



## John Steele Gordon

**Empire of Wealth**  
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### An Interview with John Steele Gordon

**You've called our nation's nearly inexhaustible supply of land "one of America's most profound comparative advantages." Does this still hold true today, in the era of suburban sprawl?**

Compared with most other industrialized countries we still have lots of land. Europe, India, Japan, and China are all much more densely populated. As for suburban sprawl, you could give every family in the country a half-acre to live on and fit them all comfortably into the state of Arizona.

**Several times in *An Empire of Wealth*, you allude to Gresham's law. Now that our country's economy is no longer attached to the gold standard, how does this rule apply?**

Gresham's law is not about gold, it is about different forms of money, whatever that might be at the moment. In 1965, when the US Mint stopped making silver coins, we had a classic example of it. The old silver coins vanished from circulation almost instantly as people hoarded them.

You've analyzed the ways in which technology and invention contributed to the immense financial resources in our nation. Is there something inherently "inventive" about our American society that sustains this economic growth?

There is certainly a great tradition of inventiveness in this country, probably stemming from the fact that we have always been labor poor and that therefore labor saving devices are always quickly welcomed in the marketplace.

You trace the development of United States as a cultural and intellectual power to the industrialists who endowed our country with museums, libraries, and concert halls. Does the intense philanthropic impulse that fueled these generous donations exist in our nation to the same extent today? A. Sure it does. Just walk around any college campus, major medical facility, or museum, and look at all the names over the doors of buildings and wings. American generosity is one of the wonders of the world.

**Several times in the history of our nation, J.P. Morgan came to the rescue of our financial system. What do you think explains his preeminence as a savior in times of economic disaster?**

He was the most important banker in the country for much of his career and his extraordinary personality did the rest. Most other bankers were afraid not to do what he instructed. As there was no federal institution during his life time to regulate the money supply, Morgan at least twice had to do the job himself.

**In your assessment of American presidents who have played enormously important roles in development of the American economy, you cite Andrew Jackson, Herbert Hoover, and Franklin Roosevelt. Does our current political system give the executive branch as much power to shape economic policy?**

The constitutional powers of the presidency remain the same. But Congress has become much more active in shaping the budget, making it more difficult for the President to get his way. In times of crisis, however, it is likely that Congress would defer to the President.

**How do you think the wide phenomenon of outsourcing — sending jobs to workers in foreign countries who often labor for less money — will affect the American economy in the long term?**

If outsourcing were actually a major problem, the unemployment rate would have risen sharply in recent years. It has declined to historically low levels instead. The reason is that other countries are outsourcing as well, often to the United States. This is an inevitable consequence of the globalization of the world economy and nothing is going to stop that trend.

**In your research for *An Empire of Wealth*, did you discover any facts about the history of the American economy that surprised you? Can you discuss some of these?**

The biggest surprise was the role of war in the history of the American economy. Although we never fought a purely imperialist war (the Mexican War, I guess, came closest but even there, we merely substituted an American imperium over the Southwest for a Mexican one), most of our wars found us in a stronger position at the end than at the beginning. That was especially true of World Wars I and II.

**How has the ongoing war against terrorism altered the complexion of our national economy? Do you think that our country's economic performance in past international conflicts offers any guidance for the outcome we can expect from this latest challenge to our financial stability?**

Measured as a percentage of GDP involved, the war on terror is a very small war, especially compared to the titanic struggles of the 20<sup>th</sup> century. It is a whole new sort of war — and probably what future wars will be like — so how it will play out is very hard to foresee.

You've spent your career writing about the past, present, and future of the American economy. Are there any new developments in the

21<sup>st</sup> century American economy that you think are predictive of the decades to come?

The microprocessor is the most fundamental invention to affect the economy since the steam engine. The latter made word-doing energy cheap and remade the world economy in a matter of a hundred years or so. The microprocessor makes information manipulation and transmission cheap, it will remake the world again, in many ways it already has. The first generation of children to grow up with computers is just now entering the most productive and inventive period of their lives — their twenties—what they will do in the next decade or so will be very exciting to behold.