

NATIONAL REVIEW

Our Unimaginative Politicians, and the Need to Stop Rewarding Them

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Nobody actually wants to have a nuanced discussion. Everybody wants to have had a nuanced discussion, at the end of which they got their way.

If you want to see this in action, talk to somebody about incomes or wealth.

An economist who was doing research on income mobility a few years back shared some interesting case studies. One of them was a fellow who had a modest income for several years after college, a radical drop in income for a couple of years, and then an enormous leap in income thereafter. “I call that one ‘law school,’” he said. Other case studies showed a great deal of variation: A man earning a healthy but not spectacular salary for 20 years had a single year in which his income is a few million dollars — probably a business owner selling his firm at retirement. Wealthy people often have years where they have no taxable income to speak of, and a Washington University study found that a remarkable number of Americans — one in five — will have an income of \$100,000 or more for at least one year of their lives. In his memoir, *Hillbilly Elegy*, J. D. Vance reports that his dysfunctional underclass family had periods of surprisingly high income.

Reality is complicated.

The particulars of the issue are hotly contested, but I do not think that there are very many analysts, left or right, who are happy with the current state of income mobility in the United States. It is a very large part of the political debate, though actual differences in public-policy positions among mainstream U.S. politicians probably are not as important as the broader world-development questions: The post-war era was an unusual time for the United States that was never destined to last indefinitely, with the rebuilt and modernized economies of Western Europe and East Asia cutting into the commanding industrial position we enjoyed in the 1950s; Indians and Chinese turn out to be pretty good at making things and providing services, and the reforms in their political systems and economies, halting and partial though they may be, revolutionized the world economy; the end of the Cold War cleared the way for an expanded global trade regime, which developed more quickly than many had expected as the Internet and other technological progress turbocharged globalization. There’s much more, of course, but the short answer to the implicit question behind so much of today’s economic-policy debate — “Why

can't we have the growth, mobility, and broad consensus of the Eisenhower years?" — is: This isn't 1958.

Instead, we get: "Well, if we had those high 1950s income-tax rates, we'd have that kind of economy again," or "If we didn't have all these Mexicans and Chinese competing with us, we'd have that kind of economy again." There's an equation with a billion variables, and everybody just picks his favorite one and — "Eureka!" That's politics.

Our politicians are not especially forward-looking, in the main, and they are not especially imaginative. Washington occasionally has a spasm about the parking of vast amounts of capital in overseas tax havens, but it never occurs to anybody that one possible solution to that problem is to be the tax haven — if your money could live in the world's largest national economy under the protection of one of the world's most reliable legal and political systems, why on Earth would you send it to live in Panama? Economists as different as [Paul Krugman](#) and Milton Friedman have returned many times to the basic truth that wages are historically correlated with productivity, and that workers in more capital-intensive businesses tend to have higher wages. Investors and workers may at some level compete for income, but their incomes are also linked in complex and unpredictable ways. There are ways to encourage and cultivate that beyond the usual Republican idea of cutting investment taxes and the usual Democratic idea of using the state as an ersatz entrepreneur. But you have to be open to genuinely new ideas, which means you have to be open to learning and to honest discussion.

We aren't. Mainly, what we get — because it is what we demand — is a lot of half-literate moralizing. Case in point, Oxfam's latest headline-generating bit of nonsense, lamenting the fact that the eight wealthiest men in the world have among them a net worth equal to that of the poorer half of the human race. Shock and horror, etc., until you consider that Oxfam's global paupers include a great many — millions and millions — of rich people and future rich people. They are rich people who do not have very high net worths, which sounds strange only if you don't spend very much time thinking about the real world.

There are two things that Elizabeth Warren, Bernie Sanders, and other scourges of the modern financial system always demand: less debt and easier access to credit. (No, they do not quite seem to get how those two things are related.) If you are a young professional with a \$200,000 income and a \$400,000 mortgage on a \$500,000 house, you may have a negative net worth, but you aren't doing too poorly in life. If you are with the firm of Nasty, Brutish, and Short, your Harvard Law loans might outweigh your assets, but they won't forever. Easy access to credit — and it really never has been easier for people in the developed world — means more debt. Some people use credit wisely, and some do not. Here, too, there are opportunities for policy innovation, but many of them would be unpopular, because they would do things like make it a great deal more difficult for poor people to buy houses or for university administrations to convert federally insured debt into generous private incomes for otherwise marginally employable administrators and purported scholars of increasingly exotic and specific avenues of social grievance.

But regardless of your policy preferences, the fact is that the household finances of 25-year-old professionals in the United States and Europe, or those of new homeowners and entrepreneurs in Korea and Singapore, do not tell us much of anything at all about the state of the world's poor. As [Chelsea Follett](#) puts it, Oxfam's crude model means "a penniless, starving man in rural Asia

or Sub-Saharan Africa is far richer than an American university graduate with student debt but a high-paying office job, a \$2,000 laptop, and a penchant for drinking \$8 designer coffees.”

I do not want to be uncharitable to Oxfam, but the fact is that these kinds of crude, clumsy, dishonest studies drive headlines, and headlines drive donations. The feelings business is very profitable, and the thinkings business is not.

We’ve just had a weekend of political rioting after progressive-leaning and Democrat-affiliated celebrities and public figures called for, among other things, a military coup d’état to overthrow the democratically elected government of the United States and the imposition of martial law. But after the hysteria dies down — and it will die down — we’ll still be back where we were before: a prosperous, stable, healthy nation with some very serious problems that need addressing, and that cannot be addressed until we learn how to speak and think about them intelligently and until we — we citizens — demand that our leaders do. And that means, among other things, that we forgo rewarding political and media figures with money and power for peddling lies and stupidity. A politician is like any other dumb animal: He’ll do what gets him fed and avoid what gets him whipped. And lament “the system” as much as you like, we citizens still control both the carrot and the stick.