

prop it up. She boldly asserts that 'it would not be possible to engage in social interaction if the society in which you live were imbued with prejudice and hatred toward you.' Not that it would be difficult, or painful, but simply *impossible*. I doubt that Gelber would think Martin Luther King, Jr. never engaged in 'social interaction,' but that is the conclusion to be drawn by taking her statement at face value.

Gelber further expands on the 'harms political discourse' approach to restraining free speech by limiting the kind of people who can possibly suffer harm as the result of unrestricted free speech. She notes in the chapter on hate speech that 'by definition,' hate speech is directed at those suffering prejudice; elsewhere, she remarks that such harm is suffered by marginalised communities. Without explicitly stating as much in the text, it is reasonable to assume that such an approach precludes a non-marginalised member of a majority group from ever being the victim of vilification. Leaving aside the merits and accuracy of this approach, it assumes that the demarcation between the marginalised and non-marginalised, or the majority and minority, is self-evident and shared by all members of a marginalised group.

As fraught as such an approach seems to be, it is a well-intentioned attempt at line drawing, a task that Gelber freely admits is difficult. Her case would have been strengthened immeasurably if she could have demonstrated that drawing a line at all is necessary. While *Speech*

*Matters* acknowledges the protection that the first amendment grants to political speech, it also denigrates such an approach as absolutist. However, if Gelber's formulation about harms to political discourse were true, it should have been trivial to show that political discourse in the United States has been irrevocably harmed by an absolutist approach to free speech. In her defence of certain restrictions on free speech, Gelber makes no attempt to quantify or even roughly gauge the extent of marginalisation and exclusion in the political discourse of the United States. My suspicion is that any attempt to do so would reveal that there are plenty of non-legal mechanisms (market-based or otherwise) that act as effective (but not compulsory) regulations in the public sphere. In seeking to protect the vulnerable from the effects of harmful speech, Gelber overestimates both their vulnerability and the ability of regulators to police speech effectively, while also drastically underestimating the robustness of the public sphere. While *Speech Matters* is an adroit analysis of how and why Australia has got free speech wrong, it fails to persuade that getting free speech 'right' is possible, or even worthwhile.

**Reviewed by  
Thomas Morgan**

*The Great Stagnation:  
How America Ate All the  
Low-Hanging Fruit of  
Modern History, Got Sick  
and Will (Eventually)  
Feel Better*

**By Tyler Cowen**

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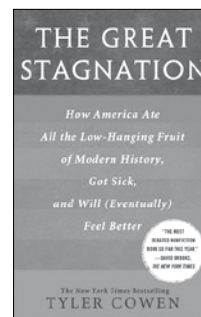
ISBN 9781101502259

**T** Tyler Cowen will be well known to many *Policy* readers from his *Marginal Revolution* blog. He has written other books, but this one is different because it is short (15,000 words) and available only as an ebook. Being this short, it reads more like an old-fashioned pamphlet than a traditional book.

Cowen's notion of a Great Stagnation may not be readily grasped by most Australian readers after two decades of continual economic growth and rising real incomes, thanks largely to the Hawke and Keating reforms in the 1980s and early 1990s.

In the United States, as Cowen shows us, the story is quite different. It has had sluggish growth since the early 1970s, with the slowdown in median income beginning in 1973. In the 26 years from 1947 to 1973, real median US incomes (measured in 2004 dollars) increased by more than 100% from \$21,771 to \$44,381. In the following 31 years to 2004, they increased by a little over 20%.

Cowen's explanation for the slowdown is that over the last



300 years or so, economic growth in the United States has been driven by exploiting the 'low-hanging fruit' of free land, immigrant labour, and technological innovations. Americans built their social and economic institutions on the expectation of having lots of low-hanging fruit, but in the last 40 years that fruit has started disappearing. They have failed to recognise that America is at a technological plateau, or in Cowen's words, a 'Great Stagnation.'

Cowen is optimistic that technological innovation will rescue the US economy and return it to high growth rates. He argues that although Americans are already doing much of what needs to be done to encourage technological innovations, they need to raise the social status of scientists so more people will love science and care deeply about it. Science needs to attract the best minds again.

This 'stagnation' has political consequences for both Democrats and Republicans. Lower growth will make it harder for the Democrats to sustain rising government expenditure, while the Republicans will find it harder to cut taxes unless they can also deliver spending cuts. Encouragingly, Cowen predicts government will not grow much during the stagnation other than for ageing-related spending, but sadly, government growth will take off again once the next era of low-hanging fruit arrives.

Cowen is aware that an obvious criticism of his stagnating technology thesis is the rise of the internet. The chapter on the

internet is somewhat confusing and makes Cowen sound like a neo-Luddite. He argues that the internet brings great personal benefits but comes up short on the revenue side as it is low cost to the user. Cowen argues that previous technological innovations like electricity and motor vehicles produced greater benefits because they were 'revenue intensive' and generated strong revenue streams for providers and high employment.

However, revenue intensive is another way of saying high cost, and Cowen does not adequately explain why high cost innovations like electrification and mass produced motor vehicles are more beneficial than low-cost innovations such as the internet.

In his chapter on measuring economic and productivity growth, Cowen argues that measured growth may have overstated its true levels over the last four decades because of the problems inherent in measuring the value of government consumption. This argument will resonate with those familiar with Ludwig von Mises's argument in his books *Human Action* and *Socialism* about the impossibility of economic calculations in the absence of market generated prices.

Cowen uses this argument to back up his thesis of the 40-year Great Stagnation, as actual economic and productivity growth may be less than measured growth. However, he provides the kernel of an alternative explanation for the stagnation thesis: the recent slowdown in economic and productivity growth is not the result of a technological plateau

but the result of increased government spending and the displacement of markets by central planning. If this explanation is correct, then rather than focusing on science and technology, it would be better to limit government intervention and privatise much of the government sector.

He also makes some interesting points about innovation, education attainment and health care spending. I particularly enjoyed his characterisation of the political debate around tax cuts versus redistribution in terms of 'tax cuts exaggerations' and 'redistribution exaggerations.'

One of the great strengths of this book is that it is short and well written. It can be read in an evening and is a good example of how to explain complex ideas in clear and easy to understand language.

The downside to being short is that Cowen does not have enough space to build a fully convincing argument to support his thesis. At best he provides the shell of an argument that needs further work to be really convincing. Despite this drawback the book is worth reading. And at \$3.20 to download, *The Great Stagnation* also provides a great chance to see for yourself whether ebooks are the future of publishing.

#### Reviewed by Rick Johnson

Note: A print edition of *The Great Stagnation* was published after this review was written.