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Your Curated Briefing



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Can we make America feel more affordable?

By Noahpinion | Sat, 20 Dec 2025 09:39:33 +0000

Americans want prices to actually go down, not just to rise more slowly. Making that happen will be tough.



Photo by [Yassine Khalfali](#) on [Unsplash](#)

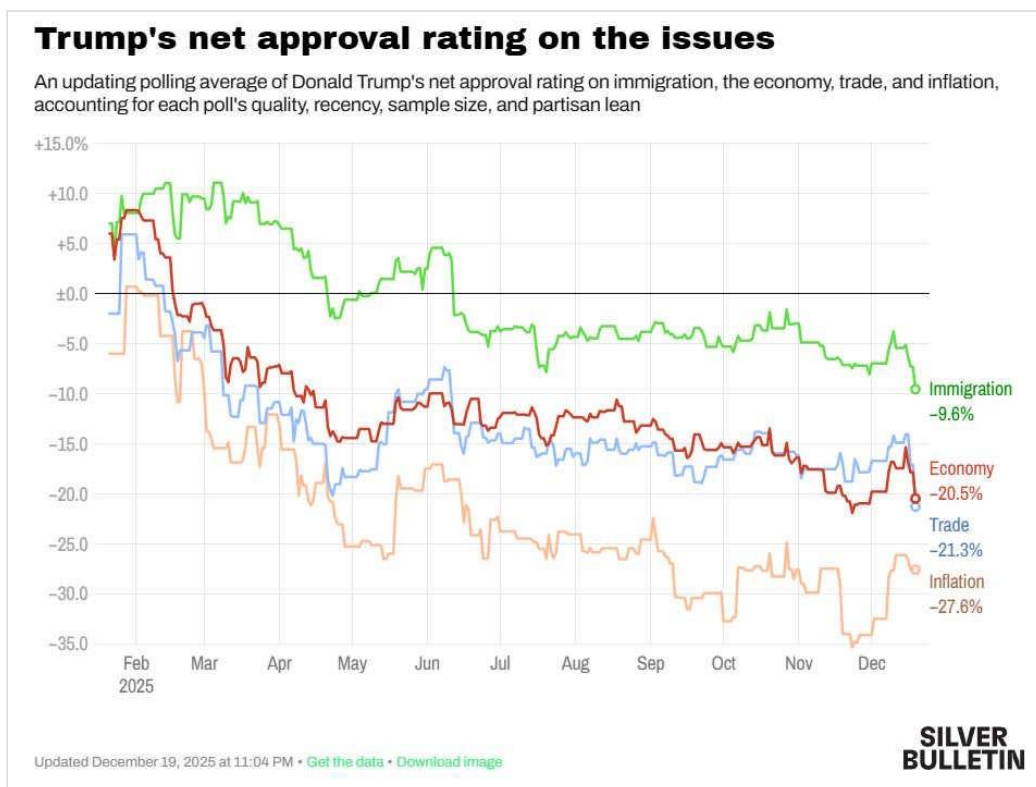
Americans are upset about the economy. And what are they upset about? *Affordability*. On [polls about America's most important problem](#), the cost of living consistently comes in ahead of other issues like inequality, deficits, wages, and unemployment. Here's [the latest from Echelon Insights](#):

2. [QIssues] If you had to choose just one, which would you say is the biggest issue facing the country today? [RANDOMIZE 1-15]
3. [QIssues_SecondChoice] Which would you say is the second biggest issue facing the country today? [RANDOMIZE 1-15] [IF QISSUES = 1-15, DO NOT DISPLAY THE ANSWER OPTION SELECTED ON QISSUES]

	1st Choice	2nd Choice	Combined Choice
Cost of living	26%	17%	44%
Political corruption	14%	11%	25%
Jobs and the economy	14%	13%	27%
Immigration	10%	11%	21%
The state of democracy	10%	10%	19%
Healthcare	8%	11%	18%
Crime	5%	6%	11%
Taxes	2%	4%	6%
The environment and climate change	2%	5%	6%
National security	2%	3%	5%
Drug abuse	1%	2%	4%
Education	1%	2%	3%
Abortion	1%	1%	2%
Race relations	1%	1%	2%
Gun rights	1%	2%	2%

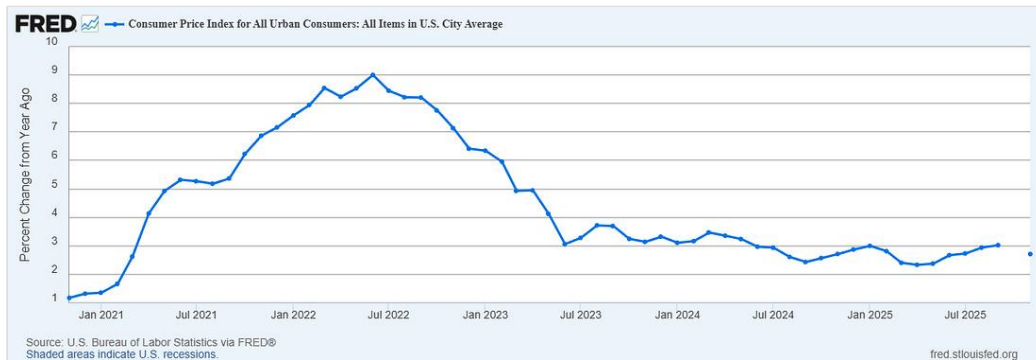
Source: [Echelon Insights](#)

Trump's approval rating on inflation is lower than for most other issues:



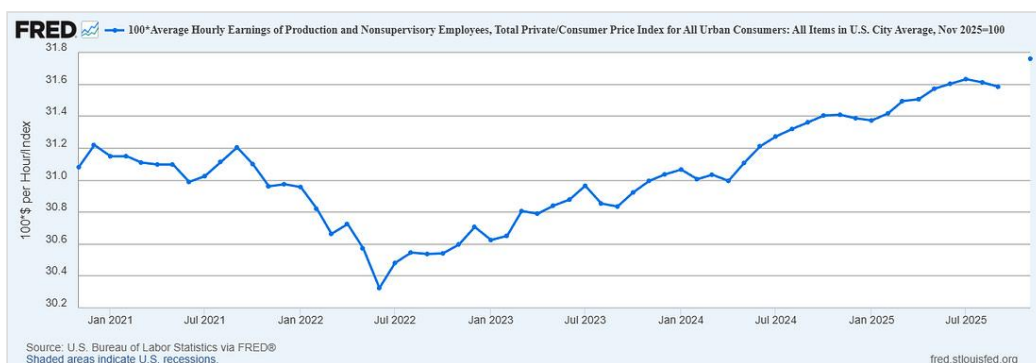
Source: [Nate Silver](#)

If you're an economist, this might strike you as a bit odd, because inflation itself is still fairly low, and around 2.7%:

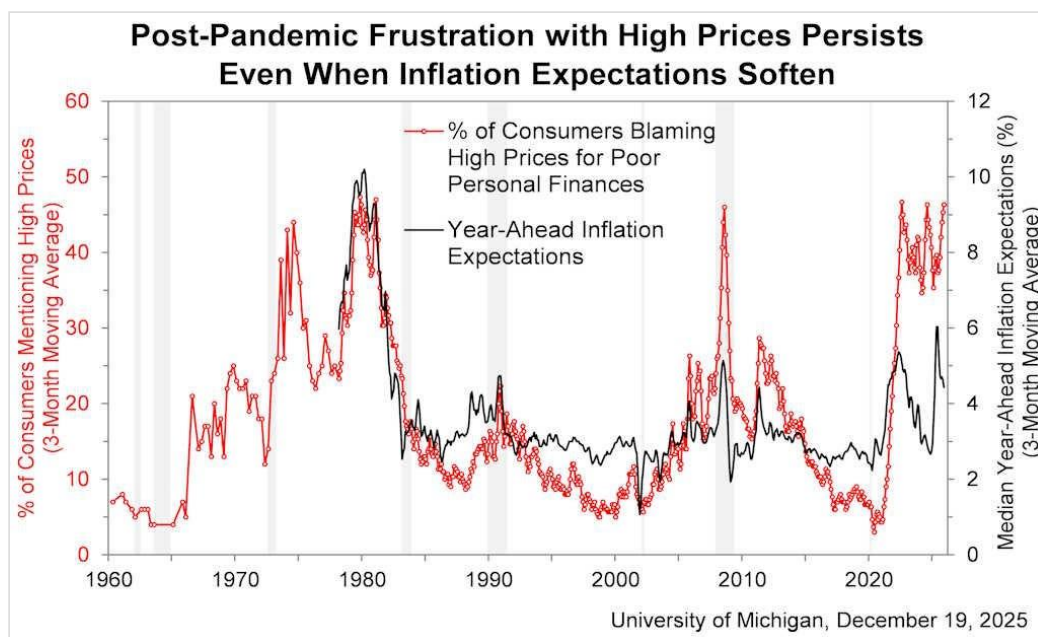


Alternative measures are [even lower](#)

And real wages — i.e., how much an hour of work can buy for the average worker¹ — are rising strongly again, after falling in 2021-22:



Of course, lots of regular people [don't trust official statistics](#). But regardless of whether they rely on government numbers, *people's own inflation expectations* are falling, and yet the percent of Americans who blame high prices for their poor personal finances is still near record highs:

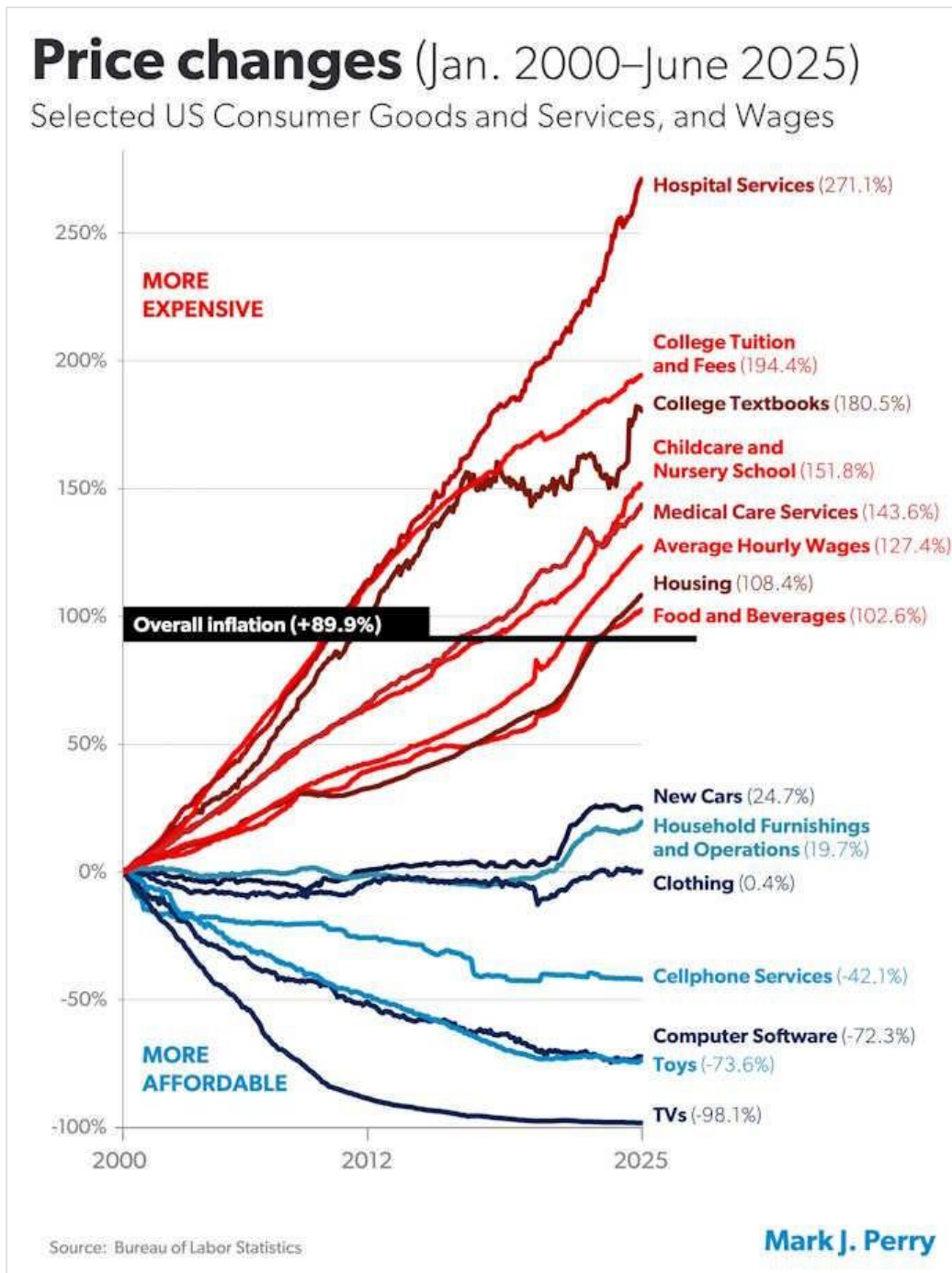


Source: [University of Michigan](#)

Note that for decades, these two numbers tracked each other very well. But in the years since the pandemic, anger at the cost of living has become unmoored from how much people think the cost of living is actually rising.

That's strange, right?

One possibility is that people are just now getting around to being mad about decades of service cost increases. For many years, the prices of health care and education rose much faster than incomes. You've probably [seen this chart](#):



Source: [Mark J. Perry](#)

As regular readers know, I have [some issues with this chart](#) — the college tuition line doesn't take financial aid into account, and housing and food are colored red even though they increased by less than wages. But the overall message — that prices for big-ticket services like health and education have gone up faster than incomes over the years — is correct. So people might just be choosing the 2020s to finally be up in arms over that long-standing trend.

There are other possibilities as well. Americans might be indirectly venting their unhappiness at various social and political conflicts by complaining about the cost of living. They might be mad about high mortgage rates and the cost of financing a home.

Another possibility is that after decades of low and stable inflation, Americans were jolted by the rapid inflation of 2021-22, and the memory of that burst of price increases is still fresh in their minds. This might explain why lots of Americans say that they would only stop worrying about the cost of living if prices declined in absolute terms:

		Total	2024 Vote	
[QInflationConvince] Which of the following would convince you that inflation and costs are no longer a problem?	Total	1011	483	465
		100%	100%	100%
	Only a decline in prices would be enough to convince me	74%	68%	79%
	Prices staying at current levels would be enough to convince me	18%	24%	13%
	Unsure	8%	8%	8%

Source: Echelon Insights via [Patrick Ruffini](#)

Essentially, lots of Americans seem to feel that the inflation of 2021-22 caused some kind of long-lasting wound, and they want price decreases in order to erase its memory.

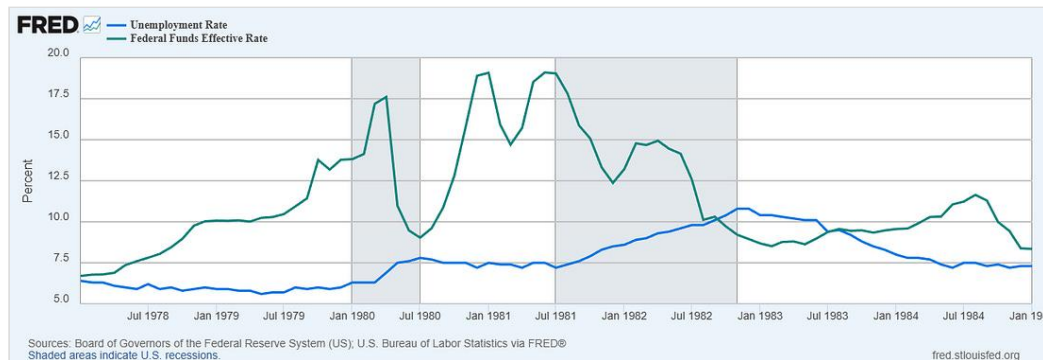
But that presents a big problem. Falling prices are also known as “deflation”. And there are well-known reasons why deflation is bad for the economy.

First of all, the way you create economy-wide deflation is by *raising interest rates*, and keeping them high for a long period of time. Here’s an easy, simple way to think about how that works:

- Taking money out of the economy makes things cheaper, because there are fewer dollars to spend on things.
- The way the Fed takes money out of the economy is to sell bonds for cash and then destroy the cash.
- Selling bonds reduces the prices of bonds. When bond prices go down, interest rates go up.

The real story is a bit more complex, but this is a good simple way to think about it. Basically, to make prices go down throughout the economy, you raise interest rates.

If you raise interest rates, two things tend to happen. First, it tends to hurt the real economy, because higher interest rates make it harder for businesses to borrow and expand. In the early 1980s, Paul Volcker raised rates in order to bring inflation down, and it caused a severe recession:



Rising interest rates also raise mortgage rates, which make it harder to buy a house. Note that the recent increase in mortgage rates is nothing compared to the one in the early 1980s, when rates hit 18%:



More expensive mortgages are probably going to make a lot of people feel that housing has become less affordable, which will cancel out some of the psychological benefit of seeing consumer prices go down.

Deflation also makes debt harder to pay off. Most debt is denominated in dollars. Deflation doesn't just reduce consumer prices — it also reduces nominal incomes, meaning people earn fewer dollars. If you earn fewer dollars, debt that demands a certain number of dollars every month becomes harder to pay off.

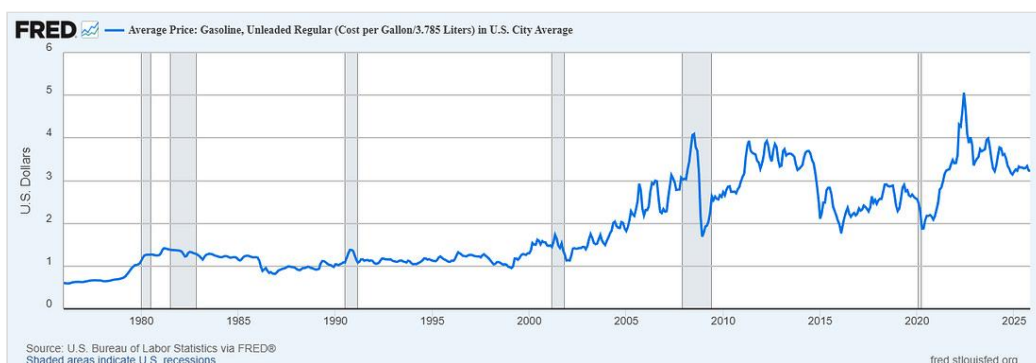
That can cause additional harm to the economy. When people’s debts get harder to pay off, they tend to pull back on spending, which reduces aggregate demand in the economy (which also causes more deflation). This is called “debt-deflation”, and it can be very painful and difficult to get out of.

In the extreme case, deflation can even cause a “deflationary spiral”. When people know that prices are going down, they may delay their spending, causing prices to go down even more, which — in addition to throwing people out of work — simply cements the belief that prices will fall even further. This magnifies the economic pain of deflation.

For all of these reasons, very few economists would recommend sending an economy into deflation.² Everyone saw the experience of Japan over the three decades following its asset bubble crash in 1990, where prices kept drifting downward but life just got less and less affordable for most Japanese people. No one wants that for themselves.

This will make it hard to give the American people what they want. There are lots of ways we can increase affordability *relative to incomes*. We can build more houses to lower rents (it really works!). We can build more solar panels and batteries to lower energy costs. We can probably do some supply-side reforms to make health care and child care more affordable. But as long as the Fed refuses to engage in deflationary monetary policy, all these things will still involve prices going up in *dollar* terms, even as incomes go up even faster.

However, it is possible to make *some* prices go down, even if the price level overall continues to rise. A prime example is gasoline. Over the long term, gas prices have gone up in dollar terms, but there are still extended periods of time when they’ve gone down — for example, in the early 1980s and the late 2010s:

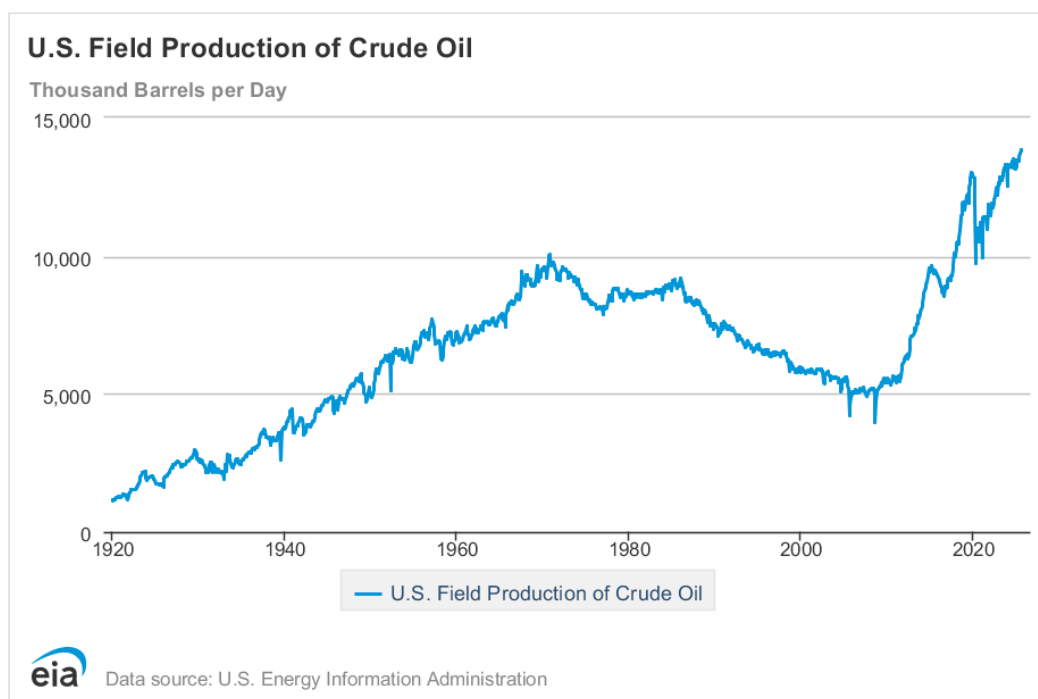


In fact, gasoline prices are probably the best thing to target, since they seem to hold a special place in the American voter's heart. There's [research showing](#) that even once you control for overall inflation, gas prices have a big impact on presidential approval ratings.

The easiest way to bring gasoline prices down is just to bring oil prices down. Glut the market with crude oil, and gas will get cheaper. The steady decline in oil prices since 2022 is probably the reason why gasoline has also gotten cheaper since then:



This hasn't been enough to make Americans feel better about the economy. But it's probably worth doubling down on the strategy. Trump's focus on easier permitting for oil and gas has helped pump up U.S. production to record levels, continuing the trend of the Biden years:



Trump's [threats to invade Venezuela](#) are also probably partially about oil; Venezuela has a lot of it, but the socialist government of Nicolas Maduro is not doing a very good job of extracting it. Allowing in Western oil companies (and dropping sanctions) would cause production to rise, pushing down global prices even further. I doubt this has escaped Trump's mind.

Another price that can be pushed down is the cost of financing a house — in other words, mortgage rates. Mortgage rates aren't included in consumer prices, but a few economists [think they have a big impact](#) on consumer sentiment anyway. They certainly do have a very real, immediate effect on how easy it is for people to make one of the most important purchases in their lives. Note that in Ronald Reagan's famous "Morning in America" ad from 1984, he explicitly brags about the number of Americans who have been able to buy houses:



As it happens, Trump is also trying to give people cheaper mortgages, by leaning on the Fed to reduce interest rates. Lower rates will tend to push up inflation overall, but they'll make it easier to finance a house.

So Trump's instincts on the politics of affordability are probably pretty savvy. He seems to have grasped — at least intuitively — that if you want to give Americans the sense that prices are going down without resorting to punishing deflation, reducing gas prices and mortgage rates is probably the easiest way to go about it. Even if those

policies don't help true affordability in the long run, they could provide a bump of optimism that could help raise Trump's GOP successor get into office.

The frustrating thing about this, however, is that massaging public opinion on this issue is at best a distraction from more substantive long-term reforms that would make living in America more affordable, and might be actively detrimental to that goal.

Making oil cheaper with a big drilling bonanza and a regime change war in Venezuela would reduce gas prices in the moment, but ultimately won't do anything to durably reduce oil *demand*. Only a switch to electric vehicles would do that, by making people need oil less. But despite his apparent friendship with Elon, Trump's policy has been [actively hostile](#) to the EV industry.

Meanwhile, even if Trump can bully the Fed into lowering rates, the likeliest result will be higher inflation. A burst of unexpected inflation tends to lower real incomes, as happened in late 2021 and early 2022. So trying to make mortgages feel cheaper could ultimately leave the average American poorer.

I would like to see Trump focus more on policies that would make all kinds of goods and services in America more affordable in the long run — in other words, to make sure that prices grow more slowly than wages and incomes. Those policies would include land use reform, to build more housing, factories, transportation infrastructure, and so on. They would also include productivity incentives for health care and child care, in order to reduce [cost bloat](#) in these industries.

But while Trump is doing [some environmental deregulation](#), there's no comprehensive effort toward affordability. Now, with American voters mad as hell about the cost of living, would be the perfect time for such an effort on Trump's part — and another parallel, competing effort by the Dems in Congress, centered around the Abundance agenda. Responding to economic anger with short-term palliatives might make some political hay, but the country deserves better.

1

This series is not actually the wage of the average worker, but it's a series that tracks the wage of the average worker very closely.

2

There is a concept called [price level targeting](#), where you try to keep prices going on the same long-term trend rate. This requires holding inflation below its long-term trend for a while after a burst of price increases. But even most advocates of price-level targeting would recommend doing it gradually, so that inflation stays low instead of actually going negative.

Against Against Boomers

By Astral Codex Ten | Fri, 19 Dec 2025 17:31:20 +0000

I.

Hating Boomers is the new cool thing. Amazon offerings include *A Generation Of Sociopaths: How The Baby Boomers Betrayed America*, the two apparently unrelated books *How The Boomers Took Their Children's Future* and *How The Boomers Stole Millennials' Future*, and *Boomers: The Men And Women Who Promised Freedom But Delivered Disaster*. “You don’t hate Boomers enough” [has become a popular Twitter catchphrase](#). Richard Hanania, who has tried hating every group once, has decided that hating Boomers [is his favorite](#)

Some people might say we just experienced a historic upwelling of identity politics, that it was pretty terrible for everyone involved, and that perhaps we need a new us-vs-them conflict like we need a punch to the face. This, the Boomer-haters will tell you, would be a mistaken generalization. *This time*, we have finally discovered a form of identity politics which carves reality at its joints, truly separating the good and bad people.

I think these arguments fall short. Even if they didn’t, the usual bias against identity politics should make us think twice about pursuing them too zealously.

II.

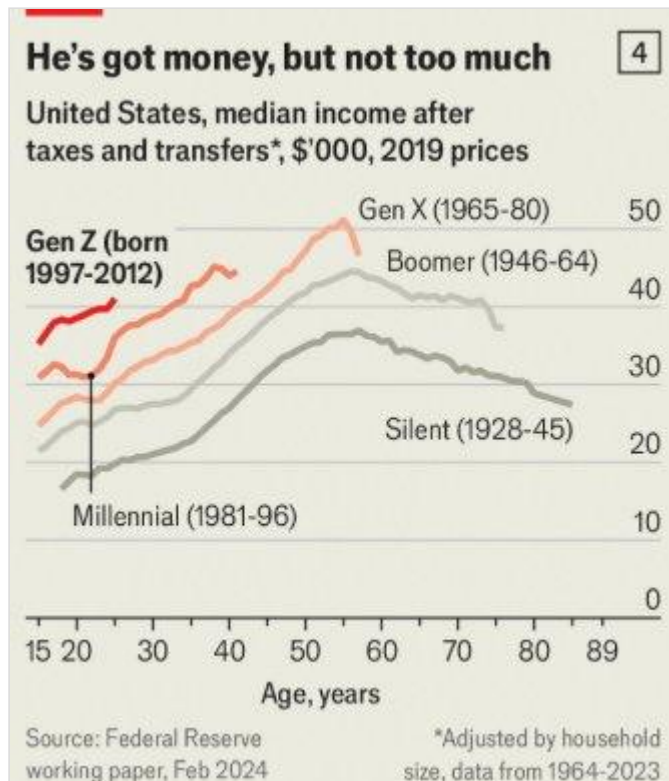
Why, exactly, are Boomers so bad?

Zooming out, it seems sort of like Boomers have delivered the greatest period of peace and prosperity in history: global, American, take your pick. The window of Boomer dominance, c. 1980 - 2010, saw the fall of Communism, steadily rising incomes, steadily growing life expectancy, and no foreign wars bigger than Iraq (total American death toll: 4,500).

The Boomers could reasonably blame their Greatest Generation fathers for sending them to die in Vietnam. Those Greatest Generation fathers could reasonably blame *their* fathers for plunging the country into a Great Depression. In comparison, we’re

mad about - what, exactly? Higher housing prices? Hardly seems World-War-level bad.

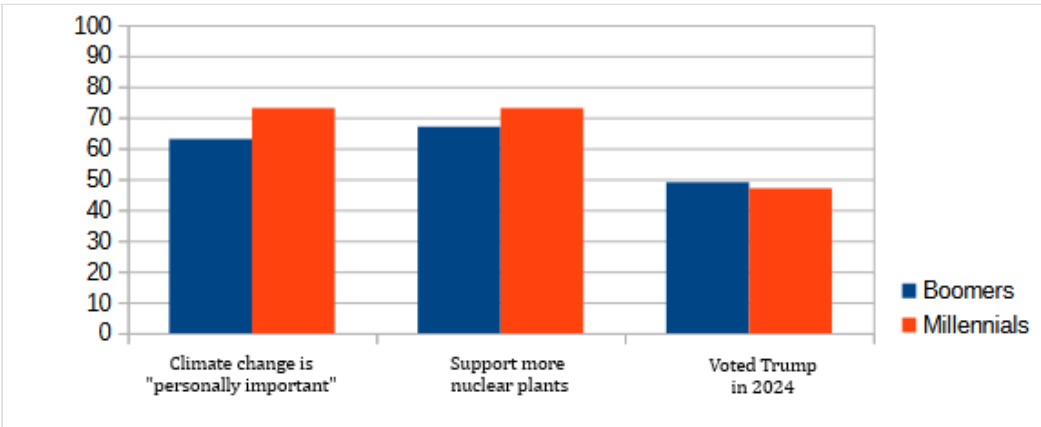
Last week, we investigated the Vibeceession: the economists' claim that, despite everyone thinking the economy is bad, actually, the economy is good. We reached no firm conclusion, but in the process, we dug up [this chart](#):



...which shows that Millennials and Generation Z have more money (adjusted for inflation ie cost-of-living) than their Boomer parents, to about the same degree that the Boomers exceeded their own parents. This is good and how it should be. The Boomers have successfully passed on a better life to their children.

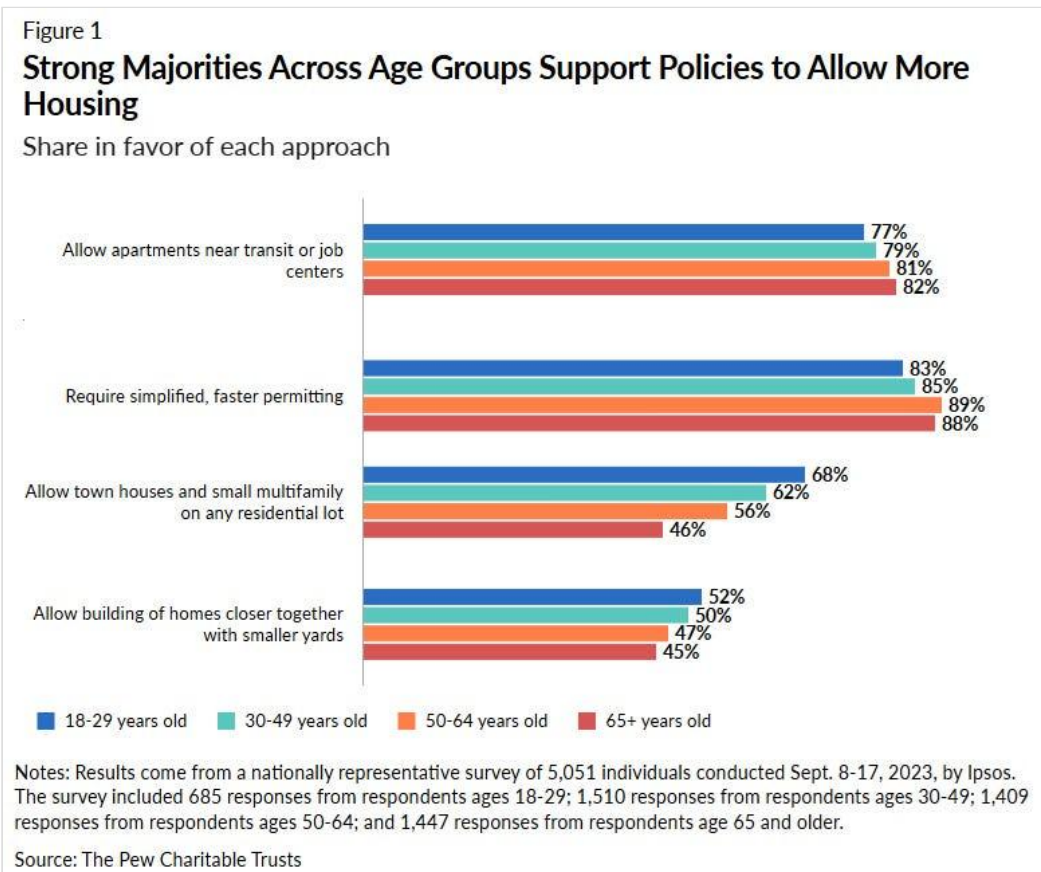
The liberals make fun of Schrodinger's Immigrant, who is both a lazy welfare parasite and also stealing your job. But equally sinister is Schrodinger's Boomer, who destroyed America through being simultaneously too far right and too far left. Progressives accuse Boomers of instituting market-worshipping [neoliberalism](#), failing the challenge of [climate change](#), and resisting the arc of history on issues like trans rights and Palestine. But conservatives accuse the same Boomers of [overregulating](#) everything in the name of "the environment", shutting down the nuclear plants, and starting the trend towards "gay race communism" with their hippy-dippy 60s values.

In reality, the difference between generations on any of these things is barely noticeable.



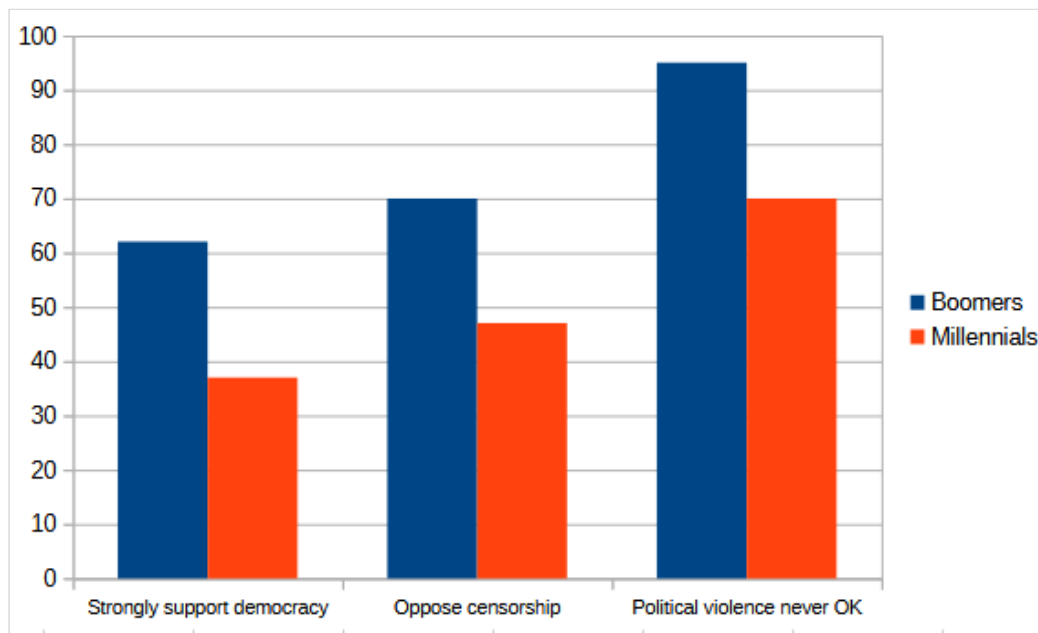
Sources: [1](#), [2](#), [3](#)

It’s not even clear that Boomers are that much more likely to be NIMBYs. From Pew:



Source: selected the most interesting questions from [here](#). If you’re worried that this is too theoretical and want to see numbers for a live proposal, here’s what people think of [a particular San Francisco upzoning plan](#):

And this is all focusing on the anti-Boomer-ists' chosen topics. You can find others where the Boomers look downright saintly compared to their kids:



Source: [1](#), [2](#), [3](#)

I don't think the Boomer-Millennial difference in most political opinions is big enough to matter much either way.

III.

There's a more developed theory of Boomer-hating. The more developed theory goes: Boomers are plundering the young. We know this, because their share of resources is high and keeps increasing. They use their large population share and good voter turnout to vote themselves ever-higher pensions at the expense of working taxpayers.

How might we investigate this theory? We can't use total social security spending, because the number of elderly has gone up. Can we use social security spending per elderly person? No; the amount of social security paid out depends on the amount paid in. If each year's retirees earned more during their career than the previous year's did (this is true), then each year's will get a higher SSI payment, even if the system's "generosity" stays the same.

We might start by looking at change in social security payment divided by change in median income. Over the past fifty years, average Social Security payment in inflation-adjusted dollars [increased 60%](#). If we expect these payments to reflect earnings twenty

years before disbursement, we can look at real median personal income from 1953 to 2003; this also [also increased 60%](#). There is no increase in generosity.

Or we can just look at the history. The Social Security Administration's [own website](#) says that its generosity peaked in 1972, when the program primarily served the Greatest Generation; since then, it's been one contraction after another. In 1983, the government increased the full retirement age from 65 to 67; in 1993, they made Social Security more taxable. Since then, most of the changes have been cost-of-living increases, which are indexed to inflation and not the result of active lobbying on old people's behalf.

Why does everyone believe that old people have discovered a vote-themselves-infinite-benefits hack? Because old people represent an increasing fraction of the population, they're living longer, and healthcare costs are going up, even when their benefits per capita per year are stable or declining, the government is spending more money on them as a group. This spending is indeed rapidly becoming unsustainable, the elderly will need to accept big benefit cuts to make it sustainable again, and the elderly are resisting those cuts.

So have we finally discovered the fabled Boomer selfishness? Call it what you want. But remember that the Boomers did pay money into Social Security to support their own parents, believing that they would be supported in turn. Learning that yours is the generation where the pyramid collapses is a hard pill to swallow. Maybe they should suck it up and take the sacrifice. You'd do this, right? Voluntarily give up money which is yours by right, in order to help other generations? You'll do it right after you finish writing your 500th "You don't hate Boomers enough, why won't they hurry up and die, we need to declare intergenerational warfare and seize our rightful inheritance" post.

IV.

Maybe I'm wrong about all of this. There are different ways to analyze the data. For example, Medicare Part D is a genuine expansion of healthcare to the old - albeit one passed at a time when it benefited Silent Generationers instead of Boomers. I counted it under "healthcare is getting more expensive so we need more healthcare programs", but maybe I shouldn't have. Maybe it's greed. And what about Europe? I hear the pension situation is even worse there, maybe the Boomers there are greedy, and I'm missing it due to my Americocentrism.

If that's so, my question becomes: do we really want to do this again?

Consider [the campaign against property taxes](#), another purported example of Boomer malevolence (I couldn't find polling on this, so I didn't include it above). If the polls come in, and they prove that it's disproportionately supported by Boomers, does this prove their greed and selfishness? After all, Boomers own most of the property, so shifting the tax burden elsewhere directly benefits them.

I'll answer this question with a question: suppose that the polls show that support is concentrated among white people. This is surely true; white people are [usually](#) the biggest tax cut proponents. And we know white people on average own more property than black people, and therefore stand to benefit more. Does this make the tax cuts a form of race warfare? A perpetuation of white supremacy? An example of greedy white people trying to keep minorities down for their own selfish gain? You sure can find one billion people talking about how tax cuts are racially biased or opposed to equity or something ([1](#), [2](#), [3](#), [4](#), [5](#), [6](#), [7](#), [8](#), [9](#), [10](#), etc)

It's no devastating rebuttal to declare oneself tired of something. Still, I'm tired of this. After a decade of this discussion, I think many people are ready to stop thinking of every policy in terms of [who-whom](#), and ready to discuss other facets like whether it overall increases or decreases net welfare, or how it manages the tradeoff between individual freedom and the public good. I think the decade we spent turning everything into identity politics resulted in worse policy than we got back when we were more reluctant to do that. Everyone knows that some groups are richer than others, that the rich groups are more likely to oppose redistribution, and that the poor groups more often support it. You can reframe this as a story of whites vs. blacks, or Boomers vs. Millennials, or the educated elite vs. the working class, or the abled vs. the disabled, or Jews vs. Gentiles, or any of a thousand other dichotomies that all correlate with wealth and with one another. Is this valuable? Does it dry a single human tear? I haven't noticed.

But it gets worse. Consider the way that "capitalism" gets used in socialist spaces. Although there are still a few classical Marxists with a clear conception of what capitalism is and why they hate it, most lefties just use "capitalism" to mean **gestures around expansively at everything**, with no concern about whether it involves market processes at all. Israel bombing Palestine? That's capitalism. Trump arresting immigrants? Somehow that's capitalism too. It's true that our society is very capitalist, and that capitalism touches *in some way* upon almost everything. But that gets laundered into an excuse to believe you're being a good communist by hating everything about everything.

In the same way, 60% of Americans are white. The white fraction of the most powerful Americans, and among the forebears who got us into this position, is even higher. Say that you hate everything, and you sound like a nihilist who is hard to take seriously. But say that you hate “white people”, or “white culture”, or “whiteness”, and this is broad enough to give you an excuse to hate every specific thing, without having to admit you are doing this.

This is my true objection to the term “Boomer”. By this point, every institution in the world is either run by Boomers, used to be run by Boomers, or was shaped by Boomers in some way. It’s a cheap way of hating everything.

One might argue that at least anti-Boomerism has a time limit; at some point they’ll be gone and you’ll have to blame something else.

Still, this is a double-edged sword. You shouldn’t be racist or sexist. But if you have to be one or the other, be racist. You can be racist purely and honestly, but if you’re hetero, then sexism will inevitably make you miserable: it can’t help but be a love-hate relationship. Yet ageism is even worse: you are doomed to one day become what you hate. You may never be a Boomer. But you will be in the position, vis-a-vis the younger generation, that the Boomers are in now. Hopelessly uncool, increasingly distant from the engines of memetogenesis, sitting upon assets that you are not at this moment using for market labor or family formation and which could easily be redistributed to others. Is it too hard to believe that the decisions you make now about stereotypes and identities and the level of respect due to elders will stick around for a few decades?

What will our children think of Millennials and Zoomers? Might they get mad about wokeness and the pillaging of the American education system for temporary political cred? What about Trump, DOGE, and the decline of federal state capacity? Any of these seems worse than whatever happened in the Boomers’ heyday. The US has a way of bouncing back; maybe it’ll happen again. Still, the Boomers can boast that they passed on a better life to their children. How sure are you that you’ll be able to say the same?

I think a fair analysis by some sort of objective far-future historian might well conclude that Boomers were a perfectly normal American generation, maybe a little too fond of cringe Minion memes but otherwise decent enough; on the other hand, Millennials and Zoomers were some sort of mutant nightmare people. I hope my grandkids, if I have them, will love me anyway. Nobody ever controls that; nobody can ever know for sure. But I think respecting Boomers would be a good start.

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Everyone should benefit from AI

By Matthew Yglesias | Fri, 19 Dec 2025 11:02:52 +0000

Plus “Thunderball,” price controls, and liberalism & the limits of politics

The actor and director Rob Reiner passed away this week, tragically, only to be eulogized by wildly inappropriate commentary from Donald Trump — a powerful reminder that the [Orange Man is Bad](#)

The most famous scene from one of Reiner’s best known films, “A Few Good Men,” very effectively dramatizes one of the core disputes between the liberal and conservative worldviews. Jack Nicholson’s Colonel Jessep makes a strong case that the liberal sheep can only survive because their walls are guarded by tough men like him.



One issue here, of course, is that the conservative belief in the empowered strongman as the guarantor of civilization against the forces of barbarism is asking us to have a lot of faith in the strongman’s probity.

In the film, whatever you think of Jessep, there's no suggestion that he was acting out of venal orders. The "code red" was not a shakedown or an extortion racket. But obviously untrammelled power of the sort that Jessep claims for himself *could* be used in corrupt, self-interested, or petty and egomaniacal ways. What makes the Trump experience so insane to me is that he simultaneously very openly claims Jessep-like superiority over the supposedly naïve liberals while also very clearly being a person with zero honor, integrity, decency, or basic self-discipline. The kind of guy who would dunk on a murder victim who was also a beloved filmmaker.

With that, let's do some questions.

Julia: You mentioned reading Agatha Christie's autobiography and the Poirot mysteries. Why do you think a bestselling author like Christie isn't normally taught in grade school? I'm still annoyed by being assigned Tuck Everlasting.

I think there's maybe a sense that she's too murder-y for kids? But I don't really get it. They should assign fun books.

Sasha Gusev: If the voters want lower nominal prices, why not give them what they want with well-articulated, targeted price controls? This seems much less harmful than other popular but economically foolish desires the Democrats are willing to compromise on (immigration and trade).

The main reason is that targeted price controls won't reduce nominal prices.

This was [my point](#) about the stadium beer. Even if all goes well with forcing down the price of beer, you're just putting upward pressure on the price of tickets. In other cases you'll get bigger problems, like price controls on beef leading to beef shortages at the supermarket. I think it's fine to rail against extortionate prices and promise to crack down on this or that, but inflation really is a macroeconomic phenomenon and it needs macro solutions.

Jared Francis: Matt Bruenig has argued for a Social Wealth Fund that pays a universal dividend to citizens—as a way to tackle wealth inequality directly. As we see more openness to populist economic ideas, do you see potential for a primary candidate to adopt this platform? It seems like 'a guaranteed check in the mail from American corporate profits' would be an easy sell to voters. Is this an opportunity, for the 2028 field? What are potential objections from the political center?

This is an idea that I think has always had a lot of appeal but also some obvious problems in the form of “where does the money come from?”

In the case of Alaska, the money comes originally from the state’s oil wealth, and I think it’s a very smart way to handle natural resource wealth. But America as a whole can’t finance a large wealth fund in that way. There are possible answers to the question, but they are all politically and economically challenging.

And yet here we are potentially on the verge of an artificial intelligence revolution that promises to simultaneously unleash massive amounts of new wealth while also potentially radically devaluing human labor.

This seems like on the one hand a significant problem, but on the other a significant opportunity to say that, rather than AI being pioneered for the narrow benefit of early investors in a handful of companies, the wealth will be shared by all. It’s clear that AI progress is going to require a fair amount of policy support to happen, and the price of that support could be contribution to a social wealth fund.

It’s very annoying to me that, instead of this happening, we are primarily talking about [data centers’ trivial water consumption](#) and that the left’s main mood is negative affect.

As part of the whole post-material turn of politics, it seems to me that a lot of contemporary left thinking is not about how to uplift the needy, but the expressive resentments of people who went to good colleges but then didn’t become well-paid businesspeople.

The main thing they resent is not the particular material circumstances of their more affluent former classmates but the social and cultural prestige they enjoy. They believe it should be the case that assistant professors and NGO-lifers and such are held in higher regard than people toiling away at for-profit enterprises. So the main form of criticism they want to offer of the AI industry is to say that it’s unimpressive, or just generating slop, or it’s all copyright violations, or it’s a bubble. The point is to take these guys down a peg and express annoyance at needing to hear about them or at the concept of change.

But look, it’s certainly possible that progress on building better and better core models will come grinding to a halt. I hear overconfident optimists all the time. But it also might not. The logic of “if we add more, more and more chips, we will get better models” has taken the AI world pretty far over the past few years and it clearly might

take us much further. This could have really significant economic impacts. And the role of the political left should not be to bandwagon with random NIMBYs or spread misinformation about water so that the technology is developed abroad.

The role of the political left should be to facilitate technological progress and economic transformation, but to do it on terms that are broadly beneficial to as many people as possible. Something like a social wealth fund concept seems like it should probably be at the core of that agenda.

Paul: Thunderball or Never Say Never Again?

“Thunderball!” This scene rules.



Jesse Ewiak: Does Matt honestly believe that as he wishes, no Senator or Representative had ever said anything about Abrego Garcia, that he'd actually be free right now, without the political pressure that visits from people like Van Hollen and the general pressure from the Democratic base (including wild-eyed leftists like *checks notes* Bill Kristol).

Because that sure seems like a more positive vision of the judiciary, as if they act in a way totally removed from the society around them, as are the lawyers and resources that make themselves available to immigrants than I'm used to even from Matt.

The context here is that I said at WelcomeFest that I thought Democratic Party members of Congress making grandstanding trips to El Salvador was politically counterproductive. This has been a very unpopular take not just among the political left, but among normie resistance types at Pod Save America and The Bulwark. Garcia was [recently released from custody after winning some court cases](#), which led to some new rounds of people dunking on me.

So I want to be really clear about this: I am glad that Garcia won in court. I also never said that I wish nobody had ever said anything about the case. Elected officials face questions from constituents and the press all the time, and while they sometimes duck the questions, it would be perfectly reasonable to give straightforward answers on this.

What's at issue is whether it made sense for a bunch of members of Congress to take extraordinary efforts to drive additional attention to this case by flying to El Salvador. To me, the claim that courts ruled in his favor because of the public attention to the case is a fairly extraordinary one that demands some evidence. Note that when the administration brought him back from El Salvador, they could have dropped the whole thing if their view of the situation was that attention to the case was embarrassing. What happened instead was that they brought new charges, because they wanted more attention. Then he got his day in court and won.

The courts, despite being dominated by Republicans, have been a meaningful check on Trump. And I think we should all be very worried that, every month, old Bush judges are getting replaced by MAGA judges. If we want to halt that cycle, we need to win a Senate majority and I don't think that going out of our way to draw additional attention to immigration is helpful to winning Senate races in Ohio, Iowa, Texas, Alaska, Florida, and Kansas.

A lot of high-socioeconomic-status liberals have very strong feelings about the Garcia case and about Trump's actions on immigration more broadly, and that's great. What you should do when you have strong feelings about an issue is take actions that are likely to generate good results. It's worth recalling that it's not as if Garcia winning his freedom has fixed immigration policy. We still have people being picked up all across the country. There's a big ongoing effort to [strip tens of thousands of people of their legal status](#) in order to manufacture new groups of illegal immigrants to deport. There's no magic solution to any of this other than winning elections (which will almost certainly be done on the basis of non-immigration issues) and then trying hard to thread the needle of shifting policy in a more humane direction without generating big ew Biden-style flows of asylum-seekers.

Robert: You've been engaging seriously with Rawls's vision of political liberalism lately. What do you make of Patrick Deneen's post-liberal critique, which Ezra Klein has also been grappling with recently? As someone with religious commitments, I find Deneen's point that liberalism is not in fact neutral, but instead prizes optionality above all else, to be genuinely compelling. It seems to get at the crisis of meaning so many people are facing. Forty-five years into the neoliberal experiment, it turns out that if you fully emancipate the human animal from church, family, tradition and place, most people cannot actually create meaning for themselves. They end up in the thrall of the market, materially comfortable but profoundly adrift. What can liberalism actually say to this, beyond hoping people figure it out for themselves?

I'm not going to be able to address the classic questions of political philosophy in a mailbag, but let me just say that I think there are two different questions here:

1. Do people, in order to flourish, need a more robust conception of community and the good life than just pure individualism and materialism?
2. Does the *political system* need to give people a more robust conception of community and the good life than just pure individualism and materialism?

I've been worried that Ezra is saying yes to (2) when he actually means to say yes to (1). In America's broadly liberal constitutional order, we see the world's largest Amish and Mennonite communities. We see Hasidic Jews. These are very anti-individualistic and even anti-modern communities. But they thrive in the United States along with evangelical churches and a large Catholic community and Mormons and lots of other religious groups. To me, the central claim of liberalism is that it is the best possible bargain for coexistence and cooperation among citizens.

To the extent that a liberal polity ends up tilting too hard against the possible thriving of these kinds of communities, that's a valid point of criticism that may call for recalibration — I think Colorado went too far with the [Masterpiece Cakeshop](#) thing. But before we say yes to (2), we had better be pretty damn sure that it's not going to just collapse into war and tyranny.

Noah: What were your thoughts on The Big Picture episode about the Netflix/Paramount/Warner Bros. situation? I thought Amanda [Dobbins] went on some pretty intense anti-corporate rants that were surprising given the “normie politics” the hosts usually have.

One thing that happened during that segment is she said some stuff about the price of going to the movies that I am pretty sure is either just not factually accurate or else represents some idiosyncratic features of Los Angeles. For example, she was talking about the price of movie theater parking, which I'm pretty sure is free in 90 percent of theaters (I usually walk/metro/bus to the movies).

But her broad anti-capitalist takes were coming from where I think is the appropriate place for anti-capitalist sentiment, namely genuine enthusiasm for art.

It just is the case that there's a tension between an artist's passion for art and a business enterprise's passion for return on investment.

One of the interesting things about 19th-century novels, and about film more recently, is that this has mostly been a *productive* tension. Which is to say that Charles Dickens and George Eliot were mainstream commercial figures in their heyday. More recently, you see guys like Martin Scorsese and also younger filmmakers like Greta Gerwig and Ryan Coogler who really walk the line between making hit films and making serious art. But there is very much a tension. I worried when Coogler made "Wakanda Forever" that maybe he was lost forever to the M.C.U. borg only for those worries to prove unfounded when he unleashed "Sinners" on the world.

And sometimes the tensions take a turn that you think is bad.

Horror is one of the few genres that has been reliably working at the box office in recent years — which I think is part of how Coogler got "Sinners" (which is not really a horror movie but does have vampires in it) off the ground. That's great if you love horror movies, as Dobbins's co-host, Sean Fennessey, does. But she doesn't love horror and neither do I. She does love rom-coms, which Hollywood used to churn out but that market forces have now relegated to low-budget direct-to-Netflix fare. Even worse for people who like movies, the idea of the "bankable" movie star whose presence on the poster guarantees a good number of butts in seats on opening weekend seems to be dead. That change in commerce is important for art, because *if* you can guarantee those opening-weekend butts in seats, *then* word of mouth becomes a dominant factor in success and you have a commercial rationale to care about quality.

But even more than that, many if not most actors have a sense of taste and some appreciation for the art. They — or at least some of them — want to be in great movies at least some of the time.

With my public policy hat on, this does not really amount to a sound critique of capitalism as an economic system. The Soviet Union did produce some great films, but not nearly as many as American capitalism has. State control of the means of movie production is a cure that's worse than the disease. But it's natural for people involved in the arts to have certain anti-market views, and *correct* for them to articulate a value system that holds there is a higher calling than shareholder value.

What I would say, though, is that one big difference between the 1990s and the 2020s is that back in the day we had more edgy avant-garde views in the cultural domain — less pressure to hail the genius of Taylor Swift, for example — but it was also taken for granted that Bill Clinton was going to try to pander to the masses in search of votes. Post-Obama and [post-poptimism](#), I feel like people tend to get this backwards and want to see *politics* be cool and thumb its nose at mainstream values.

This does not make a lot of sense. There is more to life than appealing to the tastes of middle aged people in the suburbs of Grand Rapids and Pittsburgh, but if you're trying to win the electoral college then it's genuinely the most important thing in the world.

Alex Godofsky: On twitter, you said: “A factual thing that I keep seeing people miss is that part of the Chinese economic model is they have a much stingier welfare state, especially for the elderly — exactly the thing that ~nobody in mainstream western politics advocates for.”

Do you think mainstream American politics should be more open to the idea of a stingier welfare state for the elderly?

Yes. Social Security benefits should be flatter (i.e., lower at the high end) and Medicare Advantage payment rates are scandalously high, which results in absurd benefits getting paid out to healthy seniors with minimal medical needs. We could do substantial spending reductions without harming anyone who is needy or in poor health. The other thing is that state and local governments tend to give seniors very unwise sweetheart deals on property taxes that generate misallocation of the housing stock.

BlueLineBlueState: With the recent cancellations of the M10 Booker, and Constellation class frigate, as well as all the other issues with military ship building there seems to be real problems in US defense procurement. What are your thoughts, and how can we fix it?

I think it is challenging to maintain a vibrant and effective military shipbuilding industry when you don't have an internationally competitive civilian ship industry.

Obviously a warship and a large cargo vessel are different things. But there are elements of marine engineering that apply equally across them. There are also components and construction materials that would be used in both places. Throughout the modern history of war, you see a tension between militaries wanting their stuff to be more customized to their special needs and efficient procurement tilting toward the benefits of buying dual use things off the shelf. That's not a tension that has a correct answer; it's just a tension that exists. But when the civilian industry isn't there the balance of considerations gets out of whack.

My basic take is that the United States should be working much more with partners like South Korea and Japan who *do* have vibrant civilian shipbuilding industries.

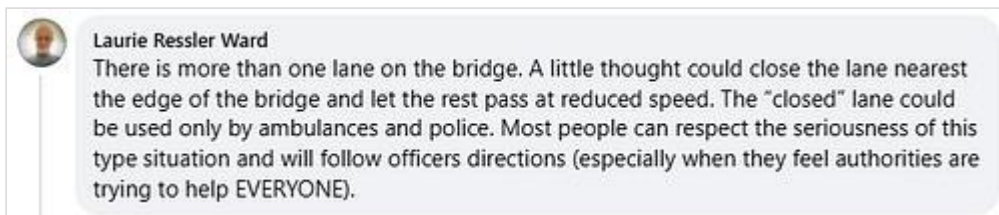
11-Hour Traffic Jam In Charleston Leads To Local Discussion On Leadership/Mental Health

By The Carolina Courier | Thu, 18 Dec 2025 23:06:54 +0000

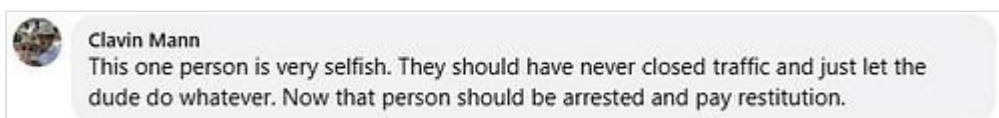
After An Entire Workday In Traffic, Tri-County Residents Have A Lot To Say About It



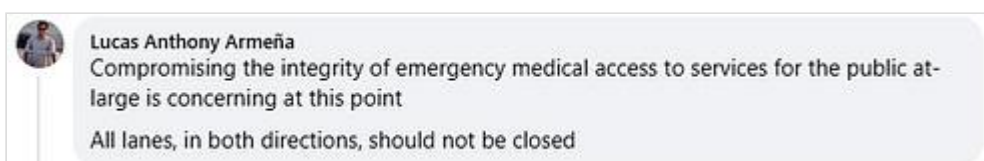
For nearly eleven hours on Thursday, December 18, Interstate 526 between North Charleston and Mount Pleasant was shut down in both directions. It was one of the worst traffic disruptions in the region anyone could remember—not because of an “incident,” as early official statements and media reporting suggested, but because a man sat astride the concrete barrier of the Don Holt Bridge in a position where a fall would have meant almost certain death.



From approximately 3:00 a.m. until shortly before 2:00 p.m., traffic was frozen while emergency responders worked on and beneath the eastbound side of the bridge, just east of Virginia Avenue. Yet for much of the day, the public was given little more than [vague references to a “closure” or “incident,”](#) with [no meaningful explanation](#) of what was unfolding on one of the region’s busiest transportation arteries.



What was actually happening was visible to anyone [scrolling through social media](#) while sitting in the parking-lot that became Interstates 26 and 526. Independent witnesses in North Charleston gathered below the bridge and watched for hours as the individual remained perched on the barrier, at times appearing to speak with police. Bystanders filmed and photographed what they were seeing, in stark contrast to the language being used by local officials and echoed by legacy media outlets. *The Carolina Courier* received many of these photos and videos from those on the ground and made them available to our followers.



Because official messaging remained opaque, speculation filled the vacuum. Social media churned with rumors ranging from a school-bus crash, to a liberated prison transport, to a chemical spill involving an 18-wheeler. When the ordeal finally ended—after officers physically seized the individual mid-jump—local media outlets largely framed it as a simple “reopening” of I-526, rather than addressing the hours-long emergency that preceded it. As of publication, the identity of the individual involved has not been released.



Ben Flaig

Did the man survive. Then it was worth it. Cant put money over life. People can be late to help a individual suffering at their lowest low. Its not easy out here people need help . Holidays are not easy for some people especially the ones hurting. Humanity over greed

Authorities have offered no explanation for the prolonged silence or the initial mischaracterization of the incident. *The Carolina Courier* has received unconfirmed information suggesting a possible connection between the individual and a local official; however, that information has not been independently verified.



Allyssa Gray

So what I'm hearing is that the Police in the schools already knew of the road closure at that time and didn't delay school hours or just cancel school altogether due to extreme road closures and traffic. It seems way more logical for schools to have delayed and put out a statement at 6 AM when he was still on the bridge.

What can be reported clearly and without speculation is that Charleston experienced an hours-long public-safety crisis on one of its major highways, and local authorities failed to manage it properly. A Charleston County elected official told *The Carolina Courier*, on condition of anonymity, that the shutdown placed public safety at risk and inflicted significant economic harm on the region. Although the individual was ultimately rescued after nearly eleven hours, officials effectively severed one of only two major transportation arteries serving the Tri-County area.



Nita Zarifis

That one life mattered. That person needed our help. They closed the bridge. Traffic came to a standstill because it wasn't rerouted. Truly that's the only mistake. All traffic needed to be diverted from the area. Ambulances and first responders knew and planned for alternative ways. It's ok if others were late to jobs and schools and had to miss an appointment or like me a movie. This is a human being who felt so lost, alone, misguided and hopeless. This person has value. He is someone's son. Whatever else he is I don't know but I do know that as we celebrate Christmas we need to take time to remember to be Christian.

“Public officials’ heads need to roll for the way this was handled,” the official said. ***“We put hundreds of thousands of lives at risk for one individual, and we’re hemorrhaging money at this point.”*** The Tri-County area—where Charleston serves as the primary medical and trauma hub—has a population of roughly 900,000 people. According to the official, first responders, medical services, and commercial traffic were pushed to a near standstill, with goods moving to and from the Port of Charleston, ambulances responding to emergencies,

police answering calls, workers commuting, and students traveling to school all facing hours-long delays.



Jenna Lynn Barlow

Everyone thinks it's just an inconvenience. It's not an inconvenience when ambulances, fire trucks, and police can't get to people that need help. That's dangerous.

Public reaction across the region has been sharply divided. Some have emphasized the need for improved mental-health interventions, while others have condemned what they describe as a reckless, highly disruptive, and selfish act. Both camps, however, largely agree that local officials failed in their management and communication during the crisis.



Darion Echon

Send him to jail for the lives he put at risk. Almost 11 hours of traffic for one person is absurd lmao what he did is beyond selfish. People need to work to support themselves and their families and they were probably told not to bother to show up because of this. Like cool he decided not to end his life but now he should pay the price of what he caused by sitting in jail! You can literally get him the help he needs while he does time its that simple

Because the ordeal began around 3:00 a.m., with no indication it would be quickly resolved, serious questions remain about why the likelihood of a prolonged shutdown was not communicated to the public. If a total closure of I-526 was being contemplated—or actively underway—why were families left in the dark, with children stranded on school buses for hours and commuters funneled into predictable gridlock? Why were school start times not delayed, or classes canceled altogether, to mitigate foreseeable harm?



Melissa Deal

This is such a tough situation. I couldn't make a very important doctor appt that I had for over two months, and my husband, who is an international commercial airline pilot, nearly missed both flights for his necessary, required FAA yearly training. Thank goodness the airline held the flights for him to arrive (because of this incident). Yet, I have to say, I think that this isn't a crisis that could EVER have a predictable outcome!! They could never have known it would take that long to HELP this person (that's their job, right?). The responders in THIS situation DID THEIR JOB!!! I wish there could be anything I could possibly say to ALL these responders for helping THIS person. We were ALL affected by this single person's actions. It's a factor of the limited capacity to travel because where we have chosen to live.

So, now.....come up with a protocol, now that we've all lived THIS scenario, so we are prepared to deal with the ramifications moving forward. We learn in situations like these. And today was just a horrible day for everyone!!! Perhaps this person should pay restitution in the form of hopefully learning from this situation and helping others who feel like he did. But, don't make it worse for him by adding MORE guilt in his life.

Anger and criticism will not help regarding what happened today. Being prepared and having a plan moving forward will.

Thank you, to the responders who did their job and did their best in this moment, spending hours on end praying this situation would just end in the best possible way. My family, at least, appreciates your efforts, and know you did what you could to HELP a man in desperation. I wish I could just hug you all.

County officials demonstrated a willingness to place the entire region on pause to address the needs of one individual. That same willingness, however, did not extend to transparency, advance notice, or inviting the community into what could have been a shared exercise in patience and compassion. That disconnect has fueled frustration and distrust—and helps explain why questions are now being asked about whether factors beyond public safety influenced how this crisis was handled.

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Populism As Moral and Intellectual Rot

By "Bentham's Bulldog from Bentham's Newsletter" | Thu, 18 Dec 2025 16:33:28 +0000

Your problems are not all caused by foreigners

The Trump administration does not have much in the way of coherent ideology. Trump is not principled and goes along consistently with whatever the people who flatter him say. This is why, despite ostensible concerns about AI taking American jobs and long-standing opposition to China, he approved [Nvidia chip sales to China](#). The whole world knows this fact, which is why world leaders like Putin and Zelenskyy make sure to flatter him non-stop, and Qatar was so brazen as [to give him a jet](#)

But insofar as there is any ideology behind Trumpism, it is populism. Trump's opposition to immigration, foreign aid, and trade are motivated by the same core worldview: America is getting ripped off by other countries, and this is the cause of most of our problems. As a result, we should seek to cut ties with other countries to whatever extent possible, being especially keen to stop doing whatever benefits other countries.

This worldview is almost a pure inversion of mine. I think it is demonstrably wrong on every front. America's problems are mostly the result of bad institutions. To the extent anyone is doing the ripping off, it is us. It is also immoral. The richest country in the world has an obligation to try to improve things in other countries. Even if foreign aid made us slightly worse off—which I don't think it does—if it prevented lots of people from dying unnecessarily, it would be worth keeping around.

I find there to be something extremely grotesque about the populist moral worldview in that it seems to take as a given that the interests of people in other countries count for nothing. People like Vance and Walsh repeatedly say that America's sole focus should be helping America. But why would this be? If a foreign child was drowning in a pond, would we have no duty to pull him out because he was not American? Perhaps we have somewhat greater obligation to help Americans than foreigners, but is helping foreigners really the source of no moral reasons at all? None?

Was the only reason to intervene in world war two for our own benefit? Was the fact that it prevented the massacre of millions of extra Jews no consideration at all, so long as they weren't American? Would it have been wrong to intervene to stop the genocide in Rwanda—to prevent teenagers from being hacked to death? Suffering and death are bad things, and we have moral reason to stop them whenever they take place. If you make 30,000 dollars a year, you make in a week what hundreds of millions of people make in an entire year (and that's controlling for the divergent price of living).

The golden rule says that we should do unto others as we'd want them to do to us. If another country could save millions of American lives at the cost of a tiny slice of their budget, of course we'd want them to so. It is only because we neglect the interests of those who are far-away that we even *consider* a moral calculus that ignores most of those affected by our actions. It is insanity to hold that we should care vastly more about financially enriching those who are wealthier than almost anyone who has ever lived than those living on two dollars a day.

John Rawls famously proposed the veil of ignorance as a method for making decisions impartially. You're supposed to imagine making the decisions without knowing which of the affected parties you'd be—thinking of yourself as just as likely to be any specific Ugandan as any specific American. Behind the veil of ignorance, no one would dream of entirely neglecting the interests of foreigners.

But it is also completely mad to think foreign aid is the cause of a significant portion of America's problems. A world that is wealthier and more prosperous is one better for America. We benefit when the world has more innovation and productivity. The [3 million](#) people saved annually by foreign aid programs—programs that have now been majorly gutted—can go on to make contributions to the global economy. America has more soft-power and influence if more countries are grateful to us because we've benefitted them enormously.

Foreign aid takes up less than 1% of the budget. Because voters aren't informed, they think foreign aid takes up an [entire quarter of the budget](#). Populist politicians can easily use foreign aid as a scapegoat, coasting on our ignorance. But the idea that our financial woes have to do with foreign aid does not survive even brief contact with reality. It is not a thing you can think while being aware of the facts. This is what I mean when I say the populist worldview is both moral and intellectual rot; it is impossible to believe the core pillars of the populist worldview if you are informed.

Populists also blame free trade for America's woes, claiming that we are needlessly allowing other countries to take our jobs. This judgment does not survive contact with econ 101. Because of comparative advantage, increasing trade between two countries boosts the wealth of both countries. They can both do what they're better at comparatively and as a result, they both benefit.

And we don't have to speculate. Economists have empirically analyzed the effects of free trade and they've been almost unanimous in their result; trade benefits both countries. Free trade is almost entirely uncontroversial among economists. One study, [for instance](#), reads:

We study the macroeconomic consequences of tariffs. We estimate impulse response functions from local projections using a panel of annual data that spans 151 countries over 1963-2014. We find that tariff increases lead, in the medium term, to economically and statistically significant declines in domestic output and productivity. Tariff increases also result in more unemployment, higher inequality, and real exchange rate appreciation, but only small effects on the trade balance. The effects on output and productivity tend to be magnified when tariffs rise during expansions, for advanced economies, and when tariffs go up, not down. Our results are robust to a large number of perturbations to our methodology, and we complement our analysis with industry-level data.

This is another example of the populist worldview being intellectually untenable. If you just listen to the one sentence slogan "trade ships jobs overseas," it sounds bad. But that initial impression crumbles upon sustained exposure to the facts. It only works if you don't think too hard, preferring to blame foreigners and elites for your problems.

It is also [morally bankrupt](#). Tariffs uncontroversially impose harms on the countries that they're imposed on. They're often imposed on very poor countries. It would be wrong to impoverish people in Mexico, Laos, Cambodia, and Lesotho, to slightly increase the wages of people who earn more in a few weeks than they earn in a year. So even if tariff supporters were right about the facts, their view would still be morally wrong. Their view is that tariffs amount to a tax on other countries. But it would be morally wrong to tax people in Lesotho and give the money to American construction workers.

Similarly, the populist worldview blames immigrants for many of societies greatest ills. This recently reached comical levels with the DHS Twitter account claiming that immigration is responsible for nearly everything bad in society.



Homeland Security ✓
@DHSgov

“Rent is too high!”

There are tens of millions of criminal illegals in our country.

“Groceries cost too much!”

There are tens of millions of criminal illegals in our country.

“There aren’t enough jobs!”

There are tens of millions of criminal illegals in our country.

“Women don’t feel safe walking down the street!”

There are tens of millions of criminal illegals in our country.

“Traffic is terrible!”

There are tens of millions of criminal illegals in our country.

“Healthcare is too expensive!”

There are tens of millions of criminal illegals in our country.

“Welfare spending is through the roof!”

There are tens of millions of criminal illegals in our country.

“I can’t afford a car!”

There are tens of millions of criminal illegals in our country.

“I can’t afford a house!”

There are tens of millions of criminal illegals in our country.

But this is completely ludicrous. Illegal immigrants [aren't eligible for welfare](#) barring very rare circumstances, and have a [positive fiscal impact](#). While immigration likely raises housing prices, immigrants also do lots of construction labor. Immigrants are responsible for a huge amount of innovation and other economic benefits. And why the hell would illegal immigrants make it harder to buy a car?

Treating the absence of jobs as a reason to restrict immigration is a classic example of the [lump of labor fallacy](#), where you treat labor as a fixed quantity. Immigrants consume goods and services, opening up the need for more jobs. Additionally, if there are more people in a country, then new jobs will open up to make up for the influx. If that wasn't the case, then the best thing to do to boost wages would be banning people from having kids—so that the kids don't take the jobs. America's population has increased many-fold over its history and yet remarkably we've found new jobs. Almost as if there's some mechanism by which the number of jobs tracks population size...

[Alex Nowrasteh](#) has pretty comprehensively rebutted [the standard objections to immigration](#). In light of the fact that [immigration is responsible for a huge portion of innovation and productivity gains, makes countries wealthier and more prosperous, and hugely benefits the immigrants themselves](#), the case for more immigration is quite robust. But at the very least, the simplistic populist worldview that claims we live in hell world because illegals have destroyed everything good about America doesn't hold up at all.

It is also a mistake to treat the only question about immigration as being whether it benefits America. Even if America was made slightly worse-off by immigration, it is [wrong to use harmful coercion to immiserate tens of millions of people for slight benefit](#). To justify immigration restrictions, the benefits would have to be very massive. It is disturbing that in virtually every case, the alleged benefits are non-existent; the standard arguments against immigration, when carefully examined, turn out to backfire and make the case for more immigration.

America is the richest and most powerful country in world history. [Alabama is richer than the UK per capita](#). It would thus be surprising if we were constantly getting ripped off by dirt-poor foreigners in Lesotho and immigrants coming to America searching for a better life. The unfortunate fact, the one that politicians won't say, is that many of our problems are self-inflicted. Hanania put it well, in an article comparing the [Vance worldview to Ibram X Kendi's worldview](#):

Every time you ask Vance about any topic in the world, he will return to some story about how elites or immigrants hurt regular, working-class Americans, particularly those who live in the Midwest or Appalachia. There is rarely a hint that human beings have any agency, unless he's talking about the need for conservatives to use government power to crush their enemies.

Victimhood sells. It is easier for a politician to succeed by blaming America's problems on greedy mega-corporations and nefarious foreigners than on the decisions that Americans make. The mechanisms by which free markets leave people better off are subtle and complex. It is easier to demagogue than to explain them.

With the internet eliminating gatekeepers, America's expert class is increasingly fading. Decisions are made carelessly and ham-fistedly. It takes finesse to understand which institutions are optimal. Yet the people who understand those things are increasingly being replaced by ill-informed populists with a politics purely centered on misinformation and resentment.

This is bad for America today, bad for the world, and bad for the future. Having the most powerful country lose its ability to think carefully and devolve to a populist uniparty that sees the rest of the world as its enemy will leave America worse off and the world ill-equipped to deal with global problems that demand global solutions.

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I think India can do it

By Noahpinion | Thu, 18 Dec 2025 07:49:20 +0000

A lot of people doubt that India can develop. I'll take the other side of that bet.



Photo by [Taya Yako](#) on [Unsplash](#)

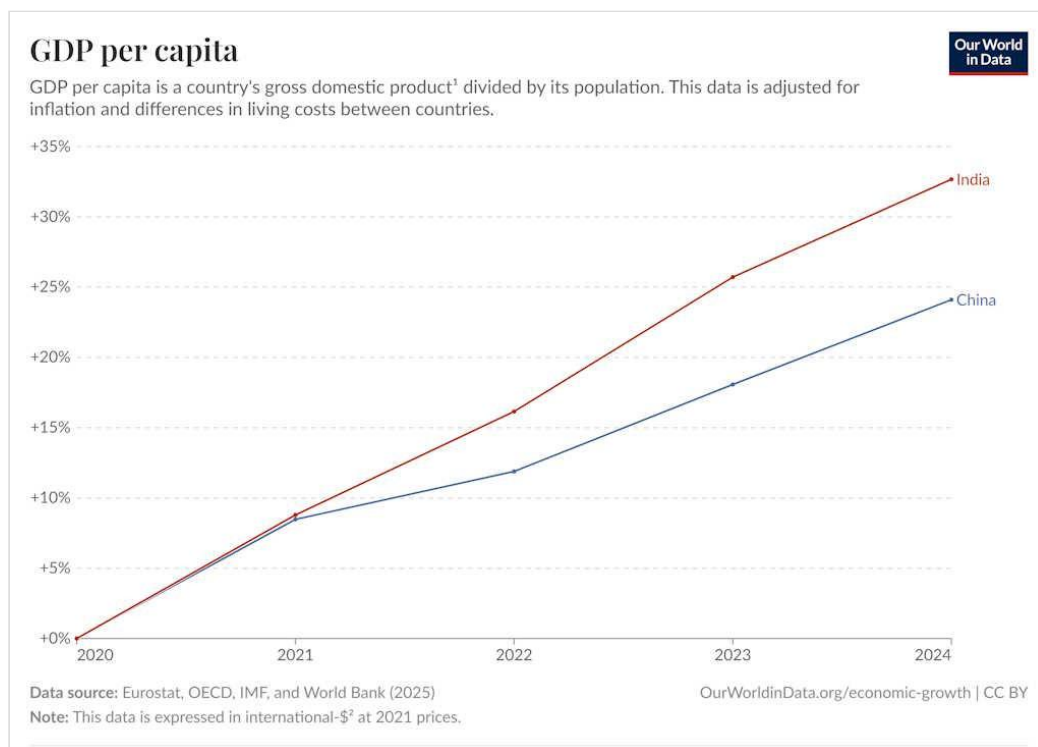
In 2004, *The Economist* [predicted](#) that India's economic growth rate would overtake China's in two decades. In 2010, in an article called "[India's surprising growth miracle](#)", they shortened that timeline dramatically, declaring that India might overtake China in terms of GDP growth as early as "2013, if not before".

In the end, it took two years longer. Since 2015, India has been the world's fastest-growing major economy, taking the crown from China:

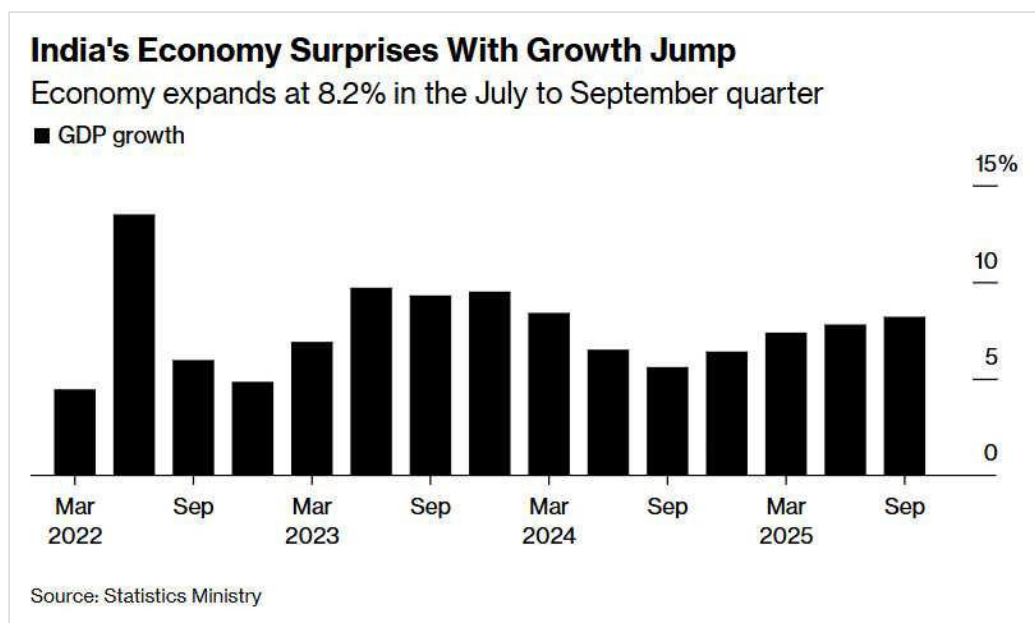


Source: @aravind

As *The Economist* noted, this is partly due to India's more rapid population growth. If we want to look at living standards, we should look at per capita GDP (PPP). Here, India didn't overtake China until after the pandemic:



India continues to turn in strong growth performances. In the third quarter of this year, it grew at 8.2%, up from 7.8% the previous quarter:



India's population is growing at a little less than 1% a year, so this roughly corresponds to a per capita growth rate of around 7.2% or 7.3%.

That sort of growth rate is less than South Korea or China managed during their heydays of industrialization. From 1991 to 2013, China's per capita GDP (PPP) [grew](#) at an annualized rate of 9.4%. But 7.2% would still be enough to utterly transform India in just a short space of time.

According to [the IMF](#), India has a per capita GDP (PPP) of \$12,101 as of 2025. Thirteen years of growth at 7.2% would bring that to \$29,878 — a little higher than where China is today. That's interesting, because India's big economic reforms happened in 1991 — twelve years after China's. Two decades of 7.2% growth would bring India to \$48,609 — about as rich as Hungary or Portugal today.

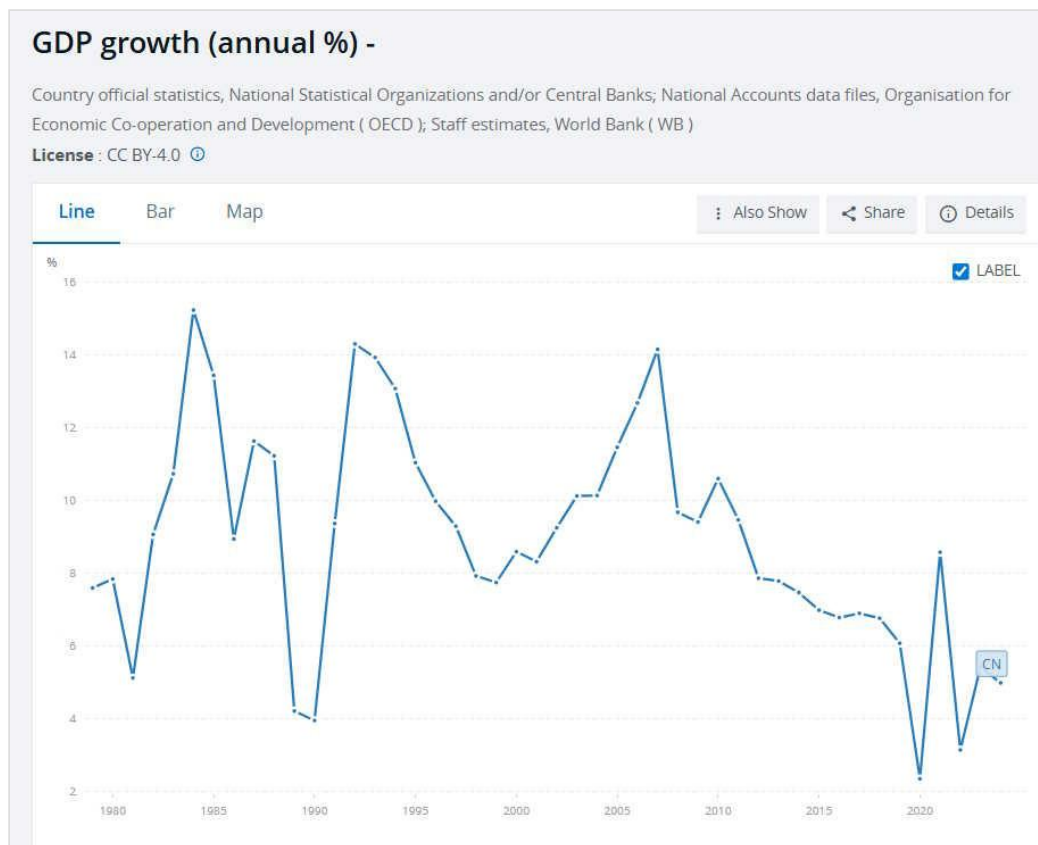
In other words, if India keeps growing as fast as it's growing right now, it will be a *developed country* before kids born today are out of college.

Consider even the more modest scenario in which India grows at the same rate it's been growing over the past decade — about 5.4% in real per capita PPP terms. Fifteen more years of that growth rate would bring India to \$26,633 — about where China and Thailand are today. Twenty years, and it would be \$34,644 — about the same as Chile.

This is all a big "if", of course. When I threw out some optimistic growth scenarios on X, [I was mercilessly mocked](#):



But this critique is overdone. Yes, it's likely that India, like China, and like every other rapidly industrializing country, will experience [a slowdown in growth](#) as it gets richer. But growth could also accelerate for a while. China's growth slowed in the 1990s, but then accelerated in the 2000s after it joined the WTO:



Source: [World Bank](#)

Growth is not always a smooth deceleration; sometimes it goes up for a while. And if Indian policy improves, it could see growth accelerate — or at least remain high as the country gets richer.

And India is still experimenting with policy reforms. Just the other day, it rolled out [a major reform of its sclerotic labor laws](#):

India implemented overhauled labor laws that aim to attract investments and make it easier for companies to do business in the South Asian nation...The laws, grouped in four separate codes, replace archaic legislation and will give flexibility to companies to hire and fire workers, enhance safety standards and extend guaranteed social security benefits...

India's maze of labor regulations, both at federal and state level, are considered to be rigid and complex, forcing companies to either remain small, employ fewer workers or use capital-intensive methods of production. The latest attempt is expected to make the rules uniform across the country[.]

Among other things, the new law [allows women to work night shifts](#). This has the potential to help address India's [glaringly low female labor force participation rate](#). Most manufacturing miracles in history started with women migrating from farms to cities to work in labor-intensive light industry (garments, toys, electronics, etc.).¹ If India manages to unlock this classic labor resource, it could not only give India a stronger manufacturing base, but also improve the country's [oddly low rate of urbanization](#)

I don't mean to claim that this labor law reform will propel India to two decades of 7% growth. By itself, it won't. But it shows that India's government is able to push through pro-growth reforms over the objections of incumbent stakeholders. And it shows that the government *cares enough about growth* to do this.

There's a theory out there, espoused by [A.O. Hirschman](#) back in the 1950s, that economic development creates political support for further development. Once the people of a country realize that rapid economic growth is *possible*, they may get used to the idea of their living standards increasing noticeably every year. On top of that, many elites become invested in the institutions of growth — owning construction companies, banks, and so on — and thus it's in their interest for growth to continue.

Basically, this is the idea that Indians are not going to look back at two decades of fairly rapid growth — growth that has brought the country out of desperate poverty into lower-middle-income status — and conclude that *this was enough*. Instead, they may be willing to do the hard work of overruling vested interests — like the labor groups who resisted the recent labor law changes — in favor of reforms that promise to keep the economic party going.

Which other reforms would be key? For one thing, India needs to reform its financial system in order to help its companies scale up. The country currently has [a very high cost of capital](#), meaning it's hard for companies to borrow and grow. [Fixing bond markets](#) is one idea here, but most countries that experience economic growth “miracles” rely heavily on *bank finance* instead of on bond markets.

Beyond finance and harnessing rural women's labor, there's also probably a lot more India can do to boost their manufacturing sector. In a Noahpinion guest post this summer, Prakash Loungani and Karan Bhasin wrote down some ideas for how to do this:

[What can India do to industrialize?](#)



Noah Smith

[Read full story](#)

In a nutshell, their suggestions are:

1. Repeal regulations that specifically stop large manufacturing companies from firing employees
2. Repeal local laws that make it hard to convert agricultural land to industrial use
3. Conduct more trade agreements, e.g. with Europe
4. Reduce red tape for manufacturers

This brings me to another reason I'm bullish on India is that there's still a huge amount of room for manufacturing to grow. Right now, despite being [the world's fifth-largest manufacturer](#), India is still a service-intensive economy — manufacturing is [only 13% of the country's GDP](#). This has led some people to conclude that India just isn't a country that can make things, and that they should stick to services. But recently there have been some hopeful signs for Indian industry.

For one thing, manufacturing has already been key to India's rapid growth over the past few years. Menaka Doshi [points out](#) that "corporate investment announcements between April [and] September are at a decade high of 15.1 trillion rupees, led by manufacturing firms." And India's exports, especially of electronics, [are rising](#):

India clocked the highest goods exports for November in 10 years. Two factors seem to have helped the country counter [Trump's 50% tariff](#). Buoyant electronics exports, of which Apple iPhones are [expected to be the largest chunk](#). And export diversification, including to China...November trade data...shows India's exports [rose to \\$38.13 billion](#) — up 19.4% from a year earlier, the biggest jump since June 2022...

Earlier this year, Apple [expanded](#) iPhone production in India to fulfill the majority of US demand.

Apple, the world's best electronics company, is steadily [moving more iPhone production](#) to India. That shift, which has been happening since the pandemic, has been helping to drive [an Indian electronics export boom](#):



Source: [CEIC](#)

The boom is still in its infancy, but this just gives it more room to grow. Right now, India's electronics exports are mostly phones, but this just gives India the opportunity to expand into assembling computers and other electronics.

And while electronics assembly is the lowest part of the value chain, India may be climbing that ladder already. There are also reports that Apple is considering [making some of the components](#) of the iPhone in India as well:

Apple is in preliminary talks with some Indian chip manufacturers to assemble and package the component for the iPhone, said people with knowledge of the matter, a move that would mark a key step up in the value chain for vendors to the tech giant...It's the first time Apple is evaluating the prospect of having certain chips assembled and packaged in India[.]

Components — mostly semiconductors of various sorts — represent the bulk of the value in an iPhone or other piece of modern electronics. Packaging and testing chips is a much higher-value activity than simply slapping components together into a final product.

In fact, India has [recently focused](#) on promoting the chip packaging and testing industry, often by [soliciting foreign direct investment](#) in the sector. This was [how Malaysia became](#) an electronics powerhouse, helping to propel that country to a [GDP \(PPP\)](#) of almost \$44,000. It's a very good strategy for India.

In any case, India just looks like a very promising growth story to me. The country has already been growing at a decently rapid clip, and its income levels are still low enough

that it has lots of room to catch up with the technological frontier. It has shown that it still has the political will to push through major reforms, and its manufacturing sector is improving and has plenty of space to grow. It has a huge domestic market that will help its companies achieve scale. It has plenty of elite engineers and such. And due to its democracy and general friendliness, it's looking like a more attractive production base than China for many multinational companies like Apple.

So what's the bear case here? What are the key arguments that India *can't* grow to become a comfortably upper-middle-income country over the next two decades?

One common idea, expressed by former Singaporean Prime Minister [Lee Kuan Yew](#), is that India will always be held back by internal fragmentation. Lee [called India](#) “not a real country”, “32 separate nations”, and “many nations along a British railway line”.

Linguistic fragmentation is certainly a challenge for India. But the country's regions show no inclination to break away. And federalism can be a strength, too. There was [an interesting story in The Economist](#) recently comparing the economic growth models of Indian states Gujarat and Tamil Nadu. Gujarat has focused on building infrastructure, and has pursued capital-intensive industries like chemical manufacturing; Tamil Nadu has focused on improving education and health, and has pursued labor-intensive industries like electronics assembly.

But while The Economist pits these models against each other, the truth is that it's probably good for a country to have both. A complex, diversified economy [tends to grow faster](#) than one that focuses on a single narrow range of industries. If India's states find different paths to success, that could make the Indian economy more resilient in some ways than China, which is currently [discovering the downsides](#) of having a strong government that tells every province to make the same things.

Another bear case for India is the idea that China will throttle India's rise. The reigning industrial powers of the 20th century — the U.S., Europe, Japan, and Korea — were remarkably nice to China during its early industrialization, cheerfully opening their markets to Chinese products and setting up joint ventures to teach Chinese people how to make anything and everything.

But China, the current reigning industrial power, is unlikely to be so nice to India. As expert China-watcher Rush Doshi [explains](#), China's current leadership wants to monopolize global manufacturing now and for all time. That explains why as Indian electronics manufacturing has ramped up, China has tried to [block its engineers](#) from going to India to train their replacements. I wrote a post about this back in March:



China is trying to kneecap Indian manufacturing

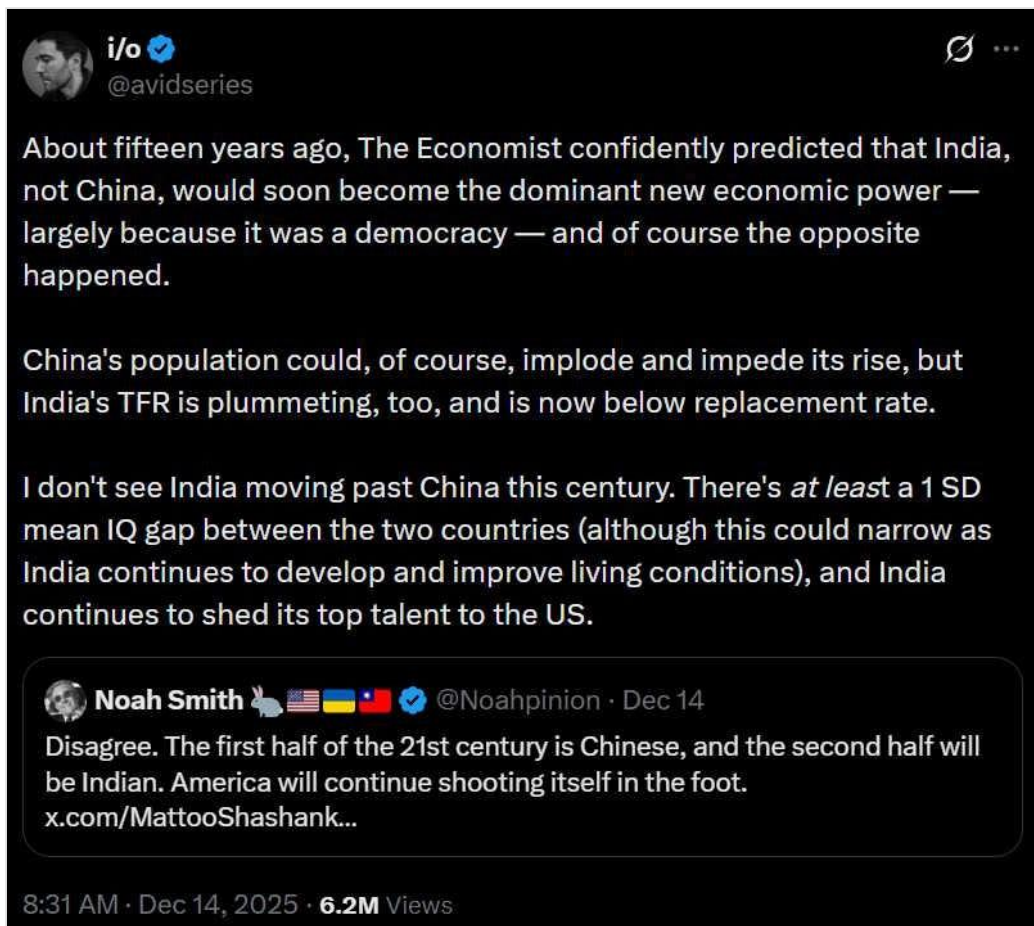
Noah Smith

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But I don't believe this will cripple India's growth model. China isn't the only country that makes things; there are plenty of engineers from South Korea, Japan, Taiwan, the U.S., and Europe who can get Indians started making things. And as Xi Jinping's regime continues to be repressive, and China's growth continues to slow, lots of Chinese engineers will find ways to move to a country with more rapid growth and more personal freedom.

My guess is that the most important reason for widespread skepticism about India's growth prospects is something that most people are too polite to say, except behind the shield of anonymity on a platform like X. A lot of people just don't believe that Indians, as a people, have what it takes to build a modern high-tech economy. When I express optimism about India's growth, [someone](#) always [chimes in](#) to say that Indians have low national IQ:





Let us set aside for a moment [the question](#) of whether national IQ studies are reliable. As the more circumspect of the two tweets above notes, cognitive ability and economic success are a two-way street. Though cognitive ability [probably does boost growth](#), the reverse is also true — as countries get richer, they get [better nutrition](#), more [schooling](#), reduced [pollution](#), and [air conditioning](#), all of which contribute to better cognitive performance.

I view these discussions of IQ as a stand-in for something deeper — a suspicion that countries made up of people who aren't of European or East Asian descent simply aren't capable of building a wealthy, high-tech society. Although people of Indian descent have succeeded spectacularly in countries from the U.S. to Singapore to the UAE, no country in South Asia has reached upper-middle-income status — India, Pakistan, Sri Lanka, Bangladesh, Nepal, and Bhutan are all still pretty poor. So because none of these countries *has* done it, a lot of people just assume that none of them *can* do it.

If you think about it, that assumption doesn't make a lot of sense. Some country always has to be the first in its region to industrialize. Before Japan beat Russia in a

war in 1905, Europeans didn't think East Asian countries could become modern industrialized powers. And it wasn't until the success of Japan's auto and machinery industries in the 1970s that the world came to respect East Asian industrial prowess.

Nowadays, no one thinks it's odd or unusual if an East Asian country gets rich; in fact, people suspect it. But there had to be a first country in the region to break old stereotypes and assumptions, and that country was Japan.

India is a much bigger country than Japan, which presents a challenge. It seems intuitively harder for a giant country like India to be the first in its region to break the old stereotypes and wow the world. But if you believe economists' estimates, India is now [about as rich a country](#) as Japan was in 1962. The task is not insurmountable.

Call me crazy, but I think India can do it.

[Subscribed](#)

1

My favorite book about this is Leslie Chang's *[Factory Girls](#)*, which follows several of these women in China and chronicles the country's growth through their eyes.