

Subjectivism

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I have two friends — let's call them Q and R — whose political philosophy I find alien and fascinating. Like me, they genuinely want to help the poor but, like conservatives, they object to most typical solutions for doing so. (And yes, I know conservatives claim they want to help the poor, but it usually turns out that there are other things they think are more important. Not so with Q and R.)

Q thinks the most important thing is how it *feels* to be poor. The problem isn't so much that they don't have money, but that they're made to feel bad because of it. Welfare is thus a bad idea because it just makes the poor feel worse — not only can they not make money, but they have to come hat-in-hand to the government for help. My first reaction to this was that the poor were wrong: it wasn't their fault they were poor, they were just the losers in a rigged game. But, of course, they don't know the game is rigged and things they don't know can't make them feel better. By focusing on the objective facts, Q argues, we're ignoring the actual lived experiences of the poor.

Q is thus upset by socialist writers, like Orwell (*Down and Out in Paris and London*, *The Road to Wigan Pier*) and Ehrenreich (*Nickel and Dimes*, *Bait and Switch*), who attempt to get the reader to imagine what it would be like if they were poor. Because this is just another way of getting the reader to focus on the objective situation. In all probability, the reader will *not* be poor and thus the question of what it would be like is irrelevant; what's important is what it would be like for the actual poor and that requires talking to them.

R also objects to welfare policies, but on rather different grounds. R starts from the premise that people are bad at making themselves happy. Well-to-do professionals, who seem so much better off than the poor, may not actually be doing that much better. To continue to live in the style to which they've become accustomed, they must work long hours at a job they dislike. Because of the endowment effect, getting off this treadmill would cause them even more pain. A few lucky people earn money at tasks they find fulfilling, but perhaps not many more than are happy being poor.

Welfare — or, indeed, any proposal to improve the objective situation of the poor — is a bad idea in R's view because it simply makes it harder for them to get off the treadmill. One might think the right response to this is what we might call (with apologies to Thaler) a kind of utilitarian paternalism, where the government steps in and shows people how to be happy. But why would the government know how to be happy? Having a satisfied life is a cultural problem, R argues, and the solution lies in non-governmental steps to reform culture.

I find these arguments interesting because they start from rather inarguable premises (what matters is how it feels to be poor, people don't know the best way to make themselves happy) to draw very frustrating conclusions.

Take Q. Corporate profits (and thus employee pay) depend on how much of a monopoly the company has. Even the secretary at Google is a millionaire, while even the owner of a farm is desperately poor. There's no way to make a company in a competitive market pay more because there just isn't more money to pay. But getting rid of competitive markets seems like a bad idea; competition has clearly made our lives better. But if we want to make things better for those who aren't paid well (and let's just say we do, since that's kind of the basic premise of this whole article), that just leaves transferring money from those who have it to those who don't. Which, according to Q, doesn't make anyone feel better.

Other countries seem to deal with this by designing the money so that money isn't transferred directly, but is spent on universally available public services. It's not that the French poor get given money they can spend on health care, it's that in France health care is free to everyone. Poor people don't feel singled out and aided—everyone uses government health care. (And the wealthy are much less likely to vote against programs they themselves use.)

This also goes some way to addressing R's objection: people aren't being given more money to spend how they see fit, they're being given access to services we expect to make them happy. And the access doesn't ever go away, so it doesn't contribute to the endowment effect.

Even so, R would argue, much of these universal services are things like education which make it so that a broader group of people can sign up to work at rat race jobs and thus get on the unhappy treadmill. Why support policies that bring more people into this unhappy system? (R also happens to think schooling is bad on its own terms, as is health care, but I don't think that's necessary for the argument.)

But a tax for service system compresses the whole wage structure. The wealthy earn less money, because they pay some of it in taxes, and thus don't have as far to fall. And the poor get more services, which means that even if the wealthy do lose their job and fall, they don't fall as far, since the floor has been raised. All of this would seem to make it easier to quit a job you don't like. (Egads, I'm mixing metaphors like Thomas Friedman. Falling off a treadmill to services on a higher floor?) Indeed, in the extreme case, services would be so high you wouldn't have to work at all unless you wanted to. (Whether this extreme is economically feasible is a separate discussion.)

So that's what I'm for: democracy within organizations, transfers between organizations, and structuring the rules of the market to maximize social benefit. Oh, and [euthanasia of the rentier](#).