

RAHN: Economic lessons from the Olympics

Reward, not envy, is American way

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Do you admire what the Olympic athletes have been able to accomplish, and do you think they should be applauded for their outstanding performances? Most people in the world would answer the question in the affirmative. Most people also admire and applaud great musicians and artists. We celebrate these people because we know that most had to work extremely hard for many years with great discipline to accomplish extraordinary feats that give the rest of us great pleasure.

We also applaud and reward their accomplishments, even knowing that luck played some part in their success. Practice and hard work will not make one an Olympic champion without the right genes. There are no 6-foot 5-inch gymnasts, and there are no 5-foot 2-inch basketball champions. Many of us lack the genes to make us great musicians — and some of us even have difficulty staying on key, let alone writing a symphony.

Civilization can only advance when individuals are both encouraged and rewarded for excellence. The men and women who designed, built, and succeeded in placing the new SUV-sized rover on Mars receive and deserve our acclaim. The late [Steve Jobs](#) is widely admired for creating the world's most valuable company and for being a genius in product innovation and marketing. [Thomas Edison](#) was even more innovative a century earlier — the light bulb, the phonograph, the electrical generation and distribution system, etc. — and he also built one of the world's largest companies, [General Electric](#).

The good side of humanity is revealed when we praise and reward such people. The bad side of humanity is shown by those who wish to punish success. According to legend, Ivan the Terrible was so impressed by the stellar

achievement of the architect he had commissioned to design St. [Basil's Cathedral](#) in Moscow that he had him blinded so no other ruler could hire him to produce an equal or greater feat.

The modern day equivalents of Ivan the Terrible are those who pander to the envious and jealous by demanding higher and higher tax rates on the successful. They seek to punish success with the childish demand that they “give back.” We pay our successful athletes and musicians a great deal of money because their performances “give” us great pleasure. [Sam Walton](#) made tens of billions of dollars because he developed and “gave” us a superior marketing and distribution system that enabled all of us to buy tens of thousands of products at lower prices. Those “evil” real estate developers are the ones who take great risks to build hugely expensive buildings and hire great architects who “give” the rest of us the profile and structures of the cities where we live and work.

We want an economy that produces many well-paying jobs. These are produced by entrepreneurs and businessmen, many of whom have spent considerable time developing their skills, learning from their own mistakes, and often risking their own money. Every job they create is “giving” something to those who are not as equally ambitious, talented, resourceful, hard working or skilled. Why then should the job creators be expected to “give” even more?

Socialists of all stripes, whether they be politicians, tenured professors, unthinking students, bureaucrats in government (including those enjoying tax-free salaries at international organizations, such as the United Nations and the Organization for Economic Cooperation and Development) have a common refrain that they want equality of outcomes in the name of “fairness” (but not for themselves, of course). In the name of fairness, should we not allow anyone more than 6 feet tall to play basketball? Should we have given medals to all of the Olympic athletes so none of them would feel bad because they did not get medals? After all, they tried. If we did reward them equally, what affect do you think it would have on the future level of performance?

The medals we pass out to inventors, entrepreneurs, and businessmen for superior performance are dollars. We know from the law of supply and demand and from empirical evidence that when we tax our exceptional performers at

higher rates — in essence, punishing them for their success and for what they “give” us — we are going to be given fewer exceptional performances, whether it is entertainment, science, medicine, or successful businesses that create the jobs. A society that rewards envy and punishes success is not kind, fair, or pleasant. A society that rewards excellence with acclaim, and yes, money, will see more excellence that lifts and betters everyone.

Richard W. Rahn is senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.