The Once and Future Conventional Wisdom

How to restore common sense to the political culture

BY ARTHUR C. BROOKS

Conservatives are deeply frustrated at the 2012 election’s outcome, after years of work and investment. Some blame the candidate, or the conduct of the campaign; others focus on demographics. But these explanations are unsatisfactory. President Obama won reelection because his message of resentment against the rich for failing to pay their “fair share” resonated with millions of people of all backgrounds. They were unoffended by the administration’s wholesale embrace of an unreconstructed entitlement state, and they endorsed the idea that government can and should sort out our economic woes.

In short, President Obama won because his philosophy is in tune with what has become the conventional wisdom. Refuting that conventional wisdom is the challenge we face today, and understanding this challenge is the first step in forming a plan for renewal—a plan that does not rely on winning a series of elections or Supreme Court cases, but rather focuses on the establishment, over the coming decade, of a new popular consensus based on the ideas of our Founders, common sense, sound economics, and basic decency.

The economic fundamentals we face today have become depressingly familiar. Government at all levels is consuming 36 percent of GDP, and according to the Congressional Budget Office, that figure will rise to 50 percent by 2038 as we pay back the ruinous debt we have accumulated. The U.S. has the highest corporate tax rates of all the industrialized nations, making us less and less competitive. Meanwhile, economic growth is in long-term decline. In short, we are not moving toward becoming a European-style social democracy; we are already there.

After the last four years, it is easy to see these sorry trends as the product of Obamanomics. But they are not. The trends are decades old, and span both Republican and Democratic administrations. The most we can say about Obama’s first term is that, in Wall Street Journal columnist Peggy Noonan’s phrase, “He made it worse.”

To find the culprit for our economic decline, we must look
toward ourselves. To be sure, we cruise down the freeway to serfdom hand in hand with opportunistic politicians, but politicians are generally followers, not leaders. What today’s politicians follow is today’s conventional wisdom, which is based today on three pillars.

The first pillar is that our system is unfair, and economic inequality is a problem per se. It has become increasingly respectable to question the legitimacy of our system on the basis of the fact that the wealthy have so much more than others.

Forget that every income class has seen dramatic real-income increases in the preceding decades. Or that, as my AEI colleagues Kevin A. Hassett and Aparna Mathur have shown, consumption inequality has hardly changed at all over the years. Or that the top 5 percent of earners already pay about 59 percent of federal income taxes. The income-leveling argument has now taken root in the public mind. Exit polls after the November election found 59 percent of voters saying that our economic system is not fair to all and favors the wealthy (70 percent of them voted for Obama). Nearly three in four Americans think upper-income families should pay even more than they already do in taxes, according to a 2011 Washington Post poll.

Thus, even if it hurts the economy—and ultimately costs jobs and opportunity—it is considered fair to tax capital gains and dividends at relatively high rates simply because the people who receive income of this sort tend to be rich. Similarly, it is fair to tax business incomes at internationally uncompetitive rates. The “Buffett Rule” (creating a tax floor for millionaires, so named after Warren Buffett’s complaint that he pays a lower tax rate than his secretary) encapsulates this invidious belief.

How much has the conventional wisdom shifted on this point? Thomas Jefferson said: “To take from one, because it is thought his own industry and that of his fathers has acquired too much, in order to spare to others, who, or whose fathers, have not exercised equal industry and skill, is to violate arbitrarily the first principle of association, the guarantee to everyone the free exercise of his industry and the fruits acquired by it.” In contrast, our president today justifies more redistributive taxes on entrepreneurs by telling them their success is due to government infrastructure: “You didn’t build that,” as he said, a claim that apparently resonates with millions of Americans.

The second pillar of conventional wisdom is that our expanding entitlement society can coexist with the American experiment as we have traditionally understood it. Despite many surveys showing that the public vaguely believes the government is too big and tries to do too much, the Gallup polling organization finds that a solid majority of Americans oppose cuts to government entitlements of virtually any kind, from Social Security and Medicare to farm subsidies to aid for the poor.

Why the antipathy to any cuts in spending? Not to put too fine a point on it: Millions of us have our hand in our neighbor’s pocket.

My colleague Nicholas Eberstadt has ignited a furor with his new book A Nation of Takers, in which he shows that Americans have created an entitlement state by systematically voting to share others’ money. Today, more than half of American households receive government-transfer benefits, and the Tax Foundation notes that nearly 70 percent of Americans now take more out of the tax system than they pay into it. Entitlements have doubled as a percentage of the federal budget since 1960, and at the same time the federal budget has exploded as a percentage of GDP. Today, two-thirds of our entire government is devoted to transferring money and services from earners to recipients. This expansion is completely bipartisan, and has occurred more under Republican presidents than under Democratic ones.

It’s not true that Americans are simply consuming what they have earned in their working years. According to scholars at the Urban Institute, the average two-earner couple retiring today will take three times as much out of the Medicare system as they paid into it, even after inflation and interest are accounted for. Meanwhile, the number of Americans receiving disability benefits has exploded from 455,000 in 1960 to 8.6 million today.

Living off of others is the exact opposite of what attracted most of our ancestors to America. Their goal was to make it on their own hard work and merits. Few would have objected to a safety net for the most disadvantaged citizens, but our current system, with its massive transfers, would have been noxious to most voters just a few decades ago.

In fact, it was none other than Franklin Delano Roosevelt—the man who introduced many of the entitlements that subsequently exploded—who said, “The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.” Roosevelt obviously could not see the damage that entitlements, as expanded by later administrations, would ultimately inflict on his country. We can see, but have become willfully blind.

And if we want to see where all this leads, we can look at Greece and the other European social democracies in full economic and social decline. That is our future—unless we change course.

The third pillar of today’s conventional wisdom is that the government can and should pick the right course for the American economy to follow. Today, most Americans believe the president and Congress have the wisdom and responsibility to guide our economy via bailouts, Keynesian stimulus, and subsidies to the supposed industries of tomorrow. In 2009, Gallup found that a majority of Americans supported the passage of an $800 billion stimulus package (although three in four Americans later said that most of the money had been wasted).

Adding insult to injury, politicians use the public’s demand to “do something” as an excuse to pass out spoils to their politically connected cronies. Perhaps the most shameless case of this cronyism is that of public-sector unions. These organizations collect dues from their members and use them for political contributions to sympathetic politicians. The politicians, in turn, support collective-bargaining agreements that hand public-sector employees pay and benefits that are generous compared with those of their private-sector counterparts.
Effectively the same pattern can be seen in corporations that are favored by the government. From car companies to “too big to fail” banks to green-energy firms run by political operatives, billions of tax dollars each year accrue to those who collude with politicians rather than compete with each other. The real-life stories on this score are shocking. For example, as the Wall Street Journal’s Bret Stephens has reported, former vice president Al Gore has increased his net worth by a factor of 50 since leaving office, to $100 million. How? According to Stephens (citing the Washington Post’s Carol Leonnig), in no small part through investments in “green tech” firms that received or directly benefited from $2.5 billion in loans and subsidies from the government under President Obama—who hired several of Gore’s former aides to run his clean-energy programs.

Changing conventional wisdom is a tougher nut to crack than winning elections. It happens slowly, and requires strategy and years of patience. But it can be done. We know this because we have periodically seen major shifts in conventional wisdom, to the great benefit of our nation. A good example of this is welfare reform.

I grew up in the 1970s in a Seattle neighborhood on the cusp between poor and lower-middle-class. Some people took care of their property; others had a Chevy up on blocks out front. Some earned a living; others were on public assistance. The families on assistance always seemed the most dysfunctional—absent fathers, low work-force attachment, substance abuse. The conventional wisdom was that this very dysfunction showed the need for welfare.

At the time, right-wing politicians railed against the welfare system, arguing that it was a huge bureaucratic boondoggle and a colossal waste of taxpayer money. The conventional wisdom, however, was that poor people would benefit if the government gave them money, free housing, and food stamps without imposing time limits or work requirements. Attempts to change the system for economic reasons were dead on arrival, because good and decent Americans were unwilling to expose people to poverty just to save a few bucks.

What finally changed the system was a concerted effort to change the conventional wisdom. It started with social scientists such as Charles Murray, Michael Novak, and Irving Kristol in the early 1980s, at my own institution and elsewhere. These scholars argued that the problem with the welfare system was not primarily an economic one; it was moral. The welfare policies of the 1960s had changed the rules of the game for poor people, making it rational in the short term to behave in ways that would ensure poverty and dependency in the long term. “The most troubling aspect of social policy toward the poor,” Charles Murray wrote in his pathbreaking book Losing Ground, “is not how much it costs, but what it has bought.”

According to these scholars, welfare had two pernicious effects. First, the system effectively held people in miserable conditions, harming those it was supposed to help. This was immoral and had to stop. Second, by keeping people in this condition, the system created dependency on the state, stripping citizens of the dignity that comes from earning their own way. Once again, this was immoral.

Such arguments were radical in the mid-1980s. But a decade-long movement that made the moral case for welfare reform ultimately changed the conventional wisdom about how to help the poor. Politicians fell into line. During the Clinton administration, legislation was crafted to reduce the extent to which people could become dependent on the system. It did so by imposing time limits on how long people could receive support and requiring them to work.

Welfare reform was signed into law in 1996. It was a resounding success. According to the U.S. government, it helped move 4.7 million Americans from welfare dependency to self-sufficiency within three years of enactment, and the welfare caseload declined by 54 percent between 1996 and 2004. Even more important, there is evidence that it improved the lives of those who moved off welfare as a result. A new economic study using the General Social Survey shows that single mothers—despite lost leisure time and increased stress from finding child care and performing household duties while working—were significantly happier about their lives after reforms led them into the work force.

The point to remember is this: Welfare reform was not passed when welfare became too expensive, but only when it became the conventional wisdom that welfare was destroying the lives of the most vulnerable among us.

There are many other examples of established wisdom that was toppled by an appeal to morality. Ronald Reagan helped to end the Cold War not by showing people behind the Iron Curtain all the wonderful consumer items we enjoyed in the West, but through the moral truth in his appeal to “tear down this wall.” Similarly, the struggle for civil rights was won not by showing that black Americans were underperforming economically, but by showing that they were not truly free.

Even if Mitt Romney had squeaked through, the election of 2012 would have done nothing more than temporarily impede America’s social democratization. Romney may have wanted with all his heart to remake American government in the constitutionally limited vision of the Founders, but against the headwind of today’s conventional wisdom, he would have found it hard to do anything more than slow down the trends.

Our goal should be to establish three truths in place of the established conventional wisdom.

First, we need a fairer economy. While some redistribution will always be necessary to pay for a functioning government, fairness comes only from demanding that people earn what they possess, rewarding merit, and creating opportunity. So we must encourage the public to understand the fair society as one that militantly rejects cronyism, looks for ways to increase opportunity, and completely repudiates the notion that there is something inherently wrong with being rich. Redistribution should be undertaken with regret and apology, not self-righteous bureaucratic arrogance. Envy should be shameful.

Second, an entitlement society will ruin our country. And not just economically, but morally. An entitlement society necessitates coercive redistribution from our neighbors and our children. It steals our future and makes America undesirable for the world’s strivers. Further, it compromises a safety
net meant only for the indigent and the most vulnerable, as middle-class citizens and corporations come to rely on it as well. Unearned government transfers must not be a form of income that is morally equivalent to paychecks.

Third, we do not tolerate a government that dispenses discrimination and picks winners. A good government enforces property rights and upholds the rule of law. When it intervenes in markets, it does so to establish a basic safety net for the poorest Americans, to create equal opportunity (for example, in education), and to sort out market failures when it can do so cost-effectively. The government should be the source of law and justice—not of favors, power, wealth, or prestige.

To make these truths into the new conventional wisdom will in turn require that we accomplish four things.

First, we need innovative policy ideas that embody this wisdom and help the bottom half of our economy. For example, we need an education system that serves students more and teachers less. We need to remove government impediments to starting small businesses by hacking away at onerous licensing rules and taxation. And we need an open discussion about how culture—family, community, and work—is holding back the vulnerable among us.

Second, our persuasive effort must be based in morality, not materialism. Take, for example, the policy areas just listed. Why is school innovation important? Sure, it makes students into more productive adults through better education. But the real reason is that children in the bottom income quintile in traditional school settings are frequently run through an expensive, underperforming education machine that denies them the opportunities the rest of us enjoy. That is unfair and immoral. Similarly, the barriers to entrepreneurship in today’s hyper-regulatory economy are most onerous to people at the bottom, which is an intolerable inequity. And the unwillingness of people at the top to discuss cultural patterns that hold back poor communities today is the true tyranny of the 1 percent.

Third, we must state and restate the new conventional wisdom about America. In a world where sloganeering routinely substitutes for ideas and wisdom, it is unpleasant for most of us to repeat any mantra. But there is no choice. The Americans we most need to reach are paying little attention to any individual magazine article or book. It takes communications creativity and many repetitions for an idea to become “sticky.”

Today, communications are almost as important as ideas themselves. If an idea is important enough to develop, it must be important enough to promote passionately and creatively.

Finally—and most important—we have to commit to this effort for the long haul, across many political cycles. Changing culture and convention takes decades, not months. That’s a daunting commitment in an environment where “long term” generally means from now until the next midterm election. But if welfare-reform advocates had sought a quick victory, millions more Americans would still be poor today. And if free-enterprise advocates today see winning an election as the real victory, they will surely lose over the long term.

A decade or two of hard work is no time at all compared with the two centuries of American history and tradition that are at stake. Two hundred years ago, Jefferson wrote, “The last hope of human liberty in this world rests on us.” That remains true. Free enterprise is America’s blessing and its gift to the world, and it is worth fighting for today.

JUST before the election, the Washington Post fluttered about what it described as “Barack Obama’s empathy edge.” The equally hardboiled reporters at Psychology Today pondered: “Is Obama empathetic to a fault?” The Empath-in-Chief himself has said that empathy rather than such bewhiskered qualities as constitutional scrupulousness is his main concern when choosing Supreme Court justices, of whom he demanded that they have “the empathy to recognize what it’s like to be a young, teenaged mom, the empathy to understand what it’s like to be poor or African-American or gay or disabled or old. And that’s the criteria by which I’m going to be selecting my judges.” During the ensuing debate over the elevation of self-described “wise Latina” Sonia Sotomayor to the Supreme Court, unlike Caucasian George Lakoff fumed: “We cannot let conservatives get away with redefining empathy as irrational and idiosyncratic personal feeling. Empathy is the basis of our democracy and its true meaning must be defended.” But of course a “personal feeling” is precisely what empathy is, and “irrational and idiosyncratic” covers a great deal of empathy’s lexical ground, a fact that any expensively tenured professor of linguistics at Berkeley might learn from one of those terribly useful books with all the words in them.

Professor Lakoff is a credentialed scholar of language and purports to be an analyst of politics. He might be interested to know that the word “empathy” is a product of the 20th century, while American democracy dates from the 18th, meaning that the former is an unlikely basis for the latter. Perhaps he is under the impression that empathy is one of those preexisting conditions now covered by an assortment of federal mandates—if we can insulate people against events that already have happened, then surely a word coined in 1910 to describe a concept from the 1890s can be the basis for a republic founded in 1776. Or perhaps Professor Lakoff simply does not know what the word means or what its origins are. Before the true meaning of “empathy” can be defended, it must be apprehended.

There are many words in President Obama’s vocabulary that he apparently does not understand, “enormity” and “unprecedented” prominent among them. Many people who misuse “empathy” treat it as a doubleplusgood version of “sympathy,” the same way that many an innocent “center” has been tarted up and styled “epicenter,” a word that not only means “center” but in fact means not the center, or, more precisely, over the center. (When Agence France-Presse calls Nevada the “epicenter of the U.S. foreclosure crisis,” it is saying that the source of the subprime meltdown is buried somewhere deep within the earth directly beneath Las Vegas, which surely is not the case.) “Empathy,” as noted, is a recent coinage, but “sympathy” has an


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America’s pain, Barack Obama’s gain

Against Empathy

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