



Issues in GOVERNANCE STUDIES

Number 37

November 2010

The Age of Leverage

David M. Anderson

ABSTRACT

The thesis of this paper is that leverage has become the dominant theme of our time. It is a theme more about a tool being used across spheres – social, political, international – than any substantive issue about the global economy or international security. There is no one way that leverage is always used to get things accomplished. But in the early 21st century new patterns have emerged for individuals, organizations, and countries to exert power, and leverage frequently plays a critical role in how power is used. Leverage is an old theme, an old tool, but the times have generated an extraordinary range of leverage-makers and leverage situations and leverage successes and leverage failures.



© Geoff Brightling

Recent Issues in Governance Studies

“Beyond Additionality in Cap-and-Trade Offset Policy”
(July 2010)

“The Senate Syndrome”
(June 2010)

“Can a Polarized American Party System Be “Healthy”?”
(April 2010)

“Broken Politics”
(March 2010)

To view previous papers, visit:
www.brookings.edu/governance/Issues-in-Governance-Studies.aspx

Nine Isolated Examples

What do the following activities have in common?¹

1. A man looks for a job today by using social media sites ranging from Facebook to LinkedIn in order to obtain information from current and old friends whom he believes will connect him to potential employers.
2. A step-son who is asked by his step-father to mow the lawn talks to his mother about his need to use her car and she agrees to let him use her car if he agrees to mow the lawn.

David M. Anderson is Senior Vice President, Government and Strategic Initiatives, The Washington Center for Internships and Academic Seminars, Washington, D.C.. He taught political ethics at George Washington University's Graduate School for Political Management for 12 years. He holds a Ph.D. in Philosophy from the University of Michigan

The opinions expressed in this paper are solely those of the author and do not represent the views of The Washington Center for Internships and Academic Seminars.

3. Joshua Kurlantzick accepts Joseph Nye's distinction from *Soft Power* (2004) and *The Powers that Lead* (2008) between "soft power" and "hard power," – namely the difference between using cultural resources, political ideology, and foreign policy to get a country "to want the outcomes that you want" vs. using military and economic power to coerce or force a country to do what you want them to do. Kurlantzick argues that China has been more effective in penetrating Southeast Asian markets than the United States because the United States has focused on hard power while China has focused on soft power.²
4. Al Qaeda terrorists used information technology, especially the Internet, to organize armed hijackings of three airplanes on September 11, 2001.
5. A husband and wife buy a house by putting \$40,000 down (which is the only money they have) and neither of them has a good job and take on an interest only loan that has a 4 percent 3 year ARM.
6. The Japanese firm SONY blended two core technologies – the headphone and the tape recorder – in order to create a product, the Walkman.
7. Keynesian fiscal demand spending policies have been implemented in the United States and in many of the world's major economies since the crisis of September 2008 in order to stimulate consumer demand and thereby increase economic growth and reduce unemployment.³
8. In their divorce negotiations, the wife wants to get divorced and the husband does not. The husband after considerable talk agrees to the divorce, but obtains some economic resources he might otherwise not have obtained.
9. The United States, Brazil, China, France and other nations use economic sanctions to discourage Iran from building nuclear weapons.

Each of these examples involves a relationship between certain activities and certain end results – in short between certain causes and certain effects. But what unites these nine notions is more than the simple fact that they are each examples of effects in the world being brought about by deliberate as opposed to accidental or unplanned causes. What unites these examples is a broadly similar causal pattern whereby specific resources are strategically employed to bring about certain results. And although the resources are not used in identical ways in each of the nine examples, there is a core strategy that is employed throughout. It is best summed up in the single word "leverage."

Leverage is an old theme in human civilization, but it has become very prominent in recent years in all spheres of life. The nine examples, each in their own way, exhibit the phenomenon of leverage. There are also a number of notions of leverage. There is, for one, the notion of leverage as strategic advantage. Indeed, it is a commonplace to use leverage in business or political negotiations. There is, secondly, the notion of leverage as a resource that is used

Leverage is an old theme in human civilization, but it has become very prominent in recent years in all spheres of life.

to accomplish an objective. In the economic sphere, as we will see below, leverage typically refers to a process of investing capital in a way that is likely to generate excellent returns. And although there are different notions of leverage these notions do share what the philosopher Wittgenstein called “a family resemblance” to each other.⁴ Indeed, he believed that words lack an “essential meaning,” but that if you actually look at how the same word is used in different contexts you will discern this family resemblance. The meaning of a word is what people understand it to mean in these different contexts.

The “family resemblance” can be stated as follows: the act of leverage involves using resources and/or relationships in a creative way to bring about certain effects in the world. Even more, the effects that are sought are typically considerably greater than the resources employed to bring them about. This notion of magnifying the effects from the causes is brought out in a particularly vivid way by Gary Hamel and the late C. K. Prahalad in a central chapter of their landmark book on management strategy, *Competing for the Future*, “Strategy as Leverage”: they define “resource leverage” as “getting the most from the least.”⁵ The best companies, they explain, set forth “stretch” goals and utilize resources in such creative ways that they are able to generate incredible results from modest resources. We’ll address this notion in more detail below.

The Nine Examples Exemplify a Common Theme

Consider the nine examples with this notion of creating the “most from the least” notion of leverage in mind. In the case of the man seeking a job, we find that he is able to make great gains toward his strategy of finding a job by using the Internet to obtain information about the whereabouts of old friends, and these friends may possess the information or the capability to find the job-seeker work. In the 1950s, the most common case of the worker is the man who has the same job in 1960 as he has in 1950, say it is at an automobile company, whether he is a line worker or a manager. Our man in 2010 is forced three times between 2000 and 2010 to look for a new job; our man from 1950 does not have to leverage resources and relationships because he does not have to look for a new job at all.

In our case of the step father seeking to get his step son to mow the lawn, a similar dynamic emerges. In order to obtain the state of affairs where the step son mows the lawn, the step father realizes that he must leverage his relationship with his wife who also has an agenda with his step son (and her son); and the step son leverages his relationship with his mother in order to advance his agenda with her, namely that he wants to use her car. The upshot of this leverage triangle is that the father obtains his end of getting the step son to mow the lawn and the step son obtains his end of getting use of his mother’s car and the mother herself gets her end of maintaining stability between her husband and her son. The comparison with the 1950s family is striking, at least that traditional family in which the father tells his son to mow the lawn and his son

mows the lawn no questions asked. Essentially he obeys his father who has line authority over his son just the way the managers at Ford and GM have line authority over the workers on the assembly line. The mother in the 1950s example does not have her own car and she is not needed, by either the father or the son, in order for the lawn to be mowed.

The case of the husband negotiating with his wife regarding their potential divorce is a classic example of how one spouse uses leverage in divorce negotiations. The husband is using a delaying strategy as leverage in his negotiations with his wife; in order to expedite the divorce, then, she needs to make certain economic concessions. Leverage in this instance is a common negotiating strategy. Here the husband is using his desire to delay a divorce as a resource in his negotiations with his wife. He is able to find this resource within himself, but it is a resource nonetheless because used creatively it enables him to achieve his ends.

The example of the SONY Walkman above comes from Gary Hamel and the late C.K. Prahalad. Their notion of “getting the most from the least” involves a sharp distinction between *allocating resources* from *leveraging resources*. They spell out a series of ways that the best companies leverage resources in creative ways.⁶ They identify five basic notions of “resource leverage”: concentrating resources, accumulating resources, complementing resources, conserving resources, and recovering resources. The SONY Walkman example falls into the “complementing resources” category, in particular as a form of “blending” existing resources. In the 1990s Hamel and Prahalad were fierce opponents of restructuring and reengineering strategies which focused on downsizing firms rather than transforming industries with creative leverage strategies. Their notion of leveraging resources is thus essentially a strategic advantage notion of leverage, and they employ it to explain what the best companies do to not only survive and flourish in the future but to envision and create the future.

The crisis of 2008 was, according to many economists, a leverage crisis because individuals used leverage, actually too much leverage, in order to buy houses they basically could not afford; and banks used leverage to finance mortgages that basically they could not themselves guarantee in any financially respectable way. With modest means a couple could live in a house that was really of a much higher quality than their finances could support, but with a modest down payment and interest-only payments with subprime mortgage rates based on ARMS, these purchases could be made; but they could not be sustained because the consumers could not afford the monthly payments when the adjustable rates went up. Likewise with the banks — which were at once investment and consumer banks — that were using extremely risky leverage strategies to earn great gains with modest means.

Consider the example about Keynesian policies. Keynesian fiscal stimulus policies are essentially leverage policies since they seek to use targeted government investments as leverage in order to grow the economy. Invest \$100

The global economic crisis of 2008 saw major Keynesian leverage policies implemented in the United States, Great Britain, Germany, China and most of the world's major economies.

billion here in order to create jobs and increase investment that are many times greater than the investment of the \$100 billion itself. The global economic crisis of 2008 saw major Keynesian leverage policies implemented in the United States, Great Britain, Germany, China and most of the world's major economies.

Foreign policy for all nations has always involved leverage. But today leverage has taken on new dimensions. Joe Nye's distinction between "soft power" and "hard power" — power that "co-opts rather than coerces" — is in many ways a distinction between leveraging resources and using traditional military and economic power to overwhelm opponents.⁷ In the case of soft power, a country uses its music and its literature and its movies and its emotional intelligence and its public diplomacy⁸ to make other countries want the outcomes that they want. The soft power strategies, then, enable countries to invade foreign markets and reap economic gain even as they achieve political goals, especially peace. Traditional hard power strategies, though of course needed in great measures at times, for instance during World War I and World War II, are nevertheless frequently not ideally suited to achieving economic and political goals in the post-Cold War world.

A country which does not have to revert to bombs and sanctions but can achieve its ends with music, literature, movies, hamburgers and public diplomacy has basically shown that existing peaceful nonaggressive resources can be leveraged to achieve great ends. Joshua Kurlantzick has made the case that China has deftly deployed soft power strategies throughout Southeast Asia (as well as countries in Africa and Latin America). We can take his argument to show that China has been very effective at leveraging its cultural resources in order to grow its economy and its stature in political affairs in the world theatre.

In many ways terrorist strategies today, like terrorist strategies in the past, are about leverage. Terrorists, whose military actions fit into the broad category of asymmetric warfare, typically lack the military and economic power of nation states, certainly Great Powers or a Superpower. The terrorists therefore must leverage resources in order to bring about great destruction: 9/11 is the prime example since the Al Qaeda terrorists were able to topple the World Trade Center and do severe human and physical damage in Washington and Pennsylvania without exploding a bomb or sending a missile. They in fact leveraged our own resources against ourselves — therefore existing resources — in order to cause loss, pain, and destruction. Terrorists also often use dramatic techniques to create societal effects, like paralysis and mass fear and anxiety, which have a greater force than the techniques themselves, like car bombs.

Finally, the example of economic sanctions used against Iran serves as a standard example of a strategy nations use to force or compel other nations to change their behavior. Preventing a country from acquiring some product that they desire — for example natural gas — is thus a traditional way of using leverage to try to cause changes in behavior. This is more of a hard power than soft power technique, but it uses the notion of leverage nonetheless.

The Upshot

Our analysis, therefore, serves to underline the point that we live during a time when resources and relationships are being leveraged to an extraordinary extent. In some cases leverage was not used in the past where today it is; in others, leverage was used in the past but just not to the same extent.

The Age itself is best regarded as the “Age of Leverage.”

This feature of social reality is most observable in American culture, in the American family, in American business, and in American foreign policy. Still, we can discern the prominence of leverage throughout the world today. Essentially a set of dynamics around the world has compelled individuals, families, corporations, NGOs, nations and regional coalitions to make leverage the dominant element of their strategies for success, whether the effort in question is economic development, justice, or peace.

As a tool leverage is a form of power. Professor Nye explains that “smart power” involves using the right amounts of “soft power” and “hard power,” but it would appear that “soft power” is more likely to involve leveraging resources and relationships than hard power.⁹ Suffice to say here that economic, political, and family progress in the twenty first century seems to rely more on soft power and leveraging strategies than traditional hard power.

Although we are referring to the “Age of Leverage” it may make more sense to refer to Leverage as the “Main Current of the Age.” Others may wish to call it “one of the” Main Currents. It is, admittedly, difficult to condense an entire age (or era) or even an entire generation or a single decade into a single concept. But it is convenient to refer to the Industrial Age, the Age of Enlightenment, the Age of Revolutions, and the Information Age. These concepts are especially useful in academia where professors need useful categories to teach students as well as to set up scholarly categories for inquiry and deliberation. Politicians also find categories of this nature useful in setting forth their vision and their policies. Leadership itself requires large categories for visions to be realized.

Ages can also overlap and generations and decades with distinct identities can arise within ages. From the 1950s to 2000 we had, among others, the Nuclear Age, the Space Age, The Cold War, the Beat Generation, The Culture of Narcissism, the 60s, the Me Generation, the Millennials, the Computer Age, The Information Age, The Internet Age, and the Age of Globalization.

Leverage is a theme that cuts across all societal spheres. It is best regarded as the structural feature that provides a unifying explanatory theme for understanding the United States and even the world.

The Societal Changes That Have Brought Forth the Prominence of Leverage

Let's address the chief societal changes that have led to the emergence of the Age of Leverage.

Informational and Communications Technology Revolution

Organizations
today leverage
information
technology through
the creation of
social capital.

The information and communications technology revolution has transformed the way individuals communicate, companies operate, and governments are organized. There are hundreds of books on this topic. Our treatment focuses on the major change from essentially top-down hierarchical forms of communications to network systems of communication. "Cyberspace leveraging," according to Stephen Whitehead, enables a small set of internet users to "to harness the power of a large population of networked users."¹⁰ This notion speaks to the Hamel and Prahalad notion of getting "the most from the least."

With respect to patterns of communication, there can be no doubt that the Information and Communications Technology Revolution has caused some fundamental changes. In the traditional organization, be it business or government, the lines of authority move from the top down and communication travels from the bottom up following normal channels, level by level. In Information age businesses and governments, there are vast networks of overlapping departments which diverge from the typical hierarchies. These networks make it both possible and necessary for effective managers to communicate across departments and divisions and not just down to workers and up to executives. Organizations today leverage information technology through the creation of social capital.¹¹

And although many are skeptical that these organizations with horizontal structures adequately overcome some of the morally offensive features of the traditional top-down hierarchical firms, most would agree that the use of the new information and communication technology, especially e-mail and cell phones, has transformed the nature of business, nonprofit, and government communication. Communication for individuals as family members or citizens in general has followed suit. E-mail and cell phones along with social media sites like Facebook, MySpace and LinkedIn have enabled individual citizens to expand their networks of friends and colleagues in incredible ways. Whether it is for building friendships, developing work contacts, or volunteering online, individual communication in the Information Age has been transformed.¹²

The New Family Networks

The process of decentralization that has occurred in personal and organizational life has some important similarities with the process whereby the American

family has shifted from a nuclear family model with a married couple and children in which the husband is the breadwinner to a family system which has a range of family structures, including this traditional model as well as two-parent, two-paycheck family to the single-parent, one-paycheck family and the single person household with no children.¹³ The clear and direct lines of communication we associate with the traditional firm have also dissolved in most American families. Lines of authority have been completely transformed, and indeed parental authority itself has declined either because children have become through progressive parenting practices empowered and autonomous or because due to parental absence or disengagement children have become irresponsible. Parents and children alike find that they must operate in complex networks that require collaboration, negotiation, dialogue and deal-making – and thus leverage for them is a major tool in their tool boxes.

Whether it is the step-son who wants to use his mother's car or the husband who does not want to get a divorce, navigating your way through family life for today's mothers and fathers, step fathers and step-mothers, sons and daughters, step-sons and step-daughters, grandmothers and grandfathers, grandmothers whose sons or daughters are now divorced and have an unclear status, grandsons and granddaughters whose grandmothers and grandfathers now have an unclear status – living in these networks today requires leveraging resources and relationships when old style direct asks, direct communications, and simple lines of authority do not exist. Surviving your family situation today, and most of us have multiple family situations, requires that you be very skilled at leveraging resources and relationships.

Geopolitics in the Same Vein

The overall structure of geopolitics has, in many ways, mirrored the overall structural changes in communication networks and the family network. For the shift from the Cold War paradigm is very similar to the shift from the Nuclear Family paradigm. We shifted from a very clear, very firm, very structured relationship between two superpowers, the U.S.A. and the U.S.S.R., in which almost every other country was entangled with one of these superpowers, to a world with one superpower and a great range of other powers – the G8 at the level of major powers and the rest of the G20 including India and Brazil at the level of second tier powers. The onset of Islamic terrorism with 9/11 has made the world theatre a place of multiple problem areas with different sources but many overlapping issues.

It is an oversimplification to say that global politics is decentralized compared to how things were during the Cold War, but basically this description is broadly accurate. You can't squeeze China politics or Iran politics or Middle East politics into a simple Cold War mold. It is, we are told, a multi-polar world. Essentially all countries today must use creative leveraging strategies to advance their national or regional interests because there are so few instances of one to

*Leverage itself,
however, is morally
neutral.*

one treaties or alliances. Not even the world's superpower, the United States, has the liberty to leave leverage behind, although at times, to our peril, we seem to use hard power traditional military and economic strategies where we should be leveraging resources and using soft power public diplomacy strategies.

Business, government, family life, individual life, and international relations all today exist in spaces where there has been a proliferation of agents of change and a shift away from clear sources of power and authority. These shifts, which admittedly came about for different reasons, although some were related, have made leverage king. When power and authority have been dispersed those who wish to meet their ends must use leverage more than they did in the past. In a sense it is that simple. When you are in control you just order people what to do, and short of revolution they listen. But when power is dispersed leverage becomes the dominant strategy to get things done.

The Ethics of Leverage and Some Policy Recommendations

Leverage, as we have explained throughout, is essentially a causal strategy for bringing about change. Effectively executed leverage is basically effectively used power. *Leverage itself, however, is morally neutral.* Like all forms of power, the ends to which the power is put are subject to moral evaluation. This much said, we can still make some observations about the practice of leverage itself, observations which are not themselves sufficient to render a moral judgment but which are useful in any full scale analysis of a particular leverage strategy.

It is clear that leverage can go too far. Or we can say that someone or some institution is overleveraged. The obvious examples are individuals and institutions during the global economic crisis, especially in the United States, culminating in the crash on Wall Street in September 2008 and the subsequent six months. If you are leveraging a set of resources in order to achieve substantial financial gains and the financial basis of your leveraging activities is weak, then your leverage strategy is subject to collapse.

At the same time, individuals and institutions and countries should not be reluctant to use leverage strategies. Thus, you can also be "under-leveraged." It is therefore a mistake to avoid leveraging resources and relationships when more direct frontal approaches to problems might blow up in your face. Therefore, fear of leveraging may side step strong economic sanctions on a rogue nation when these sanctions might be effective. Fear of leveraging might prevent a couple from being able to afford the bio-technology that they need to be able to have a child. Fear of leveraging may cause a nation to fail to invest in the private sector when such investments might sharply reduce unemployment and substantially increase GDP.

As individuals continue to be compelled to leverage resources and relationships to accomplish their goals, there is a natural tendency for individual identity to become so spread thin that the result is a fragmented sense of self.

With 600 regular contacts on Facebook, the individual in question is scattered across the globe, engaged in the lives of 600 people but without an integrated sense of self who has a driving purpose and a reasonable set of friends and contacts with whom share experiences and ideas.

A similar problem can arise for countries if they are tempted to leverage an ever increasing number of relationships and they discover that their abundance of treaties, alliances, deals, and group plans contain many inconsistencies and conflicts. Thus by avoiding both going at things alone or choosing a very few partners in international affairs, countries run the risk of alienating others who believe they are friends when in reality a range of agreements and actions present them with manifest forms of hostility and harm.

A Normative Principle of Leverage

If there is one guiding principle that emerges from this analysis it is that leverage is the new balancing principle in human affairs.¹⁴ Individuals, organizations, and countries should give supreme emphasis to finding the right amount and degree of leverage to use in their various endeavors. The reason we see many individuals, organizations and countries “de-leveraging” is that they are trying to recover from the harm created by being “overleveraged.” In the “Age of Leverage,” though, it is not only in our economic life that we must de-leverage when we have over-leveraged. The task is before us in our emotional and international relations as well. The task for leaders in the political realm is bold and daunting, for it is nothing less than trying to coordinate domestic and foreign policy leveraging strategies at the same time. Understanding the relationship between America’s effort to reduce its long-term national debt and its yearly deficit as it recalibrates its relationships with China, Russia, Japan, Iran, Israel, Saudi Arabia and other countries is essentially understanding the science and the art of leveraging.

This principle of leverage might act as a “constraint principle,” and it is clearly a normative principle as opposed to the broadly empirical nature of the account I gave of how leverage has become the dominant theme of our time. This normative principle of leverage is meant to *balance or constrain* the major normative principles that any sound democratic society has, including principles of equal liberty, equality of opportunity, and a range of principles of international law. It is clear that since it is possible to be “overleveraged” or “underleveraged” that various metrics would need to be created in order to evaluate particular situations. I have more to say here about the framework for the normative principle than I do about the metrics themselves.

This normative constraint principle may be used most effectively in the context of practical political and practical policy decisions. One can imagine either the White House or Congress appealing to this principle when they are immersed in complex deliberations that frequently involve a range of normative

principles and empirical considerations. The normative principle of leverage, then, asks that consideration be given in the final determination of a political or a practical decision how the anticipated consequences of the proposed course of action would bear on other domestic and foreign concerns where leverage is probably a factor. *If deductive logic has its main principle of constraint the principle of logical consistency, then practical politics in the early twenty-first century should have its main principle of constraint the normative principle of leverage.*

So critical is the notion of leverage to contemporary democratic societies that one is compelled to think about a notion of liberalism animated by the notion of leverage – thus a notion of Leverage Liberalism. This presumably would be a liberalism that, though powered by many traditional rights and liberties associated with freedom and equality, nevertheless takes on a cast and a spirit associated with this societal theme that has emerged in all realms. As a *causal pluralist* in a broadly Weberian tradition, I see the seeds of an explanatory theory of liberal capitalism that combines the inescapable motive of self-interest with a set of beliefs about leverage that acts as an analogue to the belief system of the Protestant work ethic.¹⁵ Weber said that the belief and motivation system of “ascetic capitalism” provided the greatest energy behind the development of industrial capitalism, especially in England and Germany. He wrote:

... the religious valuation of restless, continuous systematic work in a worldly calling, as the highest means to asceticism, and at the same time the surest and most evident proof of rebirth and genuine faith, must have been the most powerful conceivable lever for the expansion of that attitude toward which we have here called the spirit of capitalism.¹⁶

My claim is that the belief and motivation system centered around the recognition of the need to leverage resources and relationships is playing a broadly similar role to the belief and motivation system of the Protestant Reformation. What many have called the Information Economy is a key element of my explanation, since leveraging information technology is central to the development of the Information Economy. But I have made the broader, more ambitious claim that the leverage strategy is about more than the economy. It is also the driving theme of family life and international relations. Moreover, it is clear that there are both materialist and what Weber called ideational elements moving history. As a casual pluralist who sees the role of material and mental factors in any reasonable explanation of societal development, I am thus giving the notion of leverage a critical but not a sole role in historical and sociological explanation. My approach also follows the broad tenets of Amitai Etzioni’s notion of socio-economics.¹⁷

The principle of leverage would be invoked in the social scientific explanation of the societal problems brought about by the lack of effective family policies and effective political leadership, and the principle of leverage would also be invoked at the level of normative political theory to justify these policies and related themes concerning political leadership.

Foreign Policy Applications

Applying this general normative principle would involve different procedures in different kinds of situations. In foreign policy, for example, using the normative principle might involve some additional normative principles, for example Immanuel Kant's principle of treating other people with respect and dignity, his Ends Principle, which is the second part of his three part Categorical Imperative.¹⁸ The Ends principle teaches that we must treat every individual as an end in himself and never as a mere means. Here one would seek to treat others with respect and dignity even as you leverage your relationships with them in order to achieve foreign policy goals. Kant maintained that though we should never treat another as a mere means it is possible to use someone as a means in an ethically justified way so long as you treat them with respect.

Kant, among other things, is regarded as the father of twentieth century efforts to create international law and the United Nations. His doctrine of Perpetual Peace provided an intellectual blueprint for much of the League of Nations as well as for the United Nations.¹⁹ Wilsonian idealism has roots in Kantian idealism. It thus seems fair to say that individuals, organizations and countries should never use leverage solely as a means toward advancing their own interests. But so long as you use leverage in a way that values others as a means even as they enable you to advance your interests, then you will be using leverage in a way that values others as ends in themselves, namely with dignity. Admittedly the devil is in the details and a careful analysis would be needed of any use of leverage in the international realm or any realm before we gave it a full Kantian blessing.²⁰

Domestic Policy Applications

There are a range of economic, energy, and family policies that might be defended, including standard Keynesian fiscal stimulus policies as well as multifaceted fiscal and monetary policies that seek to de-leverage our economy and especially our annual deficit even as they address long term job and growth strategies.²¹ Another potential policy area of application is family policy, where the ongoing struggles in working families, especially regarding parenting and child care, might be reframed as problems of overleveraged working mothers and working fathers. There is a considerable literature on overstressed working mothers, overscheduled children, and overextended working mothers and fathers. These patterns might usefully be discussed from the standpoint of the normative and explanatory principles of leverage. And specific policies – including paid parental leave, tax-credits for stay at home parents, and day care subsidies – might be defended as a way of reducing the stress and correcting for injustices brought about by unreasonable demands placed on working parents, especially working mothers but working fathers as well. The principle of leverage would be invoked in the social scientific explanation of the societal

Governance Studies

The Brookings Institution
1775 Massachusetts Ave., NW
Washington, DC 20036
Tel: 202.797.6090
Fax: 202.797.6144
www.brookings.edu/governance.aspx

Editor

Christine Jacobs

Production & Layout

John S Seo

problems brought about by the lack of effective family policies and effective political leadership, and the principle of leverage would also be invoked at the level of normative political theory to justify these policies and related themes concerning political leadership. Moreover, the policies themselves would illustrate the notion of “getting the most from the least” since a \$50 billion family policy, which is not a substantial amount of money for a major federal program, would, the argument goes, have massive effects on society.²²

Tell us what you think of this *Issues in Governance Studies*.

E-mail your comments to gsccomments@brookings.edu

This paper from the Brookings Institution has not been through a formal review process and should be considered a draft. Please contact the author for permission if you are interested in citing this paper or any portion of it. This paper is distributed in the expectation that it may elicit useful comments and is subject to subsequent revision. The views expressed in this piece are those of the author and should not be attributed to the staff, officers or trustees of the Brookings Institution.

Endnotes

¹ This article develops the main ideas of my column, "Time to adjust for life in the 'Age of Leverage,' *Roll Call*, August 9, 2010.

² Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); Joseph Nye, Jr., *The Powers To Lead* (New York: Oxford University Press, 2008); Joshua Kurlantzick, "Chinese Soft Power is in Southeast Asia," *The Globalist: The Power of Global Ideas* (June 2, 2007 (Part I), June 3, 2007 (Part II)). These essays are adapted from *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2006).

³ Three outstanding recent books about Keynes are Paul Davidson, *The Keynesian Solution* (Houndmills, Basingstoke, Hampshire, England: Palgrave MacMillan, 2009), Paul Davidson, *John Maynard Keynes* (Houndmills, Basingstoke, Hampshire, England: Palgrave Macmillan, 2007, 2009), and Lord Robert Skidelsky, *Keynes: The Return of the Master* (New York: Public Affairs, 2009). I have discussed some core Keynesian themes as they bear on the economic crisis of 2008 and after in "Time to adjust for life in the 'Age of Leverage,' *Roll Call*, August 9, 2010; "Oversimplification of capitalism has role in crisis," *The Hill*, November 8, 2008 <http://thehill.com/opinion/op-ed/7939-oversimplification-of-capitalism-has-role-in-crisis>; "A pedestal for uncertainty," (unpublished), pp. 1-2; and "Three Errors of Capitalism," (unpublished), pp. 1-5.

⁴ See Ludwig Wittgenstein, *Philosophical Investigations* (New York: Macmillan Publishing, 1958).

⁵ Gary Hamel and C.K. Prahalad, *Competing for the Future* (Boston Massachusetts: Harvard Business School Press, 1994), pp. 163-193.

⁶ Hamel and Prahalad, pp. 184-185.

⁷ For an account of Nye's distinction between soft and hard power, and of their many relationships to each other, see *Soft Power*, Chapter One, "The Changing Nature of Power," pp. 1-32; and Joseph Nye, *The Powers to Lead*, Chapter Two, "Leadership and Power," pp. 27-52.

⁸ The University of Southern California has one of the major programs in public diplomacy. See the website for their Center for Public Diplomacy at the Annenberg School of Communication: < <http://uscpublicdiplomacy.org> >

⁹ See *Soft Power*, p. 32; and *The Powers to Lead*, "Preface," ix-xiii.

¹⁰ Quoted in Fountain, p. 23.

¹¹ For a lucid discussion of the scholarly literature on hierarchies, social capital, and networks, see Jane Fountain, *The Virtual State* (Washington, D.C.: The Brookings Institution Press, 2001), chapter five, "Interorganizational Networks," pp. 64-82.

¹² There is an extensive literature on information technology and democracy. See, for example, Ithiel de sola Pool, *Technologies of Freedom* (Cambridge, MA: Harvard University Press, 1983); Andrew L. Shapiro, *The Control Revolution* (New York: Public Affairs, a Century Foundation Book, 1999); Anthony G. Wilhelm, *Democracy in the Digital Age* (London: Routledge, 2000); *Governance.com: Democracy in the Information Age*, edited by Elaine Ciulla Kamarck and Joseph S. Nye, Jr (Cambridge, MA: Visions of Governance in the 21st Century; Washington, D.C: Brookings Institution Press, 2002); *The Civic Web: Online Politics and Democratic Values*, edited by David M. Anderson and Michael Cornfield (Lanham, MD: Rowman & Littlefield Publishers, 2003), forward by F. Christopher Arterton; David M. Anderson, *Youth04: Young Voters, the Internet and Political Power* (New York and London: W.W. Norton, 2004); Michael Cornfield, *Politics Moves Online: Campaigning and the Internet* (New York: The Century Foundation Press, 2003); Bruce Bimber, *Information and American Democracy* (Cambridge, England: Cambridge University Press, 2003); and *The Year of Obama*, edited by Larry Sabato (Longman, 2009).

¹³ There is a vast literature on these changes. See, for example, Betty Friedan, *Beyond Gender: The New Politics of Work and Family*, edited by Brigid O'Farrell (Washington, D.C.: Woodrow Wilson Center Press, 1996); Nancy Chodorow, *The Reproduction of Mothering* (Berkeley, Los Angeles, London: University of California Press, 1978, 1999); Ann Hewett and Cornel West, *The War Against*

Parents (Boston: Houghton Mifflin Company, 1998); Arlie Hochschild, *The Second Shift* (New York: Avon Books, 1989); Francesca M. Cancian, *Love in America: Gender and Self-Development* (Cambridge, England: Cambridge University Press, 1987); and Sheila Kammerman, *Starting Right* (New York and Oxford: Oxford University Press, 1995);

¹⁴ My treatment of what I am calling a normative principle of leverage can be regarded as a part of the treatment of the role of ethical reasoning in international relations. In recent years an increasing number of international relations theorists, notably realists, have sought to integrate ethical notions in their theories of international relations. Wilsonian idealists, practically by definition, incorporate ethical considerations into their theories. See, for example, Mark R. Amstutz, *International Ethics: Concepts, Theories, and Cases in Global Politics*, Third Edition, (Lanham, Maryland, Plymouth England: Rowman and Littlefield Publishers, Inc., 2008). As his book makes clear, philosophers and political scientists for decades have addressed the role of ethical reasoning in foreign policy and international relations regarding a range of issues, from just war theory to economic sanctions. The International Relations scholarly community, however, has in recent years given considerable attention to ethical reasoning. This came about when many realists adopted “principled realism” or “ethical realism” in light of the 2003 Iraq War and President Bush’s rationale behind it. I have outlined a position for “pragmatism” in international relations with specific reference to the role of ethical concepts -- as opposed to all forms of realism as well as idealism -- in “A New Taxonomy for Approaches to Foreign Policy,” (unpublished). This piece develops the arguments in “President Obama’s Moral Surge,” *Roll Call*, December 14, 2009 <http://www.rollcall.com/news/41522-1.html>; and “Against the Realism vs. Idealism Debate in Foreign Policy,” *Roll Call*, December 22, 2009 <http://www.rollcall.com/news/41841-1.html>

¹⁵ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, translated by Talcott Parsons (New York: Charles Scribner and Sons, 1958).

¹⁶ Weber, p. 172.

¹⁷ Amitai Etzioni, *The Moral Dimension: Towards a New Economics* (New York: The Free Press, 1988). I discuss Professor Etzioni’s notion of socio-economics as well as some related themes in the work of Michael Sandel and William A. Galston in “Communitarian Approaches to the Economy,” in Herbert Giersch, *The Merits and Limits of Markets* (Berlin, Heidelberg, New York: Springer-Verlag, 1998), pp. 29-52. Socio-economics aims to synthesize neoclassical economics, which centers around assumptions of rational self-interest, with traditions of economic analysis that include assumptions of other-regarding norm driven patterns of motivation. Etzioni is broadly Weberian since he is a causal pluralist in his account of economic behavior. What I am suggesting is that the belief system centered around the notion of leverage has an other-regarding component built into it since endeavors which seek to leverage relationships with others (be they individuals, organizations or countries) have a natural tendency to serve the interest of the partner at the same time that they serve the interest of the agent initiating the action. To what extent there is a pure other-regarding motive is an important and probably unanswerable question. I will be developing this notion in future publications.

¹⁸ *The Moral Law: Kant’s Groundwork of the Metaphysic of Morals*, A New Translation with Analysis and Notes, H.J. Paton (London: Hutchison University Library, 1948, reprinted 1962).

¹⁹ *Perpetual Peace, & Other Essays on Politics, History & Morals* (Indianapolis and Cambridge, England: Hackett Publishers, 1978).

²⁰ A recent book from the progressive camp, Henry Tam’s *Against Power Inequalities: Reflections on the struggle for inclusive communities* (Birkbeck College, London University, 2010) <http://www.equalitytrust.org.uk/resources/against-power-inequalities> <http://www.equalitytrust.org.uk/resources/against-power-inequalities>) shows that progressives have had their greatest success when they joined forces, but since the late 1970s have failed to leverage the resources from individual progressive organizations to mount an effective political

movement. Others might argue that the Tea Party Movement is having more success leveraging the resources of conservative organizations.

²¹ A leading example of an energy platform that seeks to leverage resources across national boundaries in order to promote the dual aims of climate control and reducing poverty is the The Republic of Korea's Global Green Growth Institute (GGGI). See: <http://www.gggi.org/> In their two page advertisement in the November 2010 issue (following p. 6) of *Foreign Policy*, they explain: "GGGI leverages international expertise on behalf of partner countries (primarily developing and emerging nations) and offers advice on how to carry out green growth, using a fact-based, rapid response method." This growth and distributive justice strategy, as I understand it, will be most effective if it is integrated with the rising importance of cities in global affairs. See, for example, Parag Khanna, "Beyond City Limits: The age of nations is over. The new urban age has begun," *Foreign Policy* (Sept/Oct 2010), and Bruce Katz, "Viewpoint: City Centered," *Time Magazine*, Nov. 1, 2010, pp. 62-64.

²² I have argued for a national family policy in the context of a philosophical-political framework that draws on but seeks to enhance a number of Third Way public philosophies in "Towards a Progressive Family Policy: The Family Unity Act," in *Progressive Politics in the Global Age*, edited by Henry Tam (Cambridge, England: Polity Press, 2001), pp. 108-124. Other aspects of my position, especially concerning moral and political psychology, gender politics and political strategy, are discussed in "Family Unity Act Needs—and Deserves—Sponsor," *The Hill*, February 8, 2000; "A Viable Strategy for Women's Progress," *Women's Progress: Perspectives on the Past: Blueprint for the Future* (Washington, D.C.: Conference Proceedings, Institute for Women's Policy Research, 1999); "False Stability and Defensive Justification in Rawlsian Liberalism: A Feminist Critique," in Robert Paul Churchill (ed.), *The Ethics of Liberal Democracy* (Oxford: Berg Publishers, 1994), pp. 47-70; "Part of the Project of Building a Progressive Coalition: Uniting Working Mothers and Welfare Mothers Behind a National Family Policy," (2001), pp. 1-12 (unpublished); "Paying Attention to Fathers," *Baltimore Sun* (Sunday edition, lead article), July 17, 2001; "Microwave Nation," *Fort-Worth Star Telegram* (Sunday edition, lead article), July 15, 2001; "Townsend's tragic fall," *The Gazette: The Newspaper of Politics & Business* (Maryland, Weekend edition), November 8, 2002; "Moving from Townsend's fall to Democratic renewal," *The Gazette: The Newspaper of Politics and Business* (Maryland, Weekend Edition), November 22, 2002; "Replace opinion polls with problem-solving," *The Baltimore Sun*, November 18, 2002; "Push real family policies, not rhetoric," *The Miami Herald*, January 1, 2003; and "Democrats to the drawing board," *The Gazette: Newspaper of Politics & Business* (Maryland, Weekend Edition), July 18, 2003. Many of the arguments and points in my articles and op-eds are consistent with the work of Joan C. Williams. See her recent book, *Reshaping the Work-Family Debate* (Cambridge, Mass. and London, England: Harvard University Press, 2010). Professor Williams's work is one of the central topics of the recent *Newsweek* cover story: "Mens Lib: To survive in a hostile world, guys need to embrace girly jobs and dirty diapers. Why it's time to reimagine masculinity at work and at home," by Andrew Romano and Tony Dokoupil, September 27, 2010, pp. 43-49.