *pushed* out, but many of them have been *priced* out” (italics in original, p. 51). Hence it is about matching rich to rich and poor to poor. It just happens that African Americans, on average, are not so rich.

The new segregation in America, all of it, according to the author, is deeply rooted in a culture of matching. Nonetheless, this segregation has its easily recognisable components. The first is segregation by income, and it is not only the easiest to see, but also the crucial one. Cowen believes that the inability of lower-income groups to afford a nicer neighbourhood (they are priced out) is a fundamental force behind some of the other segregation as well, because “money, and what we can afford, drives so many other decisions in contemporary America” (p. 54).

Segregation by income is followed by segregation by education and culture, and the most segregated cities in this sense are high-tech, knowledge-based metropolitan areas. Again, follow the money. Median rent in San Francisco just passed 5,000 USD per month for a two-bedroom apartment, so the traditional relaxed attitude of this city towards people who are out of the box does not help to attract them. The same goes for the college towns, inhabited by tolerant people. Those who want to be well matched and to live among other tolerant people with equally high income, education and similar preferences, do not mix with those who are different regarding to those things. Their tolerance, the author points out, is for lavish cocktail parties – with other tolerant people, of course.

Due to the historic burden, racial segregation in America is probably the most important. The robust indicator of racial segregation is the share of black students in *intensely segregated schools*, i.e. schools with white enrolment below 10 percent. Five states with the higher enrolment of black students in such schools, i.e. states with the most intensive racial segregation, are: New York, Illinois, Maryland, Michigan, and New Jersey. “That’s hardly whistling Dixie” Cowen comments (p. 63). The point is rather clear “that segregation is being enforced by incomes, rents, home prices, building codes, how school districts are drawn, and a culture of sorting and matching” (p. 63). A rising African American star employee of Google points out: “It’s about cultural fit. Do you laugh to the same jokes?” (p. 65). And it is even African American parents (in New York City) that are against integration, because they fear that introduction of white children will increase the competition for their children. This segregation is sustainable and there is no constitutional amendment that can do anything about it. This is soft segregation by mechanism, with all the available political correctness, and iron hard by its consequences. Who needs burning crosses after all?

There are two crucial bad outcomes of the segregation. “There is good evidence that more integrated neighbourhoods produce greater upward mobility in terms of income and education” the author emphasises (p. 66). The second bad outcome is intense sorting along political, primarily partisan lines, due to segregation. Again, urban economic processes always work. Liberals/Democrats prefer cities for living and Conservatives/Republicans prefer suburbs. It is now more difficult to be a liberal

in suburbs and conservative in cities. This sorting “will make liberal areas more liberal and conservative areas more conservative and our [American] representatives will reflect this more split division of opinion” (p. 68). Cowen does not believe that this development made American constituency more polarised, but admits that this political consequence of segregation at least in part is the reason why Congress cannot agree on much.

The most intriguing part of the book is about answering the question why Americans stopped creating. First, some undisputable evidence is offered. Start-ups were 12 to 13 percent in the US economy in the 1980s, but today there are only about 7 to 8 percent. Not only are there fewer start-ups, but smaller portion of them are succeeding. This is demonstrated by pointing out the decline of 29 percent (in less than 20 years) in the share of employment in firms five years old or younger. In addition to that, the author claims, the more successful new firms are not growing as they used to. American firms are ageing. William J. Baumol, Robert E. Litan, and Carl J. Schram (2007) made distinction between big-firms capitalism and entrepreneurial capitalism, with America as the embodiment of the latter. Nonetheless, it seems that America is rather swiftly moving from the latter to the former, which many people consider European-style capitalism.

The author points out the growing market concentration in many industries in the United States as a contributing factor for the low level of innovations. Although some data is provided, the finding is rather far from being conclusive, especially taking into account the results of the analysis with a different finding (Carl Shapiro forthcoming). Nonetheless, more interesting is the author’s view on how growing market concentration decreases innovations, since Schumpeterian growth theory is based on the premise that market power, the result of market concentrations among other things, can be beneficial. Cowen explains these concentrations by huge fixed costs, especially in marketing and in product development, which smaller firms cannot follow, and these fixed costs brings more elements of a winner-take-all market.

Furthermore, most of the assets of US firms (80 percent of the S&P 500 companies) are intangible assets. These assets, national or international brands, are basically barriers to entry, hence market power is widespread. More important for the main topic of the book is the finding that many intangibles rest on reputation and image. So, those who hold them have all the incentives not to change anything, let alone to disrupt the achieved equilibrium.

Since the US economy has moved towards the service sector, only 8 percent of the workforce is employed in manufacturing. Yet manufacturing accounts for about 70 percent of private spending on research and development. Though the ratio of R&D expenditures to the GDP has remained the same for decades, a smaller number of the American workers are directly involved in innovation, concludes the author. It is not unexpected that productivity growth in America in recent decades, as has already been demonstrated by Robert J. Gordon (2016), is stagnating. Even some of the productivity increase is due to “restructuring productivity”, i.e. due to outsourcing work to foreign nations with lower labour costs. Innovations are restricted to the super companies, e.g. Apple and Google, they are doing well, but American midsize companies, let alone SMEs, experience almost no innovations and records

virtually no productivity increase. Consequently, the increase in the standard of living for many is very modest. Cowen claims that “the median male wage was higher in 1969 than it is today” (p. 86) – not quite surprising, taking into account the recorded productivity growth.

It is not only wages that are stagnant. Travel in America, at least most of it, has become slower since 1970s. The author points out that “general picture on transportation can be described with two words: less and slower” (p. 91). Such transportation, with the progress in IT, made Americans travel less, so there is no political pressure to improve the transportation system; a bad equilibrium at the best, but more likely a vicious circle.

Furthermore, there is no grand project in sight. Following the Manhattan Project, the Apollo moon program, the interstate highway network, the construction of social welfare state, winning the cold war and other the grand projects implemented in the 20<sup>th</sup> century, there is no new project in sight, as there is no demand for one. After all, the author points out “Millennials as a generation just don’t seem that interested in grand projects” (p. 94). Perhaps, everything is done at the micro level. Better matching, Cowen emphasises, means that the preferences of Americans are better satisfied when it comes, for example to dining, the entertainment sector or residential decisions, even in the labour market – something that is not recorded in the GDP. However, the downside, according to the author, is easily seen in the economic statistics, because “the world of good matches is a world of stocks, not flows. It is a world of accumulated and stable wealth and satisfied ownership rather than one of perpetual personal churn” (p. 117).

For Cowen, the absence of rioting in America, a familiar picture in the 1960s and early 1970s, is a clear symptom of the nation’s stasis, especially in university campuses, where the complacent class exercises its strongest influence. It is an interesting remark is that many of the seminal events of the civil rights movement could not happen today, because, among other things, society is less tolerant to any kind of disturbance. The policing of these events has been transformed and become much more effective, because of the stronger demand for a high level of public order. Hence, there are “demonstration zones”, “strategic incapacitation”, with the omnipresent CCTV cameras. Together with a “bunker mentality”, developed after 9/11, which can explain the lack of rioting in contemporary America, save for Ferguson, Missouri, and Baltimore, Maryland, two events that for Cowen represents “cracks in this façade” (p. 134). Whether they are actually cracks or not is not so important, since the problem is that a reader finds no link, no causality between the lack of rioting and US stagnation, simply because the US dynamism in 1960s was not caused by the riots.

China is, no doubt, a dynamic economy and society and the author use it as a yardstick to measure American stasis. According to Cowen, “America is the calm, safe-haven country, with clear blue skies, clean air, freedom of speech, and a reliable currency” (p. 144) – everything China is not. China is about income mobility. Is that not the American dream: poor childhood, work hard and get rich? Well, it is the Chinese dream these days. The author is very specific: “Upward income mobility is

something Americans are leaving to foreigners and migrants more and more” (p. 151).

Furthermore, a concept of cyclicalness of the dynamism of societies has been introduced. According to Cowen, “societies that initially are dynamic, by the very nature of their ongoing successes, become less dynamic and more complacent over time” (p. 147). Well, that is more like nonlinear than cyclical, but there is a testament of that nonlinearity in the case of American rich and successful. They embraced the culture of the causal. And that vary culture is, the author points out “... a culture of people who already have achieved something and who already can prove it. It is a culture of the static and the settled, the opposite of Tocqueville’s restless America” (p. 156).

Is there any chance for a piecemeal political change that can reverse stagnation? No, at least not in the foreseeable future, the author believes. One of the reasons for that is the size of the entitlements, predetermined spending programs like Social Security, Medicare, and Medicaid, which constitute 49 percent of the federal budget. Due to demographics the share is about to rise, not to go down. Only half of the budget is left for everything else, and that includes defence spending and paying interest on the national debt, two items with significant lock-in effect. Accordingly, democratic decision-making about the budget is greatly reduced – a low level of fiscal democracy. For Cowen this is “a sign of stasis and a lack of investment in thinking boldly about the future” (p. 162). The point is that one of the standard arguments for democracy is about the quality of public policies: the democratic political system provides flexibility and has built-in error correction mechanisms. Quoting Winston Churchill on that helps: “You can always count on Americans to do the right things – after they’ve tried everything else” (p. 162). But with entitlements consuming 50 percent plus of the federal budget, the room for a built-in correction mechanism is substantially reduced.

Cowen plays down the relevance of the median voter theorem, at least in explaining contemporary US political decision making. His point is that, though core government programs are still backed by most voters, i.e. they are consistent with the preferences of the median voter, but the political change on the margin “seems to result from complex battles among lobbies, interest groups, financiers, political manoeuvring, and who can win public relations campaigns fought in the media” (p. 166) – a picture very close to Mancur Olson (1984) and his grim view of America as a rent-seeking society.

Taking all the insight about America today and its stasis, Cowen turns his analysis to the future. The question is not only what will happen, but also is there anything that policy makers today can do to direct the outcome to the desirable one – a dynamic America. The answer to the latter question is – nothing. Cowen is clear about it: “Sadly, there isn’t any ‘fix’ above and beyond waiting for some parts of our current institutions to crumble away and eventually to be replaced” (p. 21). He thinks that the social change will boil over in uncontrollable ways and that America is heading towards a “Great Reset”. According to him, this happens when you postpone change. A comparison with the Reformation is made.



Now, more specific questions can be asked. First, what are the events that will lead to the “Great Reset”, i.e. how will Americans and foreign observers know that the time has come for the “Great Reset”? Second, and perhaps, more intriguing, what will be the elements of the “Great Reset”? Depending on the answers on the second question, a reader can infer whether America will be great again, or at least will it be a dynamic society.

The answers to the first question that Cowen provides looks like a doomsday check-list: “major fiscal and budgetary crisis, the inability of our [the US] government to adjust to the next global emergency that comes along; impossibly expensive apartment rentals in the most attractive cities; the legacy of inadequate mobility and residential segregation; a rebellion of many less-skilled men; a resurgence of crime and a decline in economic dynamism, among other social and economic problems” (p. 22). Big changes, i.e. the “Great Reset” will have to come, Cowen concludes, whether Americans like it or not. “Ultimately peace and stability *must be paid for*” (italics in original, p. 177).

To what extent is the check-list checked? The US domestic order has started to unravel Cowen believes, and refers to the 2015 Ferguson and Baltimore riots and to the 2016 election of Donald Trump. Well, Ferguson and Baltimore proved not to be sustainable. Even if they were, it was not the widespread rioting of the 1960s, together with assassinations of prominent public figures (the Kennedys, Martin Luther King, etc.) and Vietnam War, that made US domestic order unravel. As to the US domestic order and Donald Trump, both have proven to be resilient, at least for the time being. As to the return of instability to the campuses, the events at the University of Missouri are a far cry from “Four Dead in Ohio”. Although Cowen tries to convince the reader that the crime rates in the US are rising or about to rise, this is not persuasive. The rise in internet crimes is due to the advent of the internet, not due to advent of crime. The author offers his own explanation of the crime decline in the US as “declines in American restlessness”, whatever that may mean – less convincing than, for example, the abortion legalisation hypothesis (John J. Donohue and Steven D. Levitt 2001). As to the return of instability to Government, there is no evidence of this, apart from the statement that: “Building good institutions and capabilities very quickly is no longer something the American public sector is very good at, perhaps not since the days of moon-landing program” (p. 189). Readers may be convinced that the disruption capabilities of Donald Trump are substantial, but he still has to prove himself on that court. Perhaps America is stirred, but definitely not shaken.

Although the author tries to convince a reader that “it is about to start”, it seems, based on the information provided in the book, that America is rather far away from the doomsday, required to trigger the “Great Reset” machine. Let us suppose, for the sake of argument, that doomsday has come. Would it really start the “Great Reset” machine? Cowen provides sufficient evidence that the doomsday is a necessary condition for the “Great Reset”. Numerous political economy vicious circles, reinforcing bad outcomes, must be smashed for the “Great Reset”; a step-by-step approach is just not effective. More dubious is whether the doomsday is a sufficient condition. Recent history, the aftermath of 2008 financial crisis, a doomsday event for the financial world, proved to trigger only fire fighting operation – there

was no “Great Reset” of the financial services industry and its regulation. One should keep this in mind when considering the rearrangement of the whole American society.

Nonetheless, if everything works out according to the plan, first a change for the worse, ending in doomsday, and that change for the better, the “Great Reset”, what would be the scenario of that change? Cowen boldly offers a scenario with seven elements: (1) new, non-tranquilising antidepressants; (2) big difference between well-developed cities and suburbs make the people move again; (3) artificial intelligence; (4) cheap, clean energy, enabling a lot more ambitious physical projects; (5) ongoing world crisis, convincing American that living for the moment deserves more attention; (6) due to growing wealth, families with three and four children will return to favour; (7) African Americans start to play a greater role in many parts of the national scene.

Be that as it may, of course it is speculative, not all of these developments can bring America out of stasis and back to dynamism. Some of them, like artificial intelligence, could even reinforce the stasis. One way or the other, almost all these developments, save the one regarding African American, are the consequence of ongoing technological progress, whatever its pace may be. Accordingly, there is no need for any institutional change – this will happen anyway. Cowen suggests to the reader that this could happen in ten to twenty years (p. 194), not from the “Great Reset”. At the end of the day, according to the scenario that Cowen suggests, there is no need for the “Great Reset”. Well, a rather awkward inconsistency. It is a grim, pessimistic picture of present-day America, and scary prospects for the near future, one that has almost started, say in Ferguson, Missouri, on the one hand, and a rosy, optimistic picture of the American future in ten to twenty years. This was not a great way to conclude the book.

Nonetheless, this was a much needed and fascinating book, which provides a lot of food for thought and sheds new light on contemporary America. Unlike the conventional economic approach that treat preferences endogenously, Cowen boldly steps into the preferences and preference formation process of contemporary America. This approach demonstrated how individual rational utility maximising behaviour produces socially undesirable outcomes, and that there is no need for any kind of conspiracy to explain recent developments in America. The crucial contribution of the book is a consistent explanation of the reasons for America’s stasis. This gives the reader a solid ground and an opportunity to contemplate the future.

The bottom line is that the culprits are Americans – the country’s complacent class. It would be an interesting intellectual exercise to consider how many of these culprits, say from America’s privileged class, would recognised themselves while reading the book. Perhaps, depending on the outcome of this exercise, a new acronym could be introduced: CABUR – Citizens Against Being Ultimately Responsible.

## References

- Baumol, William J., Robert E. Litan, and Carl J. Schram.** 2007. *Good Capitalism, Bad Capitalism and the Economics of Growth and Prosperity*. New Haven: Yale University Press.
- Bergin, Paul R., Robert C. Feenstra, and Gordon H. Hanson.** 2009. "Offshoring and Volatility: Evidence from Mexico's Maquiladora Industry." *American Economic Review*, 99(4): 1664-1671.
- Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz.** 2015. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." National Bureau of Economic Research Working Paper 21156. <http://dx.doi.org/10.3386/w21156>
- Donohue, John J., and Steven D. Levitt.** 2001. "The Impact of Legalized Abortion on Crime." *Quarterly Journal of Economics*, 116(2): 379-420. <http://dx.doi.org/10.1162/00335530151144050>
- Gordon, Robert J.** 2016. *The Rise and Fall of American Growth: The US Standard of Living since the Civil War*. Princeton: Princeton University Press.
- Hsieh, Chang-Tai, and Enrico Moretti.** 2015. "Why Do Cities Matter? Local Growth and Aggregate Growth." National Bureau of Economic Research Working Paper 21154. <http://dx.doi.org/10.2139/ssrn.2693282>
- Hyatt, Henry R., and James R. Spletzer.** 2013. "The Recent Decline in Employment Dynamics." Institute for the Study of Labor Working Paper 7231. <http://dx.doi.org/10.1186/2193-8997-2-5>
- Olson, Mancur.** 1984. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven: Yale University Press.
- Shapiro, Carl.** Forthcoming. "Antitrust in a Time of Populism." *International Journal of Industrial Organization*.
- Stiglitz, Joseph E.** 2012. *The Price of Inequality*. London: Penguin Books.

THIS PAGE INTENTIONALLY LEFT BLANK