

Grasping Reality with Both Hands

The weblog
of Brad DeLong. Since 1999.
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Briefly Noted for 2020-09-17

George Orwell was very insightful. He focused on the fact that at the core of fascism, in both its right-wing and its left-wing versions and in whatever future versions may emerge, is the ability to tell public lies with impunity—and for supporters to then glory in the facts of the leaders were clever enough to tell them: Hannah Arendt: The Origins of Totalitarianism <https://twitter.com/WindsorMann/status/1265793327884046336>: 'Instead of deserting the leaders... they would protest that they had known all along that the statement was a lie and would admire the leaders for their superior tactical cleverness...'
Media Matters: : 'Rush Limbaugh praises the president for being "clever" in sharing conspiracy theories: "Trump is just throwing gasoline on a fire here, and he's having fun watching the flames..."

I think the very sharp Angus Deaton is wrong here. America's federalism has not been an insuperable obstacle to united national action in the past. Of course, that required presidential leadership and an opposition party willing to buy in and except a share of credit for national action, rather than regarding its primary mission as making the president of the other party appear to be a failure. Perhaps that America that could have reacted properly to coronavirus even with its federalism is long gone: **Angus Deaton**: *America's Compromised State* <https://www.project-syndicate.org/commentary/us-connecticut-compromise-1987-and-failed-covid-response-by-angus-deaton-2020-07>: 'A malevolent, incompetent Trump administration bears much of the blame for America's failure to control COVID-19. But there is an additional, less noticed cause: the Connecticut Compromise of 1787.... Each state follows its own instincts and perceived interests, usually myopically...

Looking greatly forward to this: **Pierre-Olivier Gourinchas & Barry Eichengreen**: *New Thinking in a Pandemic* <https://www.youtube.com/watch?v=EchBBD-D5CRQ&feature=youtu.be>: 'What will be the political legacy of the Coronavirus pandemic? Will COVID-19 renew or diminish public trust in science? How will the crisis shape "Gen Z"—those who are coming of age during the pandemic?...

I remember that after 2003 I waited for years for the *New York Times* deep dive: "how Judy Miller fooled herself and us on Saddam Hussein's nuclear weapons". It never came. Instead, they went all in on the access journalism of which Judy Miller had been a master. And the problem with access journalism is that, in order to preserve your access, you have to work hard to mislead and misinform your readers. Duncan Black looks at yet another piece of the resulting flaming wreckage: **Duncan Black**: *Scoop of a Lifetime* <https://www.eschatonblog.com/2020/08/scoop-of-lifetime.html>: 'Maggie Haberman.... "Treating the coronavirus as a blue state problem was a fairly widespread approach in the West Wing..." Wow! If only you'd been a reporter at a prominent American news outlet so you could have informed the public!... Maggie isn't even saying she missed it, just that it wasn't worth being in the paper of record.... Not infrequently reporters... say, "oh, yes, we knew all that." Cool. Why didn't you tell us?...

And I found this greatly troubling as well: Here we have David Brooks saying: "American democracy is in trouble. Why? Because my journalistic colleagues and I do not expect to do our jobs competently and truthfully to contextualize and interpret the world to our readers and viewers on the forthcoming November 3": **Steve M.**: *Just Do Your Damn Jobs* <https://nomoremister.blogspot.com/2020/09/just-do-your-damn-jobs.html>: 'David Brooks writes: "On the evening of Nov. 3... Donald Trump seems to be having an excellent night..." Why? Why should what's happening be a gut punch? Why should it be perceived that Donald Trump is having an excellent night?...

And here is evidence on the strong positive effect of the 10% opportunity program in Texas: **Sandra E. Black, Jeffrey T. Denning, & Jesse Rothstein**: *Winners and Losers?: The Effect of Gaining and Losing Access to Selective Colleges on Education and Labor Market Outcomes* https://economics.yale.edu/sites/default/files/rothstein_-_winners_and_loosers_abstract_10_2019.pdf: 'Students who gain access to the University of Texas at Austin see increases in college enrollment and graduation with some evidence of positive earnings gains 7-9 years after college. In contrast, students who lose access do not see declines in overall college enrollment, graduation, or earnings...

I would put this point considerably differently. The stock market is relevant only to how the upper class is doing, yes. But there is more. A high stock market can mean that the present and the future are bright for the upper class. But it can also mean that the future is crap—hence it is worth paying a fortune for anything, anything, that promises to give you even some income in the future. Yes, current stock market values are high. But expected cash flows as a proportion of capital invested—are those high? Really?: **Heather Boushey**: *The Stock Market Is Detached From Economic Reality* <https://t.co/57ZOJhRJOt?amp=1>: 'Wealthy investors and the Fed have been propping up large companies. It can't last.... If the stock market doesn't reflect the health of our economy, what does it reflect? Most directly, it reflects the financial health of the richest among us...

Andrés Velasco: *Are We All Keynesians Again?* <https://www.project-syndicate.org/commentary/states-must-be-insurer-of-last-resort-against-aggregate-risks-by-andres-velasco-2020-08>: 'Rich-country governments can comfortably borrow far more than fiscal prudes once thought possible... and markets have yet to bat an eyelash.... When the nominal interest rate is at or near zero... savers are happy to hold the dollars, pounds, and euros central banks are printing with abandon. Inflation is nowhere on the horizon...

Steven J. Davis & Till von Wachter: *Recessions and the Costs of Job Loss* http://www.econ.ucla.edu/tvwachter/papers/BPEA_JobDisplacement_Davis_vonWachter.pdf: 'Men lose an average of 1.4 years of predisplacement earnings if displaced in mass-layoff events that occur when the national unemployment rate is below 6 percent. They lose a staggering 2.8 years of predisplacement earnings if displaced when the unemployment rate exceeds 8 percent. These results reflect discounting at a 5 percent annual rate over 20 years after displacement

Steve Randy Waldmann: *Social democracy & Freedom* <https://www.interfluidity.com/v2/7557.html>: 'We should return to the wisdom of Milton Friedman, that political freedom is a structural matter, inextricable from economic arrangements.... What is required is some system in which the economic stakes of unpopular speech are unlikely to be so horrible, because the distance between lives of the conformist elite and unwashed others is not so great...

Duncan Black: *Medicaid Expansion* <https://www.eschatonblog.com/2020/08/medicaid-expansion.html>: 'The way the press covers this stuff is that Dems can't support crazy lefty economic policies in swing states because those old white guys in diners can't handle the communism.... That isn't actually how it works. As a now former senator explained... "the Chamber would go after me." He didn't mean "the Chamber" would run a bunch of ads about his support for increasing the minimum wage. That would have been a favor! It was popular! It passed overwhelmingly! He meant they would have dumped a bunch of money in the race nuking him on other issues. Any issue at all. Staying out of it was one way to just keep their money out of the race...

Sean Gallagher: *Ars Readers on the Present & Future of Work* <https://arstechnica.com/features/2020/08/ars-readers-take-on-the-present-and-future-of-work/>: '“It will suck, until it suddenly stops sucking.”... I've scoured some of the thoughts of the Ars community on the topics of working better from home and what our shared experiences have taught us about the future of collaboration technology and the future nature of the corporate office...

Ben Smith: *I'm Still Reading Andrew Sullivan. But I Can't Defend Him* <https://www.nytimes.com/2020/08/30/business/media/im-still-reading-andrew-sullivan-but-i-cant-defend-him.html>: 'Sullivan... finds himself now on the outside, most of all, because he cannot be talked out of views on race that most of his peers find abhorrent. I know, because I tried...

Anne Booth and Kent Deng: *Japanese Colonialism in Comparative Perspective* <https://delong.typepad.com/japanese-colonialism-2017.pdf>...

Atul Kohli: "Where Do High Growth Political Economies Come From? The Japanese Lineage of Korea's 'Developmental State'" https://delong.typepad.com/highgrowth09_1994.pdf...

Chez Panisse Restaurant: *Café Menu* <https://www.chezpanisse.com/menus/cafe-menu>...

Plus

Paul Romer (2016): *The Trouble with Macroeconomics* <https://github.com/braddelong/public-files/blob/master/readings/article-romer-2016-trouble-macro.pdf>: 'For more than three decades, macroeconomics has gone backwards. The treatment of identification now is no more credible than in the early 1970s but escapes challenge because it is so much more opaque. Macroeconomic theorists dismiss mere facts by feigning an obtuse ignorance about such simple assertions as "tight monetary policy can cause a recession." Their models attribute fluctuations in aggregate variables to imaginary causal forces that are not influenced by the action that any person takes. A parallel with string theory from physics hints at a general failure mode of science that is triggered when respect for highly regarded leaders evolves into a deference to authority that displaces objective fact from its position as the ultimate determinant of scientific truth...

Financial Times: *Keeping the Torch of Global Democracy Alight* <https://www.ft.com/content/4f10a2d7-d380-4b53-a864-35f40aaef298>: 'In Belarus this week, protests over rigged elections have been met by mass arrests and a hail of rubber bullets.... In Hong Kong, China has stepped up its crackdown on democracy and press freedom.... Yet it is not necessarily authoritarians who should be taking heart.... The autocrats may force the democratic impulse underground, but it will not die.... Black Lives Matter rallies in the US and elsewhere demonstrate the urge even in richer countries to oppose injustice.... This year's US election will be a test. If, as some Americans fear, Mr Trump adopts tactics verging on the authoritarian, the damage to the global democratic cause will be hard to repair...

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