

**Mitchell's Musings**

**October – December 2017**

**For Employment Policy Research Network (EPRN)**

**[Employmentpolicy.org](http://Employmentpolicy.org)**

## Mitchell’s Musings 10-2-2017: What You Know

Daniel J.B. Mitchell

Sometimes what you assume to be true may not be. Mark Twain is supposed to have said that “It ain't what you don't know that gets you into trouble; it's what you know for sure that just ain't so.”<sup>1</sup> But then again, just to illustrate the point, it appears that he never said it.<sup>2</sup>

Two items in the news recently come to mind. One is the political appeal of “single-payer” health insurance. There seems to be an assumption, at least on the part of some on the left, that this concept is a natural rallying cry for Democrats. Indeed, it seems on the way to becoming a litmus test for Democrats. But how popular is the idea generally, i.e., among voters? The other item I spotted in the news – albeit very locally - is that we live in an era of unprecedented technical progress. The little city I inhabit – Santa Monica, California (population around 93,000) - feels a need to plan for this progress.

Let’s start with the first item. How popular is single-payer, particularly among Democrats, but also among voters in general? Below is a poll from the Public Policy Institute of California (PPIC) that asks those questions. Note that California is a “blue state,” so one might expect the notion to be particularly popular in a California poll.

===

**“Do you think it is the responsibility of the federal government to make sure all Americans have health care coverage or is that not the responsibility of the federal government? (If a responsibility: Should health insurance be provided through a single national health insurance system run by the government or continue to be provided through a mix of private insurance companies and government programs?)”**

	All adults	Party			Likely voters
		Dem	Rep	Ind	
Responsibility of government	67%	83%	27%	67%	62%
<i>Single payer</i>	35	44	6	34	32
<i>Mix of private and government</i>	29	36	21	31	28
<i>Don't know</i>	3	3	–	2	2
Not responsibility of government	31	16	70	32	37
Don't know	2	2	2	2	2

Source: [http://www.ppic.org/wp-content/uploads/s\\_917mbs.pdf](http://www.ppic.org/wp-content/uploads/s_917mbs.pdf).

===

It’s true that the poll above doesn’t really ask about “single-payer.” It asks about a “single national health insurance system run by the government.” And it is quite likely that because lots of folks don’t really know what single-payer is, the pollsters had to define it for them to obtain responses. Still, described the way the pollsters asked, only 44% of Californians who identify as Democrats favor the

<sup>1</sup><https://www.brainyquote.com/quotes/quotes/m/marktwain109624.html>.

<sup>2</sup><https://newrepublic.com/minutes/126677/it-aint-dont-know-gets-trouble-must-big-short-opens-fake-mark-twain-quote>.

idea. Of course, Republicans don't like it at all. And independents are in between. So when you add them all together, and adjust for who is likely actually to vote, you get about one-third support.

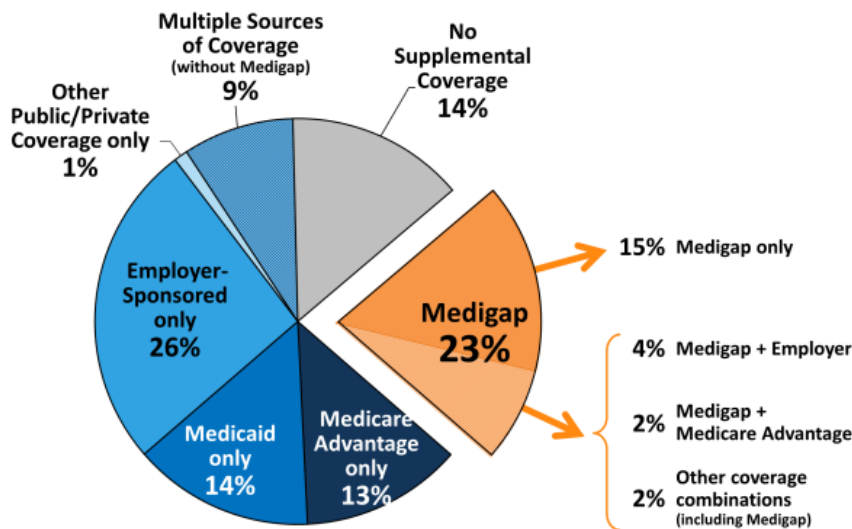
That result doesn't prove that if you had just said "single-payer" with no definition, you might not have gotten a higher level of support, at least among some Democrats (but maybe a lot more "don't knows.") But if there were an actual political campaign in favor of a single-payer plan in California, you can be sure that opponents would use language that was intended to evoke a negative reaction. Maybe "government-run" would be emphasized. Or the ending of all private insurance would be featured as a threat, since loss of that option would affect lots of people.<sup>3</sup>

The poll didn't test "Medicare for All" as a slogan, which might be considered a subset of "single payer." But it's worth pointing out that Medicare is less "single" than you might think, and it doesn't really eliminate private insurance, as the diagram below illustrates. Most people under Medicare also have some other supplemental plan. And many recipients have Medicare Advantage plans under which a private entity handles medical coverage for a fixed payment from the government.<sup>4</sup>

===

Exhibit 1

### Nearly one in four Medicare beneficiaries had a Medigap policy as a supplemental source of coverage in 2010



Total Medicare Beneficiaries, 2010 = 48.4 Million

SOURCE: Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use File, 2010.



===

<sup>3</sup>There was a single-payer initiative on the California ballot in 1994; it was defeated in a landslide. Of course, that was then and this is now. See [https://ballotpedia.org/California Proposition 186, Single Payer Healthcare System \(1994\)](https://ballotpedia.org/California_Proposition_186,_Single_Payer_Healthcare_System_(1994)).

<sup>4</sup>Source: <http://www.kff.org/medicare/issue-brief/medigap-reform-setting-the-context/>. I was unable to find a source with later data of the type shown on the chart.

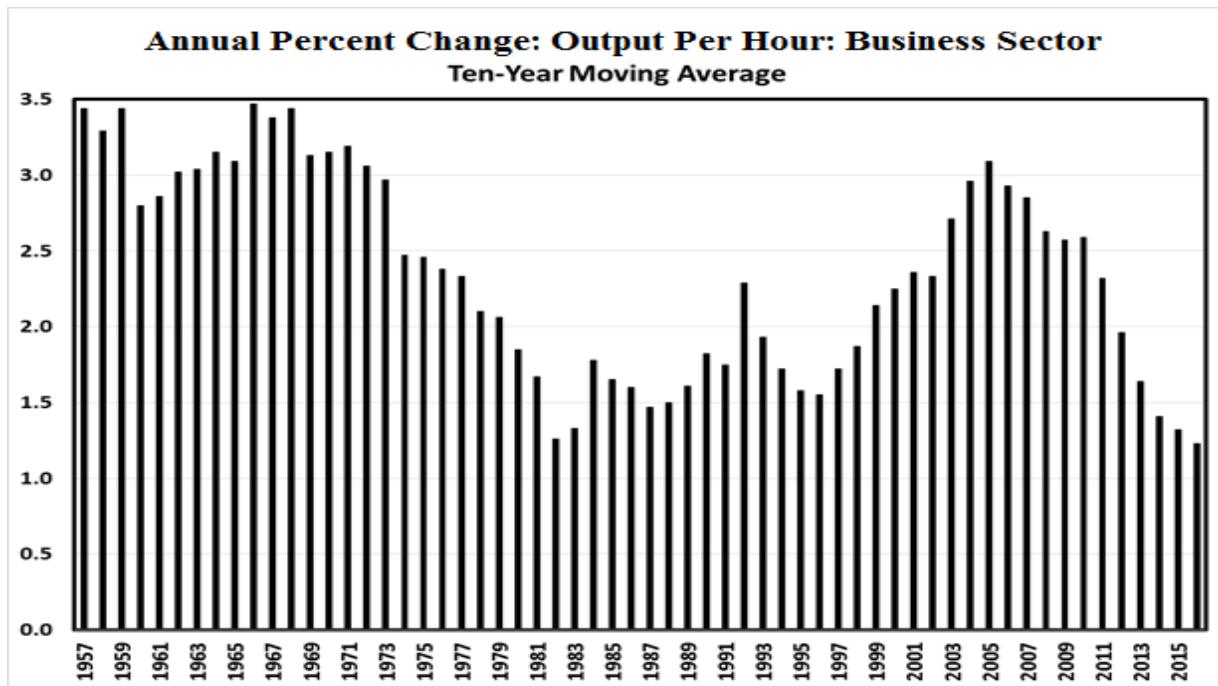
The bottom line here is that single-payer is unlikely to be a path to sure victory for Democrats. What tends to be popular as a concept is universal coverage – everyone should have health insurance - without a specification as to how that coverage is to be provided. Given the fact that we have had a history of various forms of private health coverage, the notion of re-starting with a new system and scrapping the past seems naïve at best.

Now let’s turn to the second news item that describes what some people are sure they know. What about the notion that we live in an era of unprecedented technological progress? My own little city, Santa Monica, as noted, recently became concerned about the impact of that progress. It is commissioning a report on how technical change would affect the city and its government over the long term. There is nothing wrong with looking ahead, of course. But the premise seems to be that very rapid progress is inevitable and already occurring:

*Many observers... note that the “pace of technological change is increasing exponentially. Technologies and ways of doing business are rapidly changing and are expected to have significant impacts on how the City provides services and how it pays for those services.”<sup>5</sup>*

There is a problem with the idea of the “pace” (presumably rate of change) increasing exponentially, i.e., faster and faster. One relevant measure from the U.S. Bureau of Labor Statistics (BLS) is the change in output per hour. It’s a noisy series, affected by the ups and downs of the business cycle. But when you smooth it out, as in the figure below, it’s hard to see signs of exponential advance.

===



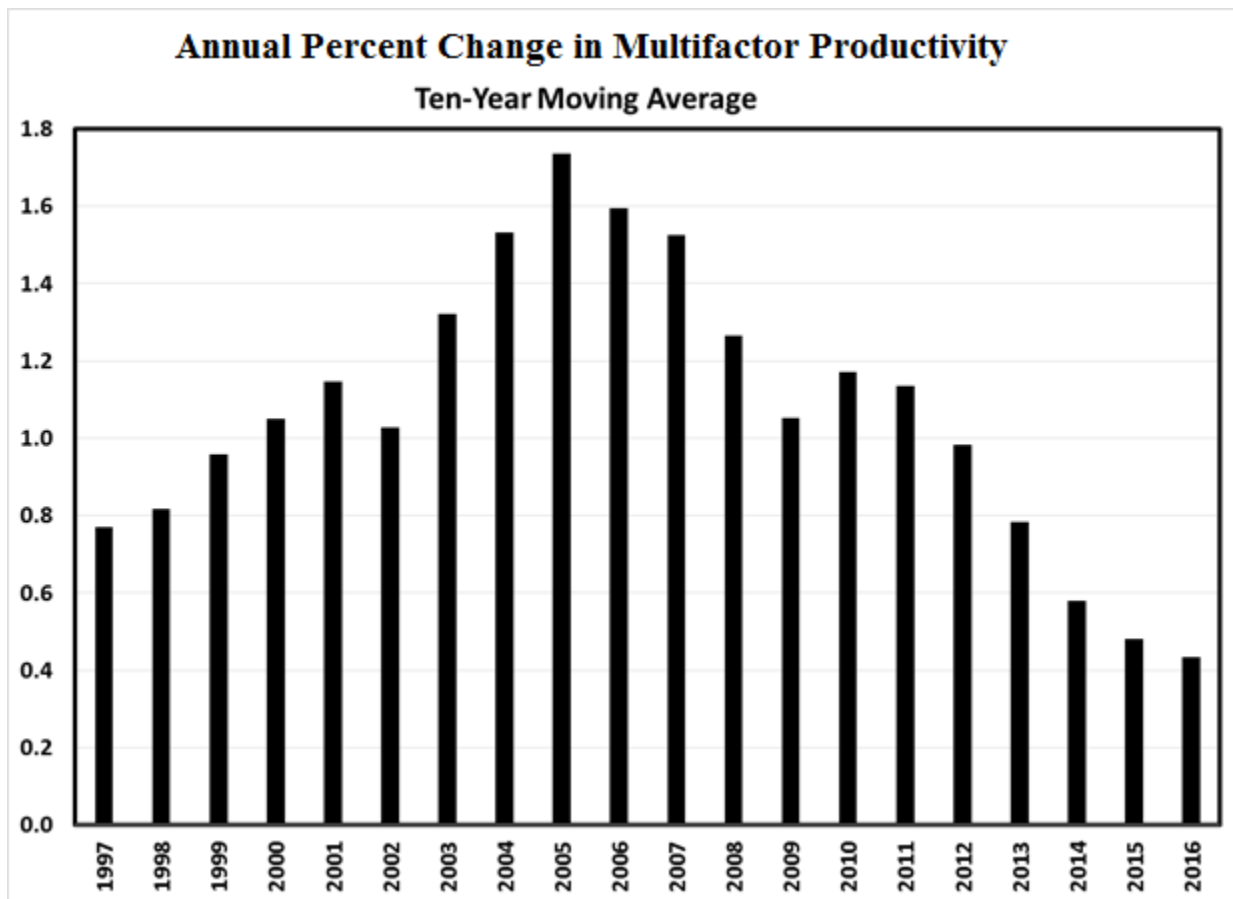
===

<sup>5</sup>[http://santamonicalookout.com/ssm\\_site/the\\_lookout/news/News-2017/September-2017/09\\_28\\_2017\\_Santa\\_Monica\\_City\\_Officials\\_Brace\\_for\\_a\\_Future\\_of\\_Hi\\_Tech\\_Change.html](http://santamonicalookout.com/ssm_site/the_lookout/news/News-2017/September-2017/09_28_2017_Santa_Monica_City_Officials_Brace_for_a_Future_of_Hi_Tech_Change.html).

You do see swings in the BLS series. But in fact in the recent period, the index seems to suggest a recent *decline* in the rate of advance. Indeed, the current period looks reminiscent of the 1970s and early 1980s when there was a federal Productivity Commission established to analyze what had gone wrong with productivity growth. Of course, you can always say there must be some type of measurement error and point to some new app on your cellphone as surefire evidence of rapid advance. In a more sophisticated response, you might respond that labor productivity is not quite the same as technical progress.

In fact, the BLS does have a more comprehensive series – so-called multifactor productivity – that is supposed to come closer to measuring technological progress. Unfortunately, although there is a long history of trying to measure multifactor productivity, BLS doesn't have a really long time series of that concept on a consistent basis. But what there is – shown below – mirrors the story told by output per hour, i.e., recent slippage.

===



===

There is no harm in Santa Monica, or any other city or region, engaging in futurology, so long as the cost isn't too high. But whoever does the study ought to keep in check the tendency to think that right now there is a special leap in progress occurring, unlike what has gone before. It seems that since the Industrial Revolution, people always seem to believe they live with unprecedented progress.

Perhaps the best place to illustrate that tendency is in popular culture. The new edition of the movie “Blade Runner” is coming out, this time set in 2049. However, the original film was set in Los Angeles in 2019 and was made in 1982, i.e., at the low point of measured productivity shown earlier. Nonetheless, the film postulates that by 2019, there will be flying cars. Bio-tech will have advanced so much that there will be “replicants” and other artificial creatures. Travel to other planets will be routine. It seems unlikely that these prophesies will develop in the next two years. But the filmmakers must have believed they were living in a period of especially rapid progress back in 1982 that would produce such advances in only 37 years.

In short, the lesson is that Mark Twain was right, even though he didn’t say it.

===



*A clouded 1982 view of the future: A Los Angeles of flying cars, heavy Japanese influence, replicants, and Pan Am.*

===

## Mitchell's Musings 10-9-2017: The Meaning of Life

Daniel J.B. Mitchell

From time to time, you see stories in the news media and other sources about “life expectancy.” There may be comparisons of the U.S. with other countries or with particular groups within the U.S. There may also be comparisons over time. Table 1 provides an example.

===

**Table 1: Selected Life Expectancies at Birth in the U.S. (years)**

	2015	1900
-----		
Both Sexes	78.8	47.3
Males	76.3	46.3
Females	81.2	48.3
-----		
	Males (2015)	Females (2015)
-----		
Hispanic	79.3	84.3
White Non-Hispanic	76.3	81.1
Black	71.8	78.1
-----		

Source: <https://www.cdc.gov/nchs/data/hus/hus16.pdf#015>.

===

You may see things on the table that you already know without seeing the numbers. For example, life expectancy has grown over time or females live longer than males. You may also see things that surprise you, i.e., that Hispanics have a longer life expectancy than non-Hispanic whites. But what precisely do these numbers mean?

In essence, to calculate these figures, data on survival rates are used. What is the probability within the group that a newborn will reach age 1. What is the probability that a 1-year old will reach age 2, etc., based on current probabilities? So what is really being measured is what would happen - on average - to someone born today *if these survival rates were indefinitely frozen*.

Now we know (because of the large increase in life expectancy over time shown on Table 1) that those probabilities in fact have changed over time. Death rates have declined for any age group due to such important factors as the development of public health measures and to advances in medical science and practice. So someone born in 1900 who survived to 1965 and then had, say, a heart attack would likely be taken to a hospital in a fast-moving, motorized ambulance rather than a buggy and would have been treated using 1965 methods rather than 1900 methods.

In short, if you really wanted to calculate the life expectancy of someone born today, you would need to know what the state of world would be in the future that the newborn will face. There is no guarantee, by the way, that there will be linear progress. For example, when the Soviet Union collapsed, it was noted that life expectancy for men fell, presumably because of disruption of medical services and the social and economic dislocation.<sup>6</sup> More recently, much has been made of increased death rates among U.S. middle-aged whites.<sup>7</sup>

While life expectancy figures tell you something, the fact that they provide no adjustment for changes in future survival rates is a definite limitation. You can be sure, for example, that the average person born in the U.S. in 1900 turned out to have lived longer than the 47.3 years shown on Table 1. So you don't want to push such estimates too far. I was therefore struck recently by a headline indicating that figures were being released in Los Angeles County, purporting to show life expectancy *by community*.<sup>8</sup>

A press release, for example, tells us that life expectancy in Walnut Grove (population around 16,000) was an astounding 90.5 years, in contrast to a meager 75.8 years in Sun Village (population under 12,000).<sup>9</sup> Both of these places are Census areas, not independent cities. The latter, at least according to *Wikipedia*, is notable because "composer and musician Frank Zappa played his music and made many friends in Sun Village when he first got started. Thus, Sun Village is the setting of the Frank Zappa song 'Village of the Sun' from the 1974 album 'Roxy and Elsewhere.'"<sup>10</sup> Zappa lived only to age 53, so maybe there truly is a Sun Village jinx. (If only he had made friends in Walnut Grove and instead had composed "Village of the Walnut"...)

Seriously, to come up with such statistics, you have to assume that someone born in one of these places will not only be subject in the future to the survival probabilities that characterize

---

<sup>6</sup><https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1116380/>.

<sup>7</sup>[https://www.washingtonpost.com/national/health-science/a-group-of-middle-aged-american-whites-is-dying-at-a-startling-rate/2015/11/02/47a63098-8172-11e5-8ba6-cec48b74b2a7\\_story.html](https://www.washingtonpost.com/national/health-science/a-group-of-middle-aged-american-whites-is-dying-at-a-startling-rate/2015/11/02/47a63098-8172-11e5-8ba6-cec48b74b2a7_story.html).

<sup>8</sup><https://patch.com/california/santamonica/s/g8w8j/la-county-life-expectancy-report-shows-big-gap-between-communities>.

<sup>9</sup>[https://ssrc-static.s3.amazonaws.com/moa/MOA%20LA%20Life%20Expectancy%20Report%20Release\\_Final.pdf](https://ssrc-static.s3.amazonaws.com/moa/MOA%20LA%20Life%20Expectancy%20Report%20Release_Final.pdf).

<sup>10</sup>[https://en.wikipedia.org/wiki/Sun\\_Village,\\_California](https://en.wikipedia.org/wiki/Sun_Village,_California). Apparently, there were (are?) turkey farms there. You can hear it at: <https://www.youtube.com/watch?v=xEZwa1Funh0>, or just read the lyrics at: <https://genius.com/Frank-zappa-village-of-the-sun-lyrics>.



them today, *but will live out their lives entirely in these communities*.<sup>11</sup> The probability that someone born in either Walnut Grove or Sun Village will stay there for a lifetime has to be, well, low. And, of course, there is a tremendous noise factor when you try and estimate survival rates in small areas. My city, Santa Monica, has a reported poverty rate of 13.5%, a population of around 93,000, but a life expectancy of 83.2 years. Walnut Grove has a poverty rate of 19%. Is it really less healthy to live in Santa Monica than Walnut Grove?

I realize that those folks putting out these numbers wanted to call attention to discrepancies in health care and other socio-economic inequities. Obviously, some places are more prosperous than others, and health conditions are going to be correlated with the variation. There is the old line, "I've been poor and I've been rich; rich is better," that has been ascribed to many, and is surely true, whoever first said it.<sup>12</sup> But you don't need silly statistics to prove it to anyone.

---

<sup>11</sup>From the report: "Life expectancy at birth in a geographic area can be defined as an estimate of the average number of years a newborn baby would live if they experienced the particular area's age-specific mortality rates for that time period throughout their life." (Page 16 of the report.) Source: [https://ssrc-static.s3.amazonaws.com/moa/LIEXBrief\\_FINAL.pdf](https://ssrc-static.s3.amazonaws.com/moa/LIEXBrief_FINAL.pdf).

<sup>12</sup><https://quoteinvestigator.com/2017/07/01/poor-rich/>.

## Mitchell's Musings 10-16-17: Goodbye Columbus?

**Daniel J.B. Mitchell**

As readers will probably know by now, the Los Angeles City Council and then the Los Angeles County Board of Supervisors voted to change the name of Columbus Day to Indigenous Peoples' Day. There were protests from Italian-American groups that consider Columbus to be an Italian hero.<sup>13</sup> (The Council set the next day as a holiday – although not one which gave anyone a day off – as a day in honor of Italian-Americans.) And there were op-ed rationales for the change presented, including one by a UC-Riverside faculty member.<sup>14</sup> The rationales offered were good. So was there any reason not to do it?

There was a special local problem. On the grounds of the downtown "Great Park" in LA, which is surrounded by civic buildings of the City and County, there is a statue of Columbus, as this photo taken by yours truly on Sunday, October 8 shows:



But the following day (the former Columbus Day), the statue was found by a local TV station to be surrounded by a chain-link fence and covered with paper:



---

<sup>13</sup><http://www.latimes.com/local/lanow/la-me-italians-columbus-la-20171008-story.html>.

<sup>14</sup><http://www.latimes.com/opinion/op-ed/la-oe-hackel-columbus-day-california-settlers-indigenous-peoples-20171009-story.html>.

No one in an official position was saying who ordered the fencing and papering or whether it was done to protect the statue from vandalism (as has occurred elsewhere in the country to Columbus statues), or instead to protect the powers-that-be from embarrassment over the inconsistency.<sup>15</sup>

And lest you think these events have nothing to do with Donald Trump and his controversy over statues, let me quickly disabuse of that notion. There is a connection, whether it was intended or not, between Charlottesville, Civil War statues of confederate “heroes,” and the LA decisions about Columbus.

The image shows a collage of social media content from Donald J. Trump. On the left is a sponsored tweet with a dark blue background. It says "Happy Columbus Day, America!" and "Code: 1492 UNTIL MIDNIGHT!". Below this is a photo of Trump pointing, and a smaller photo of a man in a "TRUMP" t-shirt with a "25% OFF!" sign and a green arrow. The text below the photos says "LAST CHANCE: COLUMBUS DAY SALE" and "Exclusive Offer: 9th October". On the right are three regular tweets. The top one says "Sad to see the history and culture of our great country being ripped apart with the removal of our beautiful statues and monuments. You...." and is dated 6:07 AM - Aug 17, 2017. The middle one says "...can't change history, but you can learn from it. Robert E Lee, Stonewall Jackson - who's next, Washington, Jefferson? So foolish! Also..." and is dated 6:15 AM - Aug 17, 2017. The bottom one says "...the beauty that is being taken out of our cities, towns and parks will be greatly missed and never able to be comparably replaced!" and is dated 6:21 AM - Aug 17, 2017.

The president had previously defended the “Unite the Right” demonstrators of Charlottesville on the grounds that they were just defending historical monuments and that, if the confederates go, the next would be George Washington and Thomas Jefferson, presumably because they were slave-owners. This charge was derided by historians as implausible because Washington and Jefferson, aside from owning slaves, did important things in founding the nation. Those important things, it was asserted, would override the slave-owning and protect their statues.<sup>16</sup>

So here’s the problem. Columbus is primarily known in the U.S. as an explorer who, given the primitive navigation technology of the time, performed an amazing feat that ultimately – centuries later – was important in founding the nation. But now his holiday *is* being renamed – contrary to the

<sup>15</sup><http://losangeles.cbslocal.com/2017/10/09/christopher-columbus-statue-covered-on-first-indigenous-peoples-day/>.

<sup>16</sup><https://www.washingtonpost.com/news/retropolis/wp/2017/08/16/historians-no-mr-president-washington-and-jefferson-are-not-the-same-as-confederate-generals/>.

Washington/Jefferson argument - and his statue is being papered over (and likely will be removed). So the Columbus issue plays directly into the hands of right and the claim of the president.

There is one Marist public opinion poll that suggests that there exists general support for the Columbus holiday.<sup>17</sup> Of course, that poll was commissioned by – who else? – the Knights of Columbus.<sup>18</sup> So you can discount the results, if you like. But there is no doubt that changing the holiday, or removing the statue, reinforces a right-wing narrative of an overly-sensitive left and its excessive political correctness. Furthermore, as noted, it makes real the question of whether Washington and Jefferson are next. Is being the commanding general in the Revolutionary War and the first president enough to keep a statue? Is being primary author of the Declaration of Independence and the third president enough?<sup>19</sup>

The LA decision has certainly sparked a predictable response from right-wing media:



Columbus Day to be renamed Indigenous Peoples' Day in LA



<sup>17</sup><http://www.kofc.org/un/en/resources/communications/americans-support-columbus-day.pdf>.

<sup>18</sup>The Knights of Columbus pushed for adoption of Columbus Day as a federal holiday in 1934, although earlier versions existed. <https://www.nytimes.com/2017/10/09/us/columbus-day-protest.html>.

<sup>19</sup>Note that among the "usurpations" of King George listed in the Declaration of Independence is this problematic statement: "He has excited domestic insurrections amongst us, and has endeavoured to bring on the inhabitants of our frontiers, the merciless Indian Savages, whose known rule of warfare, is an undistinguished destruction of all ages, sexes and conditions." <https://www.archives.gov/founding-docs/declaration-transcript>.

In short, while the LA decision has little political consequence in the immediate area, in other parts of the country, there could be consequences. Now you can argue that LA should “do the right thing” and not worry about external fallout. Or you can argue that even considering the negative fallout, the decision to change the name (and probably remove the statue) should be made. But my sense is that the question of any larger external impact or of timing wasn’t even considered.

Nowadays, many public projects require an Environmental Impact Statement. The idea behind such statements is to include recognition of larger external negative effects that policy makers might otherwise neglect before decisions are made. There are Senate seats up for grabs in 2018. There are House seats in marginal districts, including seats in California, which could go one way or another. It would be nice if sometimes Political Impact Statements were required on public policies to force similar recognition of wider externalities.

## Mitchell's Musings 10-23-2017: Pendulums

### Daniel J.B. Mitchell

When I was a graduate student at MIT in the mid-1960s, the Cold War was in full swing. There was much interest in the economic growth of the U.S. vs. that of the Soviet Union, i.e., in which system would ultimately produce a higher living standard. That debate may seem odd now, given the (much later) unraveling of the Soviet Union, but it was a lively issue then. Among the topics that came up at the time were the ideas of a Soviet economist, Evsei Liberman, whose reformist ideas had found favor (for awhile) with the powers-that-were. Basically, Liberman called for less emphasis on central control and for a more decentralized, market-type system.<sup>20</sup>

One of the prominent faculty members at MIT at the time was the Russian-born Evsey Domar who kept up with things Soviet. I recall him saying back then that the Liberman episode was not the first time the debate within the Soviets oscillated between central controls vs. decentralization. You could imagine the arguments: Central control allowed coordination while decentralization allowed local plant managers to take advantage of local knowledge. The pendulum of ideas would swing back and forth between the two positions.

There are other fields in which the pendulum phenomenon appears. In primary and secondary education, there is the idea that there are basic things that every student should learn vs. the idea that students should have some version of experiential learning which will indirectly teach them the basics but also “soft” skills. The labels on these ideas change, but the pendulum swings between the two views.

One of the more popular videos on a YouTube channel I maintain is a newsreel from the 1940s on “progressive” education (essentially, the experiential view).<sup>21</sup> By the turn of the 21<sup>st</sup> century, however, the notion of basics had returned in the form of testing of students. Schools, teachers, and students were to be measured by scores on tests. Now, however, there seems to be a reaction against testing. Complaints are heard that teachers are “teaching to the test” whereas students need to learn those hard-to-measure “soft skills” and that “rote learning” should be avoided.

It could even be argued that boom-bust cycles in financial markets involve a swinging pendulum. After a crisis, tighter regulations and official controls (and of course fresh memories of the bust) keep a lid on exuberant expectations. But gradually the unpleasant memories fade. There may even be new generations entering the market who were not around at the last bust. The newer financial players find the old regulations and controls restrictive and press for a more “modern” approach. The spirit of “this-time-it’s-different” arises and the boom continues until one sad day it doesn’t.

---

<sup>20</sup>[http://www.yivoencyclopedia.org/article.aspx/Liberman\\_Evsei\\_Grigorevich](http://www.yivoencyclopedia.org/article.aspx/Liberman_Evsei_Grigorevich).

<sup>21</sup><https://www.youtube.com/watch?v=opXKmwg8VQM>.



I was reminded of the swinging pendulum idea recently by an article in the Los Angeles Business Journal which reported that the generalist MBA was moving out of fashion in favor of management programs that trained in particular functional areas, e.g., accounting, finance, etc.<sup>22</sup> The interesting thing is that when I came to what is now the UCLA Anderson School of Management in 1968, the School primarily offered such programs. There was a generalist MBA offered, too, but students could instead take master's degrees in the functional areas. The functional area programs shared some generalist core courses (which were also part of the MBA program).

There were pros and cons about the specialized programs. It was said that faculty naturally preferred to teach in advanced specialized courses of their own field of interest to the neglect of the core, i.e., the generalist MBA program was suffering from neglect. It was said that students needed a more generalized education and could pick up functional skills on the job. On the other hand, students tended to gravitate away from the generalist MBA and toward the specialized degree programs once they entered the School.

In the end, the arrival of a new dean led to abolition of the specialist programs in favor of the generalist MBA. In part, the argument seemed to be that the Harvard Business School was MBA focused, so UCLA should follow the leader. But now, UCLA seems to be moving toward specialization, at least in some areas.

Economics has sometimes been criticized for being too focused on final equilibrium solutions and not on dynamic disequilibrium. But the counterargument is that eventually the system being studied will iteratively come to an equilibrium position. Like a pendulum, the swinging length becomes smaller and smaller until the pendulum stops. But some systems are more like pendulum clocks in which forces reinforce the motion and there is no equilibrium, just swinging.

I suspect that in the cases cited above, because both poles of the argument have merit, there is some tendency for factions to form around the two positions. Soviet-style centralized system DO allow more coordination. But they lose the benefit of micro-level knowledge. Students in primary and secondary education SHOULD learn some basics. But they also need soft skills. Future managers DO need generalist skills valuable in any business setting. But having a specialty can give them entry advantages when being considered for hiring.

Since there is no obvious right answer – just a trade-off with uncertain parameters - there may be pressure to champion one position or the other. Those folks benefiting from the status quo tend to defend it. Those who are seeking more authority look to the counter-arguments to gain ascendancy. The more things change back and forth, the more they continue to change back and forth. And there never is an equilibrium.

---

<sup>22</sup><http://labusinessjournal.com/news/2017/sep/23/business-schools-reframe-degrees/>.





## Mitchell's Musings 10-30-2017: Stasis

### Daniel J.B. Mitchell

I can recall looking at scenes on TV of the Iranian revolution in its initial stages when the American embassy was seized. At the time, I noted what was going on in the background. The focus of the TV narration was on the demonstrators and hostages. But if you looked at background shots of the embassy, traffic was passing in the streets as if everything was normal. People were going to work, school, or wherever. It reminded me of something I had once heard about the Civil War. In the initial days after the south had seceded in 1861, mail service across the north-south border continued for a time.<sup>23</sup> As in Iran, folks were trying to continue doing what they had been doing despite the big events that would eventually have a major effect on their lives.

At least to this non-expert observer, there seems to be a great deal of contemporary fascination with the idea of “nudge” in academic behavioral science. The nudge idea – really a set of examples with empirical backup – is that you can motivate behavior by seemingly inconsequential environmental adjustments. The standard example in the human resource field is the changing of a workplace choice from *opt in* to *opt out*.

If you have a 401k-type savings plan on offer at a workplace, more people will choose to use it to save if it is said that the plan is available *but you can opt out* than if it is said the plan is available *but you have to opt in*. Essentially, since checking a box or not checking a box is a very minor matter, there should be no difference in the behavior of new hires as to whether the plan is opt in or opt out. But empirically, there is a big difference in their behavior.

Despite the proliferation of examples of this type of seemingly-irrational behavior, the key element may be in avoiding choice, i.e., keeping the *status quo*. There is apparently inertia in attitudes that leads to the notion that the *status quo* is best, or at least is best not disturbed. If being in the 401k plan is the default, the fact that people stay in it is really based on a sense that the best choice is to leave things as they are. The same is true if the default is *not* being in the 401k. Furthermore, I suspect that once someone has made the choice – even if it wasn't a real, thought-out choice at all – there is going to be a tendency to stick with the decision. After all, if you change the decision after the fact, it means you made a mistake initially. And people don't like to admit mistakes.

Now sometimes – if there are really bad consequences to a choice that suggest a change is needed – behavior is altered, both for individuals and groups. Germany and Japan, for example, are now very different countries than they were before World War II. But it took massive destruction to effect that change. Similarly, the economic destruction of the Great Depression put the U.S. on a different political path than existed before the 1930s.

It seems to this non-expert that the fascination with nudge should be re-focused on the power of stasis, which is really why the default state matters. How do you get people to make different choices (overcome stasis) once they have made a choice and nothing terrible has (yet) happened as a result?

---

<sup>23</sup>After looking for confirmation of this memory, I found <http://historybuff.com/how-was-mail-delivered-during-civil-war-WBlmAPv8q2Yr>.

(Whether you are in or out of the 401k plan may matter years in the future when you retire, but it has little immediate impact.)

If you are guessing that I am thinking of the current political scene, you are correct. Yes, there is a lot of political turmoil in Washington, for those who are paying attention. But there are strong forces of stasis settling in. Despite the White House turmoil, the mail continues to be delivered, airplanes come and go to and from federally-regulated airports, Social Security checks continue to go out, etc.

On the international front, war with North Korea hasn't happened, even if experts on talk shows or in op eds say the risk of military conflict has materially increased. On the economic front, unemployment is low and inflation is low. By some measures, even worker pay – often characterized as stagnant – has shown some growth.<sup>24</sup> True, it's not the kind of real pay gains seen in the 1950s and 60s. But that was then and expectations of what is possible have changed.

It is true that two of the 52 Republican senators have lately been very critical of President Trump. But they aren't running for re-election. The other 50 Republican senators can rationalize avoiding joining their dissident colleagues 1) because they might get voted out if they do, and 2) because nothing terrible has (yet) happened. Moreover, some things you probably like as a Republican have happened. For example, public-sector labor unions are about to be weakened by an upcoming Supreme Court decision on union dues and agency fees, thanks to the latest appointment to the Court. There has been some deregulation by executive fiat, etc.

It's true that there is the problem of conflict of interest in the president's business dealings. There seems to be a proliferation of racial friction, thanks to the president's encouragement of such tensions. Other nations seem to regard the U.S. as unreliable. The president has a tendency to undermine his own cabinet. Despite these unpleasant facts, what you have in the Senate on the part of the GOP is a political variation on the well-known quote of Upton Sinclair:

*"It is difficult to get a man to understand something, when his salary depends upon his not understanding it."<sup>25</sup>*

You can say that in the long run, there will be demographic changes that will benefit those on political left. You even can point to California where the U.S. demographics of the future have already arrived and where, as a result, the Democrats now dominate state politics and the GOP is marginalized. But that demographic long run will arrive for the U.S. as a whole well after the national elections of 2018 or 2020. It's beyond the horizon of contemporary political calculus. So in the meantime, look for traffic on the street to flow normally (as around the embassy in revolutionary Iran) and the mail to be delivered (as across the north-south border in 1861). For the moment, at least, life for the median voter has not been disturbed. It will take more than a nudge to move us from the contemporary stasis.

---

<sup>24</sup><http://www.latimes.com/opinion/op-ed/la-oe-baker-wages-are-growing-20171026-story.html>.

<sup>25</sup><https://www.brainyquote.com/quotes/quotes/u/uptonsincl138285.html>.

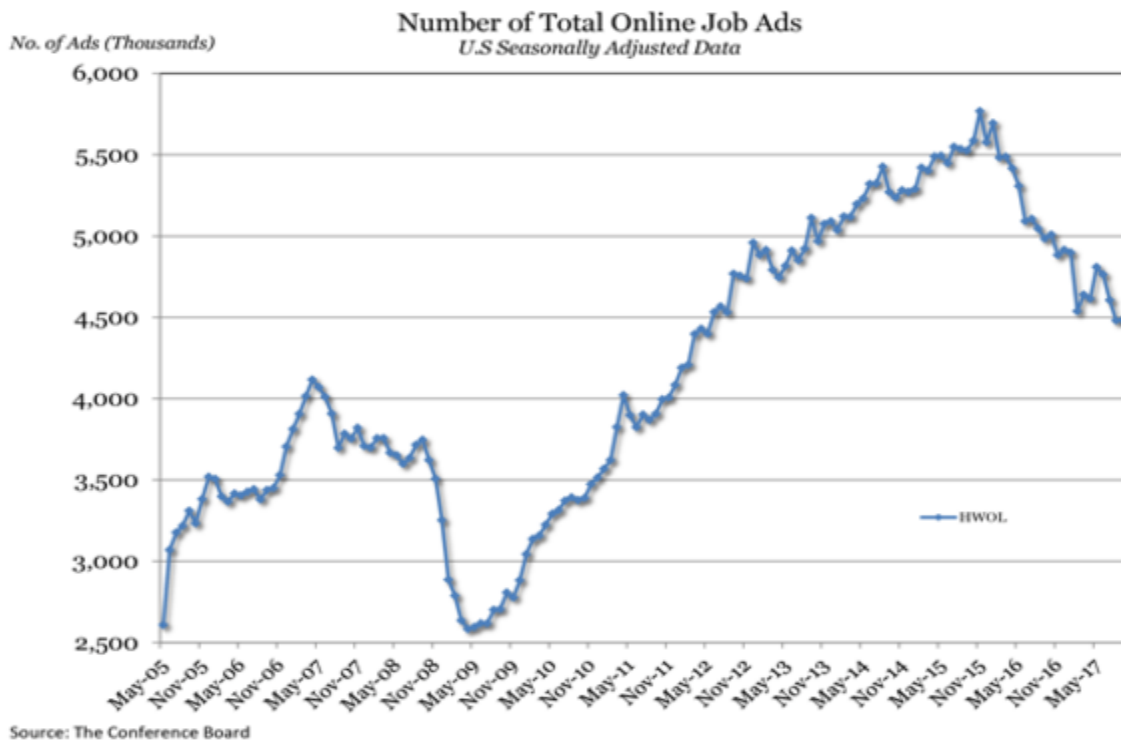
## Mitchell's Musings 11-5-2017: Help-Wanted Online

Daniel J.B. Mitchell

Every month, I get an email notice from the Conference Board which contains a chart on help-wanted online advertising (HWOL) as a labor-market indicator. As can be seen below on Figure 1, something happens around 2015-2016 that appears to break the series. Up to that point, the index of online help-wanted ads tended to move up and down with employment. For example, the dip of the Great Recession is apparent on Figure 1. And from the depths of the Great Recession, the labor-market recovery appears as the line reverses its decline and moves upward. But after 2015, the number of HWOL ads heads down although employment remained (and remains) on an upward trend.

===

Figure 1



===

In fact, the Conference Board used to publish its HWOL chart with employment also shown as a second line in order to demonstrate the correlation of the two series. However, with the break in the HWOL series after 2015, the Board assumed that something had gone wrong with its methodology and began to omit employment from its chart and to publish the following note with it:

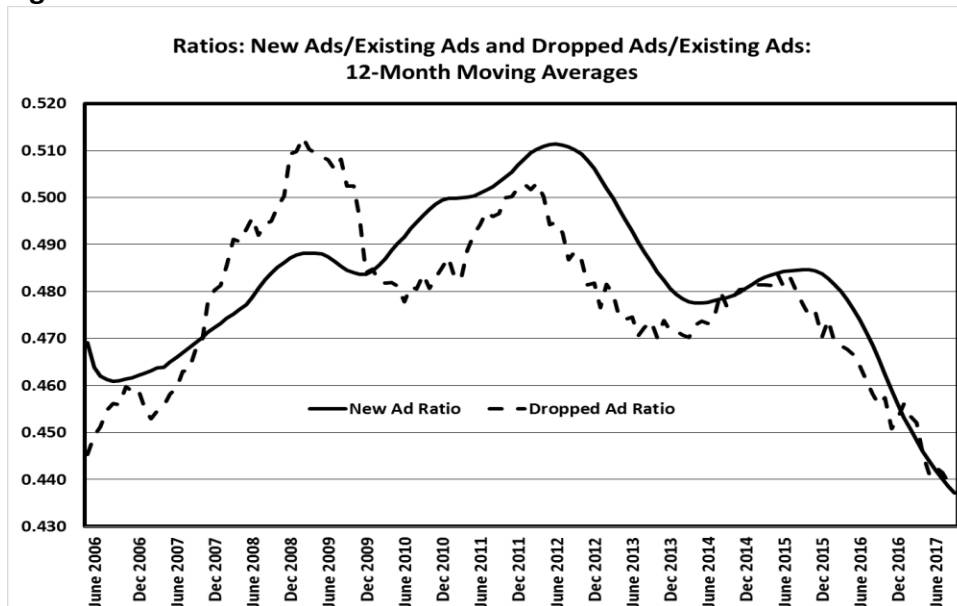
**NOTE: Recently, the HWOL Data Series has experienced a declining trend in the number of online job ads that may not reflect broader trends in the U.S. labor market. Based on changes in how job postings appear online, The Conference Board is reviewing its HWOL methodology to ensure accuracy and alignment with market trends.**

An interesting question is whether – because the HWOL series stopped moving up with the employment numbers – labor-market trends have really ceased to be reflected. A related question is what value the HWOL series is supposed to be adding. Note that if the HWOL series was 100% correlated with employment, you could certainly say it was reflecting “market trends.” But you could also say that collecting the series had little value to analysts since HWOL was not telling you more than you already knew from the pre-existing employment series, at least at a macro level.

The Conference Board makes available its data for the HWOL series going back to mid-2005. For many years before the HWOL series began, it had published data on newspaper help-wanted advertising. But the value of that information eroded as employers moved much of their advertising for new hires onto the internet. Of course, the internet, the technology for accessing it, and the access of potential workers to it, have all been evolving. Employers presumably are adjusting their use of the internet for help-wanted advertising over time. Some employers still use traditional newspaper ads. And there are other traditional ways of recruiting such as through word-of-mouth with the existing workforce, recruiting agencies, walk-ins, etc.

===

**Figure 2**



===

**Apart from the number of HWOL ads per month, the Conference Board has a data series on how many of the ads each month are new, i.e., not just continuations of ads from prior periods. From those data, you can compute an implicit series on how many ads are being dropped each month. Basically given the number of existing ads in a given month, the number of ads in the next month is the result of adding the new ads to the existing pool and then subtracting those ads that are being dropped from the total. Since we know the number of existing ads each month and we know the number of new ads entering the pool, the dropped ads can easily be calculated.**

It may well be that the absolute number of HWOL ads decreased after 2015 (despite the continuing increase in employment) because employers starting moving their ads to online platforms not captured by the Conference Board. Or perhaps employers began using other methods of recruitment. We don't know what happened and apparently neither does the Conference Board. But we can look at new HWOL ads as a ratio to existing ads and at (calculated) dropped ads as a ratio to existing ads. That is, we can look at what can be learned from the world of the sources the Conference Board *is* tracking, even if the Board is missing some alternative online ad sources or is missing a shift to other means of recruiting.

On Figure 2 above, we show the ratios of new ads to existing ads and of dropped ads to existing ads. Because the two series are noisy, we smooth them with 12-month moving averages. Both ratios suggest that online ads probably don't stay up online for very long. The two ratios vary between .43 (43%) and .52 (52%). So during the period shown on the chart, typical new ads each month were likely not remaining online for more than two or three months. Put another way, there seems to be a very high churn or turnover in online help-wanted advertising. We don't know for sure why employers removed the ads that they had previously posted. But surely one reason was that they had quickly found the applicants they needed in response to the ads.

One might further suspect that during recessions, and in the early recovery period after recessions, there would be many displaced applicants looking for jobs. Thus, posting a job vacancy online would quickly produce sufficient job seekers to satisfy the recruiting employer. As the labor market tightens, however, there would be fewer potential applicants; HWOL ads might then need to stay up longer to attract a sufficient number of possible hires.

In broad terms, Figure 2 seems to support those suppositions. During the slack period of the labor market, HWOL ads were coming and going faster than they were just before the Great Recession. And now, when other measures of the labor market suggest a return to labor-market tightness and there are anecdotal reports of labor shortages, HWOL ad turnover has again slowed.

U.S. Bureau of Labor Statistics (BLS) data on the job openings (vacancy) rate show an even tighter labor market now than in the pre-Great Recession period, as Figure 3 below illustrates. With that market development, we might expect ads to stay up even longer now than in the pre-Great Recession period, and there is some indication of that outcome on Figure 2.

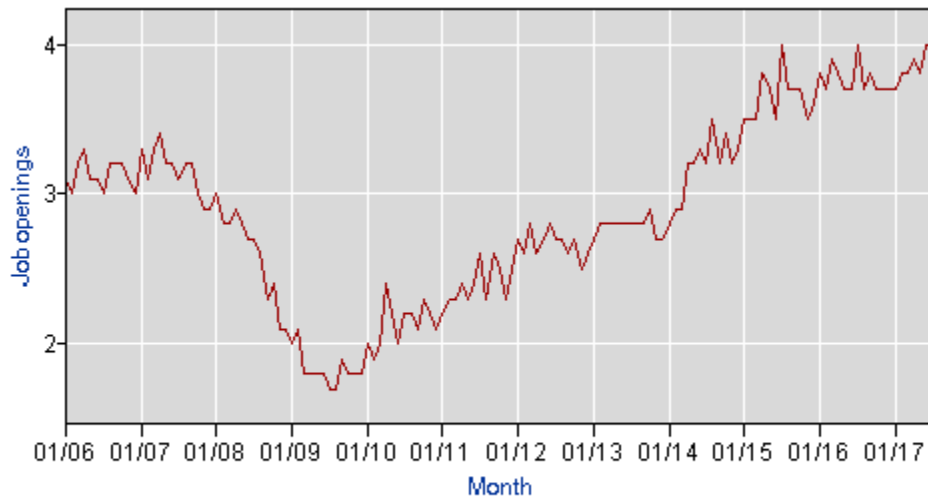
In short, despite the changing practices in employer hiring and recruitment technology, the Conference Board's HWOL data series likely is reflecting labor market trends even though it stopped rising with employment. It's just that the information it is providing is not in the absolute number of HWOL ads, but in the implicit insight into the rate of churning of HWOL ads. It seems to be indicating that in booms ads

need to remain online longer from the employer viewpoint than in busts. More generally, the labor-market information contained in the HWOL survey seems to be in the duration of ads rather than their absolute number.

It would be useful to obtain more information on ad duration such as median and average lifetimes of ads and their general duration distribution. There may be some ads with very brief lives. Others may remain online for long periods, particularly in occupations where turnover is high and there is continual replacement hiring. We get BLS data on the duration of unemployment of job seekers. Ad duration distribution might provide parallel insight into employers' searches for new workers.

===

**Figure 3: Job Openings (Vacancy) Rate for Non-Farm Sector**



===

## Mitchell's Musing 11-13-2017: Clean for Gene

Daniel J.B. Mitchell

In 1968, with the Vietnam War raging and other cultural clashes (civil rights, drugs, hippies, etc.), a group of college students decided to back Senator Eugene McCarthy's bid for the Democratic nomination for president. Their goal was to unseat incumbent Lyndon Johnson and the New Hampshire primary was going to be important in that endeavor. In campaigning for McCarthy, the students famously went "Clean for Gene." Although McCarthy didn't win the primary, he did make a strong enough showing to convince Johnson to drop out of the race. What the students did was to acknowledge that they had to avoid behaviors that - even though they seemed appropriate within *their* circle - would be offensive to potential New Hampshire voters. An NPR retrospective tells the tale:

*That Johnson won the New Hampshire primary was not a surprise; he had the party machinery, the money and the endorsements all in his favor. That he won with just 49 percent of the vote — compared to McCarthy's 42 percent — was a surprise. In fact, it was a stunning repudiation of a president and his war policy. And it was carried out by the unlikeliest of political figures, leading an unlikely army of college students who decided to "Clean for Gene" — shave, shower, clean up their acts — and toil in the snows of New Hampshire to spread their message.<sup>26</sup>*

The idea that if you want to influence someone to do something (such as vote for a particular candidate or come around to your viewpoint), you should avoid behaviors that might offend does not seem terribly controversial. It was on display in the swing state of Virginia during the recent gubernatorial campaign in which the (winning) Democrat took relatively conservative positions on issues such as "sanctuary cities." But, of course, candidate Trump in 2016 seemed to be an exception to the usual political rule. He offended many potential voters. But he nonetheless succeeded in turning out just enough of his "base" in critical states to win the presidency.

Indeed, the general rule of not offending has a proviso. If by offending, and thereby losing some voters, you can gain still more offsetting votes from another subset, then offending can be a winning tactic. Of course, you might not be interested in convincing anyone or in winning elections and, instead, be seeking the benefits of self-expression or of self-promotion in taking unpopular positions.<sup>27</sup> Or you might not appreciate that what you are doing would be offensive to many people because the folks you know all agree with you, i.e., some version of Group-Think. Where winning/convincing are not an objective, you can offend at will without consequences that you care about.

With that preamble in mind, I reproduce below a headline — "*State NAACP urges removing 'Star Spangled Banner' as national anthem*" - from the liberal and Democratic-leaning Sacramento Bee. Of course, the large-type headline to the story attracts the primary attention of readers. There is an explanation within the article about a stanza of the national anthem (that no one ever sings) and about the political views of Francis Scott Key during the War of 1812. Suffice it to say, many readers may not

---

<sup>26</sup><https://www.npr.org/templates/story/story.php?storyId=5049072>. The McCarthy campaign, in addition, was often framed as a form of patriotism: <https://www.youtube.com/watch?v=N7pR0yTGOiA>.

<sup>27</sup>The various Milo Yiannopoulos campus events fall into this category.



make it beyond a headline. In internet versions especially, readers often see only the headlines or only the headlines and a brief excerpt.

===

---

THE SACRAMENTO BEE | **Capitol & California** | 3A

SACBEE.COM/CAPITOL-ALERT • FACEBOOK.COM/CAPITOLALERT • TWITTER.COM/CAPITOLALERT

---

11-8-2017

## State NAACP urges removing 'Star-Spangled Banner' as national anthem

BY ALEXEI KOSEFF  
akoseff@sacbee.com

**W**hen California lawmakers return to the Capitol in January, the state chapter of the NAACP will be seeking their support for a campaign to remove "The Star-Spangled Banner" as the national anthem.

The organization last week began circulating among legislative offices two resolutions that passed at its state conference in October: one urging Congress to rescind "one of the most racist, pro-slavery, anti-black songs in the American lexicon" as the national anthem, and another in support of former San Francisco 49ers quarterback Colin Kaepernick, who launched a protest movement against police brutality among professional athletes by kneeling when "The Star-Spangled Banner" was played before games.

"We owe a lot of it to Kaepernick," California NAACP President Alice Huffman said. "I think all this controversy about the knee will go away once the song is removed."

The kneeling protests have drawn attention to an infrequently-sung third verse from "The Star-Spangled Banner," which includes the passage:

*Their blood has wash'd out their foul footsteps' pollution.*

*No refuge could save the hireling and slave*  
*From the terror of flight*

*or the gloom of the grave*

Some interpretations of the lyrics conclude that they celebrate the deaths of black American slaves who joined British troops during the War of 1812 to gain their freedom. Francis Scott Key, who wrote the lyrics of "The Star-Spangled Banner," was a slave owner and fierce opponent of abolition who may have sparked the first race riot in Washington, D.C.

Huffman said Congress, which adopted "The Star-Spangled Banner" as the national anthem in 1931, should find a replacement that is not "another song that disenfranchises part of the American population."

She drafted the NAACP's resolutions this fall after President Donald Trump suggested NFL owners should fire any "son of a bitch" who doesn't stand for the anthem. The second resolution calls on Congress to censure Trump for his remarks, and asks NFL teams to find a spot for Kaepernick, who some believe was blacklisted over the protests.

"Trump got in the middle of it. He blew it out of proportion," Huffman said.

The California NAACP is still looking for legislative sponsors for the resolutions. Assemblyman Chris Holden, a Pasadena Democrat who chairs the California Legislative Black Caucus, did not respond to a request to discuss the measures.

But at least one lawmaker is already opposed.

"Our flag and national anthem unite us as Americans," Assemblyman Travis Allen, a Huntington Beach Republican who is running for governor, said in a statement. "Protesting our flag and national anthem sows division and disrespects the diverse Americans who have proudly fought and died for our country. Real social change can only happen if we work together as Americans first."

Alexei Koseff:  
916-321-5236, @akoseff

---

===

Once the article appeared in the Sacramento Bee, it predictably started making the internet rounds. Within California, conservative sources such as the news aggregator "Flashreport" reproduced the headline. Flashreport added a comment: "*What So Shamefully Assailed.*" Of course, one might argue that a typical reader of Flashreport would not be moved by arguments over unsung stanzas or over Francis Scott Key's political orientation or that they wouldn't be especially receptive to views of the NAACP.



===

===

But apart from news aggregators with a deliberate conservative bent, what would someone find who just searched in Google with key words such as NAACP and anthem? Many links in fact turn up in such a search as can be seen below. One main stream news medium, CBS, tries to put some nuance into the headline by having it refer to the lyrics argument. But most sources just follow the Sacramento Bee’s headline style, regardless of their political leaning.

So what was the thinking of the leadership of the California NAACP in adopting a resolution which was likely to be offensive to an external news readership that goes well beyond conservatives? Would that potential readership likely be receptive to the assertion that the national anthem is “*one of the most racist, pro-slavery, anti-black songs in the American lexicon*”?<sup>28</sup> Was the leadership adopting the idea – perhaps encouraged by the Trump success in 2016 – that you win support by attracting attention through statements that are likely to offend? But as noted, that approach only works *if* you gain more support in some audience than you lose in others. So was the anthem resolution a calculation that even if offensive to some, enough others would be attracted by the anthem issue to offset the negatives? If so, who would those others be?

There was the background issue for the NAACP of mainly African-American football players who kneeled rather than stood for the national anthem. But the two issues are not quite the same. Poll results, such as they are, suggest there is an opinion divide on the kneeling issue.<sup>29</sup> There are no polls on the anthem issue, but one suspects that scrapping the national anthem would not be a popular position, particularly

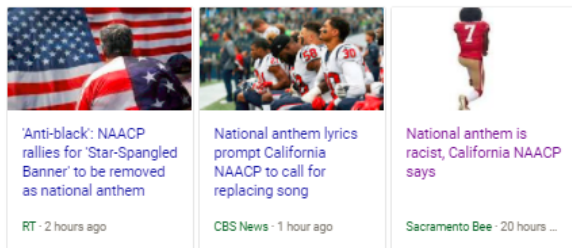
<sup>28</sup><http://www.sacbee.com/news/politics-government/capitol-alert/article183262411.html>.

<sup>29</sup><https://www.cnbc.com/2017/09/29/a-majority-of-americans-disagree-with-trump-on-firing-nfl-players.html> and <http://www.cnn.com/2017/09/29/politics/national-anthem-nfl-cnn-poll/index.html>.

in those swing states where the 2016 election was decided. So was the anthem resolution a product of Group-Think, self-expression, self-promotion, or what?

Maybe those promoting the anthem resolution were unconcerned about the current external political scene. But the lead sentence in the text of the original [Sacramento Bee](#) article says that there will be a campaign by the California NAACP to push members of the state legislature to adopt the anti-anthem position. So the resolution seems to have a wider political motivation. Note that despite California's generally "blue" political coloration, there are swing seats in the legislature that are critical to the Democrats maintaining their existing two-thirds supermajority (which allows certain legislative discretion).<sup>30</sup> And from a national perspective, several of the swing GOP congressional districts that could be won by Democrats are in California.

===



→ [More for naacp star spangled](#)

[California NAACP seeks to remove 'Star-Spangled Banner' as national ...](#)  
www.foxnews.com/.../california-naacp-seeks-to-remove-star-spangled-banner-as-nationa...  
18 hours ago - History of 'The Star-Spangled Banner' in the NFL ... California's NAACP is pushing for state lawmakers to support a campaign to remove 'The Star Spangled Banner' as the country's national anthem. ... "We owe a lot of it to Kaepernick," California NAACP President Alice Huffman ...

[National anthem lyrics prompt California NAACP to call for replacing ...](#)  
https://www.cbsnews.com/.../national-anthem-lyrics-california-naacp-star-spangled-ba...  
1 hour ago -- The California chapter of the NAACP is pushing to get rid of the national anthem, calling the song racist and anti-black, CBS station KQVR-TV reports. ... Huffman said that the protests led her to look at the lyrics of 'The Star-Spangled Banner,' especially the parts of the anthem ...

['The Star-Spangled Banner' as national anthem, California NAACP ...](#)  
www.sacbee.com/news/politics-government/capitol-alert/article183262411.html  
20 hours ago - Remove 'The Star-Spangled Banner' as national anthem, California NAACP urges. ... When California lawmakers return to the Capitol in January, the state chapter of the NAACP will be seeking their support for a campaign to remove 'The Star-Spangled Banner' as the national anthem ... You visited this page on 11/7/17.

['Anti-black': NAACP rallies for 'Star-Spangled Banner' to be removed ...](#)  
https://www.rt.com/usa/409226-national-anthem-racist-naacp/ ...  
3 hours ago - The California chapter of the NAACP is pushing for 'The Star-Spangled Banner' to be removed as the US national anthem, claiming it is racist.

[California NAACP: Remove 'Star-Spangled Banner' as national anthem](#)  
www.ny1.com/.../california-naacp-remove-star-spangled-banner-as-national-anthe...  
4 hours ago - STATEWIDE — THE NAACP chapter of California is calling on state lawmakers to support a campaign to remove "The Star Spangled Banner" ...

[National anthem is racist, California NAACP says | Miami Herald](#)  
www.miamiherald.com/news/nation-world/national/article183280041.html  
19 hours ago - California NAACP seeking a legislative resolution to rescind the national ... Francis Scott Key, who wrote the lyrics of "The Star-Spangled ...

===

---

<sup>30</sup>One Democratic member of the legislature from a swing district is currently the target of a Republican-led recall campaign for voting for a hike in the gas tax to be used for transportation purposes. See <http://www.ocregister.com/2017/06/27/gas-tax-triggers-85000-signatures-to-recall-orange-county-sen-josh-newman/>. Another in a similar district is also at risk for the vote. See <https://calmatters.org/articles/millennial-legislator-turned-red-district-purple-now-prime-target/>.

In short, there's much to be said for an updated version of the old 1968 strategy of going "Clean for Gene" as the 2018 elections approach (and beyond that date, too). But many in the "progressive" camp seem not to be receptive to that idea. The late 1960s also produced the Rolling Stones' song, "You Can't Always Get What You Want."<sup>31</sup>

*No, you can't always get what you want  
You can't always get what you want  
You can't always get what you want  
But if you try sometime you find  
You get what you need.*

It's another good idea from that era.

---

<sup>31</sup><https://www.youtube.com/watch?v=yPS9MpRLCd0>.

## **Mitchell's Musings 11-20-2017: Earthquake of Harassment**

**Daniel J.B. Mitchell**

It's not clear exactly when to date the start of the current rush of allegations of sexual harassment and assault. If you went by the general news media, you might well focus on Hollywood celebrities and the Harvey Weinstein scandal as the beginning. But in fact, the issue has simmered within academia for several years. A typical academic case would be a senior (male) professor harassing a (generally female) graduate student. The academic cases – or at least the substantial attention paid to them within academia – might be dated as starting with the Title 9 “Dear Colleague” letter of 2011 from the U.S. Department of Education. That letter was recently withdrawn by the Trump administration, but the cases it started continue.

We might therefore draw a line from academia to Hollywood and now to politics, as various prominent individuals in all three fields have been accused of misconduct, in some cases misconduct going back as far as the 1980s. The point is that there is now an ongoing phenomenon occurring that wasn't there in the not-so-distant past. And it raises an interesting series of questions. How do you separate a talent from the person who possesses that talent? Someone could be a very good academic, or actor, or elected official, but also act badly in other facets of life. In addition, there is the issue of the evaluation of the veracity of allegations, particularly when the accused individual denies them. At present, there is much discussion of these various issues, triggered by the many accusations.

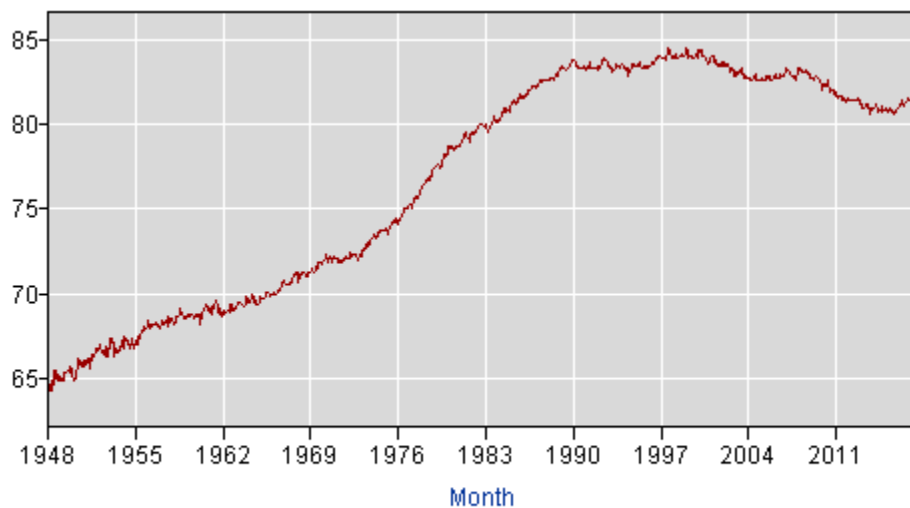
As interesting as those questions are, I want to pose another one. Why now? That is, given that the allegations go back as far as the 1980s, why are they coming out now? Why not ten years ago? Or, for that matter, why not ten years in the future? The issue of timing seems – at least to a Californian – as something reminiscent of an earthquake. Pressure builds up over time. There may be some minor shocks along the way. But then there is a large quake followed by aftershocks. Once a fault is identified by geologists as being under pressure and active, it can be predicted that *at some time* in the future there will be a quake. But no one has yet been able to predict the precise timing.

It may be that something like the earthquake process was involved in the current rush of complaints of sexual misconduct. Pressure built up over time. At some point, it was going to be released, although no one could forecast the timing precisely. But that explanation raises another question. Why was the pressure building up? It may be a bias of mine, but in considering that issue, I look for labor market trends as a source and explanation.

An obvious point is that the allegations tend to have workplace connections. We have people who are employees or applicants to be employees as the complainants. Even in the academic complaints, the graduate students often were teaching assistants or research assistants or, at least, were pursuing their education in order to enter an occupation. Typically, graduate students look to their professors to help them obtain future employment. A second obvious point is that most of the complainants – not all – are women.

===

**Figure 1: Both Sexes 25-54 Civilian Labor Force Participation Rate**



===

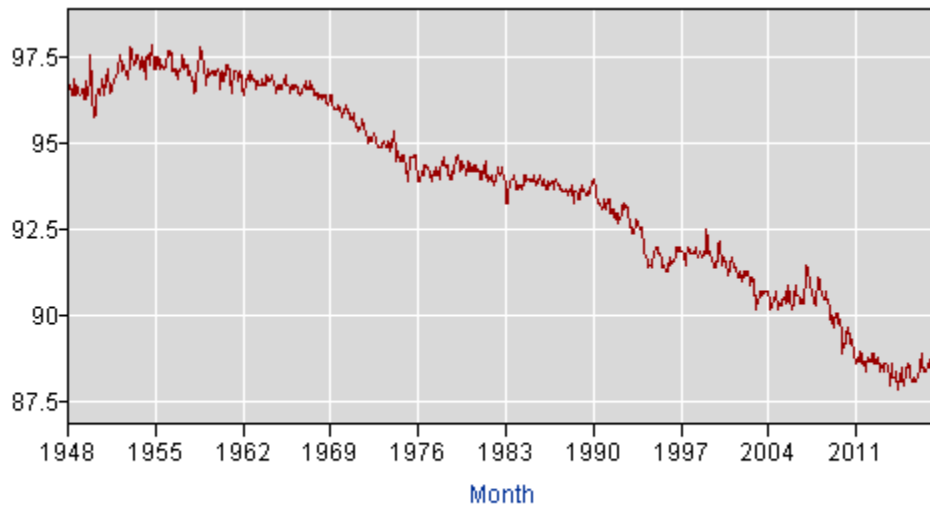
It is well known that the labor force participation rate generally rose in the post-World War II period and that the rising trend leveled off in the 1990s. Figure 1 above shows the trend, focused on ages 25-54 to remove effects of changes in educational attainment and retirement. The participation rate began to decline in the 2000s, and only recently – as the slow recovery from the Great Recession finally approached full employment – showed some increase. But the rate still remains below its peak.

The male rate has generally declined since the 1950s. [Figure 2 below] So all the action – indeed, one could say more than all the action – involves the female participation rate. [Figure 3] The participation rate for women is not the only index of progress that one might use. But it certainly is one measure. So the rate's stagnation of the 1990s - and then decline in the rate that began in the 2000s - suggests a stalling and then partial unraveling of progress. Note that the Trump phenomenon has been popularly

attributed to declining opportunities in the labor market for men. So why shouldn't we expect some kind of reaction from women when their expectations are not met?

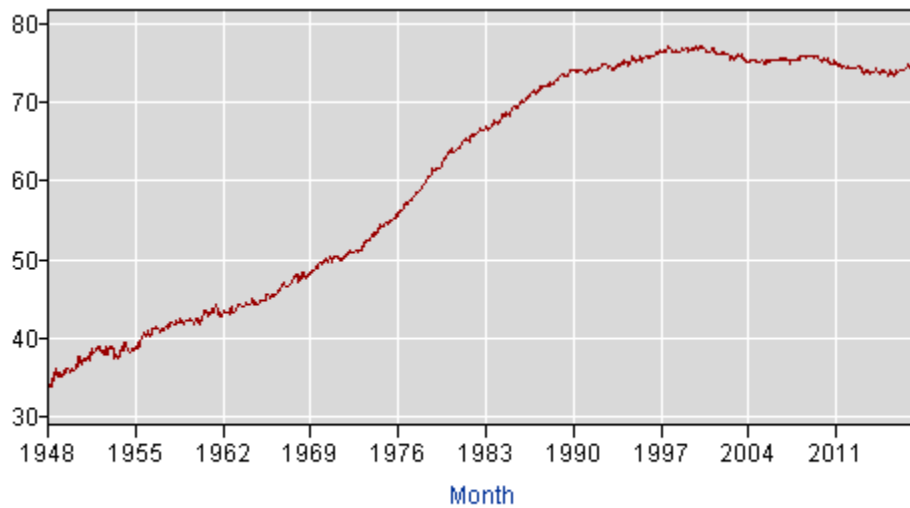
===

**Figure 2: Males 25-54 Civilian Labor Force Participation Rate**



===

**Figure 3 Females 25-54 Civilian Labor Force Participation Rate**



===

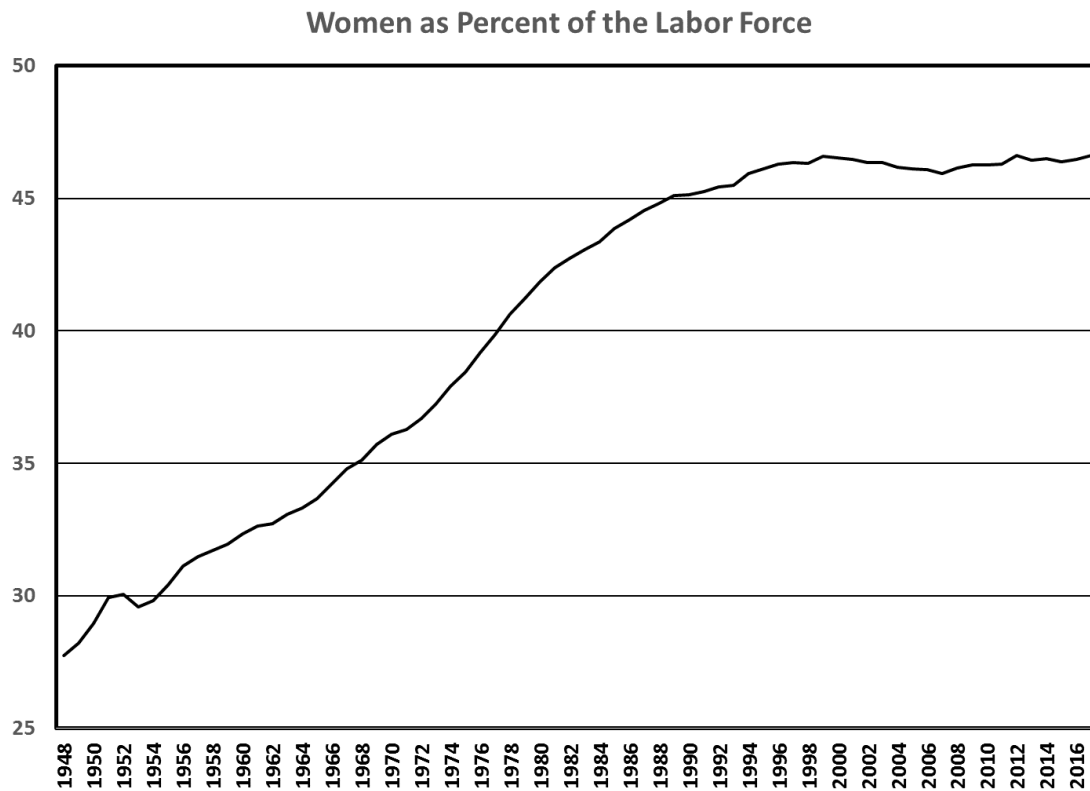
As Figure 4 below shows, the net effect of the movements in male and female participation over the

long term was a rise in women as a proportion of the labor force until the late 1990s. The fact that more women were in the workforce and were seeking to enter occupations that had traditionally been male-dominated is surely part of the story of pressure building. With more women in employment-related situations, there were more targets for misconduct. As long as women were making gains within the workforce, however, there was some release of the pressure. There are problems now, it could be rationalized, but change for the better and new opportunities lie ahead. When the gains stopped, that release of pressure also stopped. Then, as with earthquakes, you could say that something would eventually happen, but not precisely when.

The Title 9/Dear Colleague letter in academia produced a kind of foreshock. It also brought attention to the subject of sexual misconduct, at least in certain circles, as various op eds discussed whether universities were handling matters appropriately, whether there was sufficient due process in systems set up by universities, etc. The big quake first hit Hollywood and now has created aftershocks in the political realm.

===

**Figure 4**

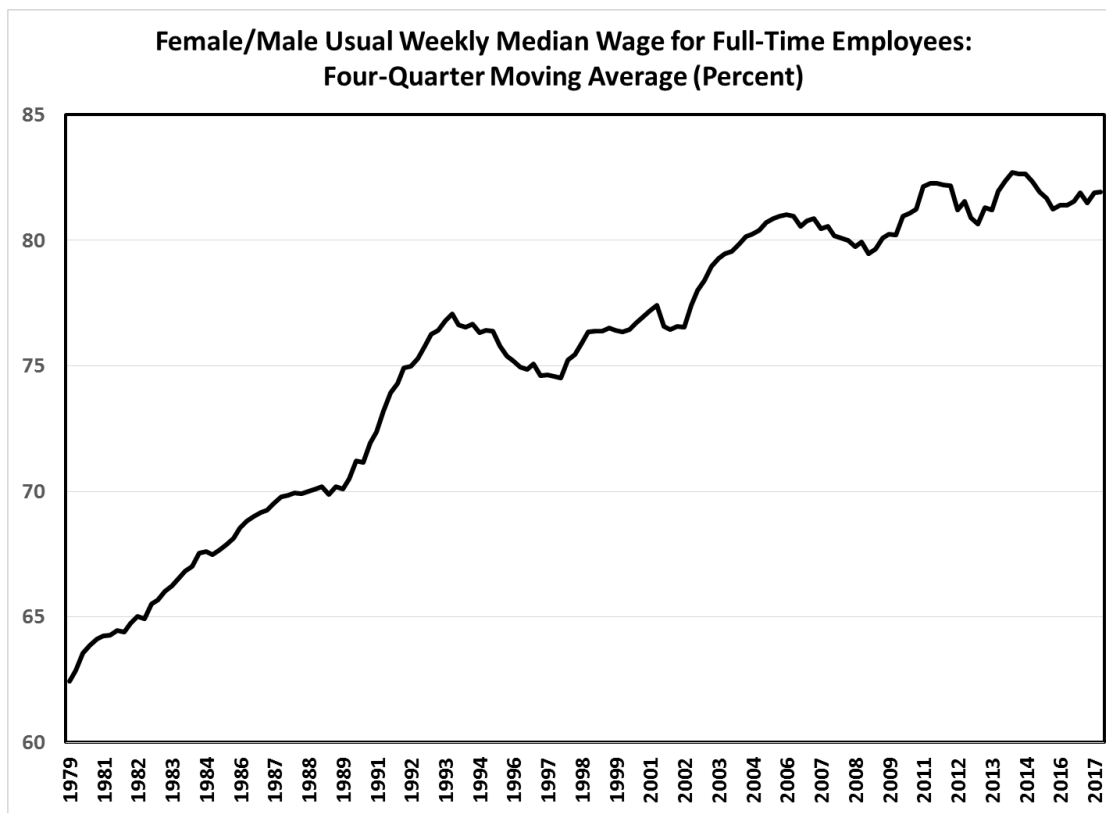


===

What about pay for women relative to men? Figure 5 shows the ratio of female-to-male median usual weekly earnings. Much of the movement in the ratio is due to changes in occupational mix, i.e., as women’s occupational distribution becomes more similar to the male distribution, the ratio tends to rise. The period of big gain comes in the 1980s when the ratio rose from the low sixties to the upper seventies. The 1990s saw little change. There were modest gains in the early 2000s, when the ratio rose from the upper seventies to the low eighties. But in the period of the Great Recession and its aftermath, there has been little change. Basically, the ratio bounces around in a narrow range of 80-83%. The pay story – like the participation story – is one of notable gains early on, but a flattening out more recently (around the time of the sexual misconduct earthquake).

===

**Figure 5**



===

It’s true that many complainants who have received media attention are themselves prominent persons, not typical female employees. But the fact that the larger world has responded to their complaints suggests that the stories have a resonance which now makes it difficult to cover up past and current



misconduct and thus requires action. Both Hollywood and electoral politics ultimately depend on broad public opinion. Both sectors are in the business of selling their “product” to the general public. The phrase “glass ceiling” in the past has been mainly applied to unseen barriers to women obtaining top management positions. Compared to the overall workforce, the number of potential candidates for top management posts is small. But it seems that a more widespread glass ceiling – the slowdown of women’s progress in the labor force – is having a wider effect. At least that’s my hypothesis. Have you got a better one?

## Mitchell's Musings 12-4-2017: I have a bad feeling about all of this

Daniel J.B. Mitchell

Here's a news item from [Newsweek](#), 11-24-2017:

### STUDENT ACCUSED OF SNATCHING MAGA HAT FROM TRUMP SUPPORTER MAY FACE YEAR IN JAIL

*A student accused of snatching a MAGA hat from a Trump supporter could face a year in prison over the alleged misdemeanor. Edith Macias was charged with grand theft this week after allegedly taking the hat from fellow **University of California, Riverside** student Matthew Vitale at a campus meeting on September 27. Footage of the incident was posted to Facebook, showing Macias lambasting Vitale for his decision to wear the hat — a video that went viral:*

<https://www.youtube.com/watch?v=K3zpTKq3llw>

*"This is mine. You do not get to take other people's property that is legally theirs in this county," Vitale told Macias after his hat was allegedly taken. "Man, fuck your laws," Macias replied, also telling Vitale in the footage: "Your fucking freedom of speech is genocide, homeboy! Is that what you are trying to represent?" then refusing to give the hat back, prompting intervention from police officers.*

*According to the Riverside County District Attorney's Office, Macias could face up to one year in jail after being arrested over the incident because Macias is being charged with a higher misdemeanor than a normal petit theft because she allegedly swiped the hat off Vitale, Fox News reported.*

*The arrest warrant says Macias claimed to one of the police officers she wanted to burn the MAGA hat because she felt the words "Make America Great Again" were symbolic of the "genocide of a bunch of people." Vitale, who is a member of the college's Republican Club, pressed charges following the incident and explained that he was "excited" to see the district attorney's office had taken the complaint seriously.*

*"I do, very proudly, wear my MAGA hat," Vitale told Fox News. "I'm not doing this to be punitive or see her rot in jail. I want people my age to realize that things like this aren't tolerated in America. We just want to have our rights guaranteed and that's what it's all about," he added.<sup>32</sup>*

Despite the headline, the chance that the defendant will spend a year in jail for her offense is nil. Unless she has other issues on her record, some deal will be cut. Anger management training, community service, taking a course on the constitution, or something like that is my guess as to the outcome (if the case isn't entirely dropped).

On one hand, you can see the confrontation as a dialog of the deaf, with an empty hat slogan vs. empty return rhetoric. But if you look at the upcoming 2018 elections, or even 2020, you don't have to guess

---

<sup>32</sup><http://www.newsweek.com/student-accused-snatching-maga-hat-trump-supporter-may-face-year-jail-721945>

which side benefited. It's the one that appears on the side of free speech and calm reason. The hat wearer may or may not have wanted to provoke a confrontation. But either way, he knew just what to do. Make a video of the event, refrain from grabbing the hat back or physically confronting his adversary, insist on his constitutional rights, etc. In fact, it's a classic non-violent strategy of the type used by civil rights workers in the 1950s and 1960s to combat segregation: allow the other side act unreasonably and let an electronic medium spread the images. Back then it was TV that carried the images; now it's YouTube.

And don't think that the fact that this particular confrontation occurred in blue-state California provides insulation from political ramifications. Newsweek is a national source of information distributed outside California. And, as it happens, some of the relatively few House seats that are up for grabs in 2018 are found in California, thanks to its changing demographics and political trends. UC-Riverside is located in a general area in which there are some House seats that could go either way. Moreover, there have been a stream of related events on other campuses in recent years that are in red states or which received national attention.

Inside Higher Ed carries an article about a college newspaper in Texas that carried inflammatory rhetoric:



I could reproduce the full article on the Texas story. But the picture above tells the story well enough.<sup>33</sup> And the issue goes beyond elections over the next few years and to the longer-term future of higher

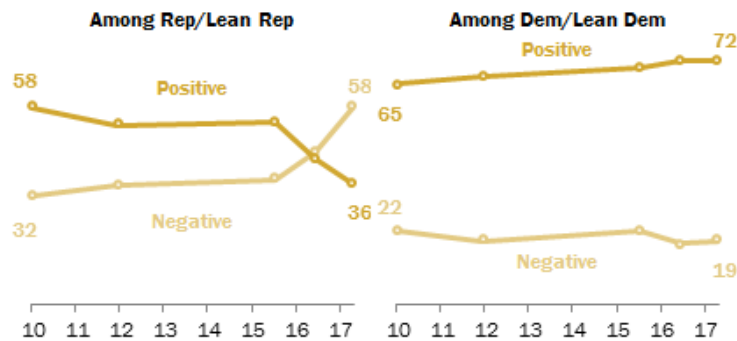
<sup>33</sup><https://www.insidehighered.com/news/2017/12/01/texas-state-president-blasts-racist-student-column>

education itself, as a recent Pew poll suggested.<sup>34</sup> If you think it's an accident that the Republican tax bill has features that aim at universities and students, look at the graphic from that poll below and think again.

---

**Since 2015, sharp rise in share of Republicans saying colleges have a negative effect on the country**

*% who say colleges and universities have a \_\_\_\_ effect on the way things are going in the country*



Note: Don't know/Other responses not shown.  
Source: Survey conducted June 8-18, 2017.

PEW RESEARCH CENTER

---

And then there are the revelations about sexual harassment and assault in Hollywood and politics, about which I mused recently from just a labor-market perspective.<sup>35</sup> Progress in the workplace that hopefully will occur as a result may not produce progress in the political realm, particularly a realm in which the president on tape was heard by the electorate confessing to similar deeds - but won an election anyway.

The problem is that even as the revelations move to improve the workplace climate for women, every action has a reaction. The harassment cases that make the news are those involving big names for obvious reasons; the public is not interested in what Joe in the mailroom may have done or Harry on the assembly line.<sup>36</sup> But some observers have noted that it can't be the case that the misbehavior in Hollywood and politics was confined only to high-profile personalities in those two sectors. There have

---

<sup>34</sup><http://www.pewresearch.org/fact-tank/2017/07/20/republicans-skeptical-of-colleges-impact-on-u-s-but-most-see-benefits-for-workforce-preparation/>

<sup>35</sup><http://employmentpolicy.org/page-1775968/5592725#sthash.SKHduQYX.dpbs>

<sup>36</sup><https://www.theguardian.com/world/2017/nov/22/sexual-harassment-doesnt-just-happen-to-actors-or-journalists-talk-to-a-waitress-or-a-cleaner>

to be many more men employed in less visible jobs and industries who now feel threatened, perhaps based on past behavior.

You can say that's too bad for them. That is the kind of thinking that produced the outcome of the 2016 election that pollsters missed. But who gets more votes in 2018 and 2020 if threatened voters act on their fears? It's likely that the bad-male-behavior-in-the-workplace issue will be kept alive, not just by new exposures but also by what seems to me to be inevitable litigation resulting from the big-buck contract terminations. Up to now, the revelations have produced apologies of various degrees of sincerity from the celebrities and politicians involved. But not all of them will go quietly into the night when substantial sums of money are at stake.

And then there is the Steinle case in San Francisco, a woman shot by a undocumented man who was deported several times, had a criminal record, and seemed to be protected from deportation by San Francisco's "sanctuary city" policies.<sup>37</sup> He was acquitted of murder after a jury trial and convicted only of having a gun illegally. Yes, evidence was presented that convinced the jury that he was not aiming at the woman and that the bullet ricocheted into her. But the headlines are what they are, and not just in right-wing news media. To the extent that votes are influenced by this event, where do you think they go in 2018 and 2020?

LATIMES.COM/CALIFORNIA



## Deportee is acquitted in fatal S.F. shooting

Trump calls verdict in favor of Mexican man who'd been freed from custody 'disgraceful.'

BY BRITNY MEJIA AND  
ALENE TCHEKMEYIAN



<sup>37</sup><https://www.nbcnews.com/news/us-news/kathryn-steinle-killing-san-francisco-defends-sanctuary-city-status-amid-n825836>

As we have noted in earlier musings, there is nothing on the economic horizon that suggests a recession (which would be bad for the ruling party). But there do seem to be a number of unrelated and unplanned events occurring that work to benefit the incumbents in Congress, in the Senate, and ultimately the president.

Of course, there *is* the Russia-thing...

## Mitchell's Musings 12-11-2017: Be Careful What You Wish (and Incentivize) For

**Daniel J.B. Mitchell**

I want to start by drawing on two labor market and labor relations observations and then move to lessons from them for the world of contemporary politics.

First, there is the Wells Fargo scandal in which the bank's employees created accounts for customers without their consent. Their employer wanted its employees to "sell" customers on additional accounts and rewarded employees who appeared to do so (and penalized those who didn't). Of course, incentives for sales personnel are often found in the retail world. But obviously, with hindsight, something went awry in this case. Presumably, Wells Fargo – had it foreseen the eventual consequences (reputational damage, lawsuits, fines and penalties) - would have designed its reward-and-penalty system differently.

However, Wells Fargo is not the first, nor will it be the last, retail employer to see perverse results arise from a so-called pay-for-performance system. Pay-for-performance is an abstract concept that sounds good. It seems to solve what economists call the principal-agent problem. How does the principal (in this case the employer/bank) ensure that its agents (employees) do what it wants? In practice, it turns out that the details of the system matter. Just setting up an incentive system and putting it on auto-pilot without adequate monitoring and control can easily produce bad behavior. But monitoring and controlling add to the cost of administering the system. And even with use of monitoring and controls, there are problems.

It was known by the late 19<sup>th</sup> century (if not before) that a simple piece rate system can produce incentives for quantity over quality. "Scientific management" – which came along in part to correct that problem – introduced time-and-motion studies to exercise detailed monitoring and control over what workers were doing. But for such controls to work, those conducting the studies had to determine what pace could normally be expected from workers. However, armed with the knowledge that the studies could lead to a faster pace of work, there were incentives for workers to collude and slow down when the inspector came around so that easier norms could be established.

The bottom line is that *all* incentive systems, no matter how they are designed, have flaws and can lead to perverse behavior. And the notion of what are incentive systems has to be expanded beyond just pay and bonus formulas. All organizations have practices and institutions – whether or not they are outlined in official personnel handbooks – that determine how individuals "get ahead." A new employee will do well to figure out what those arrangements are, and then act accordingly. Whether intentionally or not, typically employees are in some sense competing with one another within organizations for promotions and other benefits. Under such circumstances, there are incentives to upgrade yourself, possibly at the expense of others. Office politics and related perverse practices that can undermine team cooperation to the ultimate detriment of the employer may be the result.

*Lesson #1: Always pay attention to the structure of incentives, broadly defined. Incentive systems always have the potential to lead to bad behavior.*

My second observation comes from union-management relations and specifically the arbitration of grievances ("rights" arbitration). Almost all union contracts contain some form of arbitration to deal with disputes over the meaning of contractual terms. And almost all contracts require some form of due

process in cases of employee discipline (including terminations). If there is a dispute over whether discipline in particular case was “for cause,” the matter can ultimately be taken to arbitration.

Under arbitration clauses, a neutral arbitrator – who is selected by mutual agreement of union and management – hears complaints that the contract has been violated. The arbitrator receives evidence from both sides, written and oral, and then makes a binding decision. In the case of employee discipline, the arbitrator determines, based on the specifics of the contract and other evidence, whether the discipline was justified. The arbitrator can uphold the employer’s disciplinary action, prescribe a lesser form of discipline, or simply void the discipline entirely.

An important element in the arbitration process is that the arbitrator is neutral. He or she is neutral, not only in the sense that there is no connection with either the employer or the union, but also in pay. The fee and expenses of the arbitrator are split 50-50 between the two sides. So, in principle, the arbitrator is not indebted to either party.

*Lesson #2: When someone is accused of bad behavior and disputes the accusation, it is useful, where possible, to have a process for review, especially by a neutral outsider.*

Okay. Armed with these two observations on incentives and arbitration, let us add a third observation related to politics and to the current circumstances in which various prominent (male) politicians are being charged with improper acts ranging from sexual harassment to various forms of sexual assault. A number of politicians have resigned after such allegations were made. Some of the accused have simply admitted that the allegations are true. But others have resisted resigning and have denied the allegations. Or they have given other interpretations of their reported encounters.

One case in particular involves Roy Moore, the Republican candidate for U.S. senator in Alabama. At this writing, I do not know what the outcome of that special election will be. But Moore has denied the allegations made against him and has continued in the race despite calls for him to drop out. In connection with the Moore contest, there was a recent situation in which a woman reported to the *Washington Post* that Moore had impregnated her when she was a teenager.

There is a lot at stake in the Alabama election including continued Republican control of the Senate. So the incentives (there’s that word again!) for discrediting the *Washington Post* are very high. There are those who would like to see the *Post* discredited, both in connection to the Moore election and with regard to various reports in that newspaper in connection with President Trump and the Russia affair.

It turned out that the woman who approached the *Post* was an agent of a group that was hoping the *Post* would accept her word without investigating and publish the story. Evidently, the plot was to get the allegation published and then to reveal it was phony, thus discrediting the newspaper. But the reporters at the *Post* looked for evidence, found that the allegation was suspicious, and determined its source. The plot failed because the reporters followed good journalistic practice, did not assume that the allegation was genuine, and looked instead for evidence. They followed a process.

There have been arguments that when women have made allegations of sexual misbehavior in the past, both in Hollywood and politics, their stories were disbelieved and therefore now we should switch to a regime in which the default should be belief. In fact, neither automatic belief nor disbelief will produce good results. The argument that no one would lie about being the victim of sexual misbehavior may well



have been an approximation of the truth in the past, but it isn't true now – as the *Washington Post* episode clearly demonstrates. Institutions and incentives have changed.

In the past, the institutional arrangements were such that women who were victims risked further victimization in terms of career advancement if they talked. And they were sometimes offered money in exchange for silence. Or they were threatened by lawyers and others. So past allegations – which would have been made despite the incentives that existed then – had particular credibility. But we have entered a world now in which that assumption cannot be made. Coming forward now produces different results, at least in Hollywood and in politics. It now often leads to the end of the career for the alleged perpetrator, not the victim. Once the institutions change, the incentives are different.

If we enter a world in which evidence is not required, the results will be perverse. *There is no substitute for evidence.* And the determiner of evidence should be as neutral as possible. For the accused and terminated Hollywood types, at least some of the resolution may eventually take place in court. As noted in a prior musing, it's hard to believe that the celebrities whose careers came to an abrupt end didn't have contracts that spelled out what would be required for early termination. However, I am less worried about Hollywood celebrities than about politicians; the fate of the nation does not hang on TV and movie personalities.

One notion that has been put forward is that if *several* women make similar allegations, that similarity is the default proof of truth. But, again, in the current high stakes world, if that standard becomes the rule, the new rule becomes known also to groups such as the one that sent the one lying woman to the *Washington Post*. All they would have to do to bring down a politician is send two or three women making allegations instead of just one. There is little doubt that – if the stakes are high enough (control of the U.S. Senate, for example) – the money will be there to hire as many people making allegations as the standard seems to require. The incentives now and in the future have changed from what they were in the past. What was credible in the past is not necessarily credible in the new regime.

As decades of arbitration practice demonstrate (and as years of good journalistic practice demonstrate), there needs to be a process and a standard of proof that is more than just an allegation. It doesn't have to be as extreme as the oft-cited “innocent until proved guilty,” the standard used in criminal cases. But whatever the standard, it should involve more evidence than an allegation. And the determiner of evidence should be as neutral as possible.

Now let's get even more specific. Although both Democratic and Republican politicians have stepped down after sex-related allegations, based on recent events, it appears that the evolving rule of stepping down after allegations are made is going to favor Republicans. In the Moore case, for example, although top Republicans have called for him to step down, he has continued in the race. The president – who himself did not step down when allegations were made against him – continues in office and has endorsed Moore. Meanwhile, Democrats have forced the resignation of Minnesota Senator Al Franken.

Franken at first did not want to step down and wanted instead to have the Senate ethics committee investigate his case, i.e., to use the process available, but the Democratic leadership nonetheless forced him out. (It would be a Good Thing if the internal processes in the House and Senate were reformed to use an outside neutral as decision-maker, but that is the topic of some other essay.) Franken represents a potential swing state where the seat he now occupies could eventually go Republican. In contrast, if

Moore had dropped out, it would have left only a Democrat on the state ballot. Moore gets to use a process with the result determined by outsiders – the election. Franken doesn't get any process.

There is less at stake in the House than in the Senate. So, not surprisingly, it is there where we see resignations of both parties – e.g., John Conyers as a Democrat and Trent Franks as a Republican. Neither resignation will affect control of the House. Both individuals will likely be replaced by members of their respective parties.

It looks as if only one political party understands the incentives that are now in place and knows how to weigh them against the stakes involved. Republicans resign if it doesn't matter. Democrats resign whether it matters or not in the hope that somehow doing so will shame the other party into doing the same. But there is no shame. Republican officials distance themselves from candidates such as Moore, but provide him with *de facto* support and, in the case of the president, explicit support.

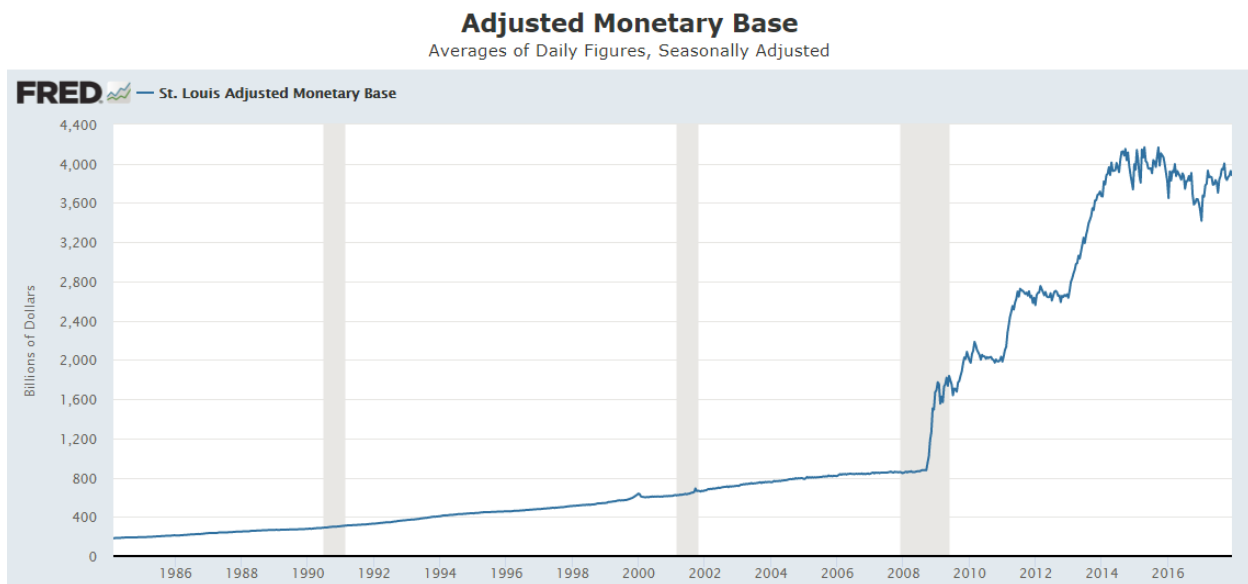
If those are the arrangements and incentives that have been created, the same interests that sent the lying woman to the *Washington Post* will undoubtedly take note and will act accordingly in the future. If you think that state of affairs is fine, so be it. If you believe it is a problem, but you think that Democrats should be consistent and moral above all other considerations, so be that, too. But is it really moral when someone denies an allegation to provide no process for examining the evidence? And isn't there a famous quote about consistency, hobgoblins, and small minds?

## Mitchell's Musings: 12-18-2017: Benefits and Losses and Uncertain Results

Daniel J.B. Mitchell

As we have noted in earlier musings, the leadership of the Federal Reserve is changing. And it appears that the Trump replacements on the Fed are likely to tilt toward non-economists, mainly banker/business types. That outcome may turn out to be a Good Thing, even if an accidental result, compared with what could have happened. (Obviously, the Fed's research staffs, both at the Board of Governors and the regional banks, will continue to be professional economists.) The danger with Trump was that he might have picked either an ideologue economist – perhaps an old-fashioned monetarist still puzzled why there isn't a roaring inflation and convinced it is about to happen – or a wacko with a leaning toward the gold standard and/or who-knows-what-else. That's the benefit of the choice he actually made recently. Not an ideologue. Not a wacko.

The best choice would have been to continue with incumbent chair Janet Yellen.<sup>38</sup> That's the loss. President Trump instead went with another member of the Fed's Board of Governors as the new chair, a lawyer and banker, Jerome Powell.<sup>39</sup> Most recently, the administration has assured us that there won't be a recession anyway so not-to-worry.<sup>40</sup> And, of course, none is forecast at present by outside economists within a reasonable forecasting horizon (which isn't all that long). There are some signs of a potential bubble in the making in financial markets, some real estate markets, and the fraud-prone/fraud-encouraging bitcoin market. But there are some challenges, even assuming that no recession is looming.



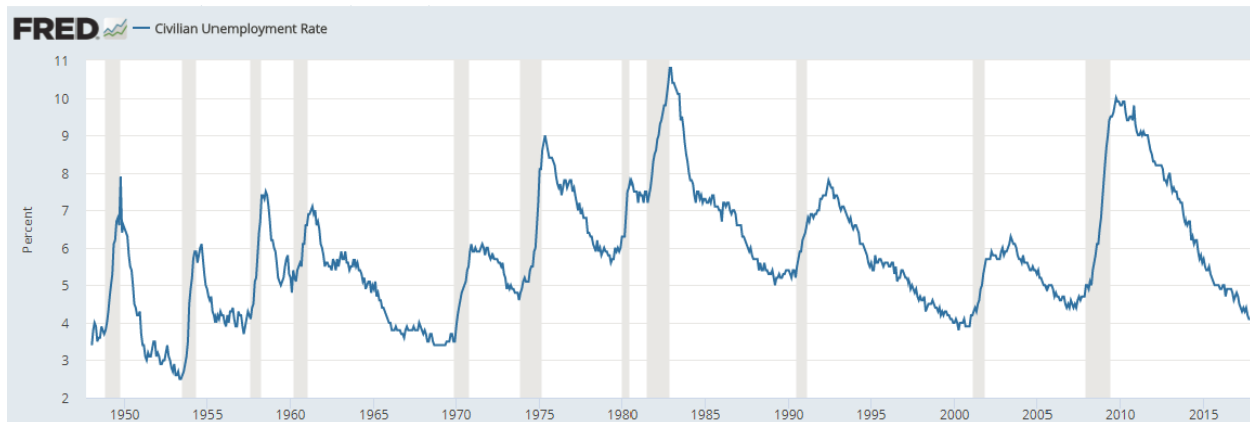
One challenge is that – since the old economic models aren't working – the Fed itself will make a mistake and *cause* a recession. To old-fashioned monetarists, the fact that the monetary base substantially increased due to the Fed's response to the Great Recession means, as noted above, that the inflation rate should have (substantially) responded. Other economists, who are less ideological,

<sup>38</sup><https://mobile.nytimes.com/2017/12/09/business/janet-yellen-didnt-set-out-to-be-a-feminist-hero.html>.

<sup>39</sup><https://www.nytimes.com/2017/11/02/business/economy/jerome-powell-federal-reserve-trump.html>.

<sup>40</sup><https://finance.yahoo.com/news/trump-recession-will-never-happen-195223605.html>.

tend to fall back on the notion of a natural rate of unemployment which will produce wage and price inflation once the actual rate falls below it. You would have to go back to the late 1960s or even to the Korean War – both periods with notable inflationary pressures – to find unemployment rates well below the current levels. So the conventional wisdom – and the seeming external consensus – is that the Fed should do a classic taking-away-the-punch-bowl-just-as-the-party-starts. That is, it should be slowly raising interest rates (which it has been doing). But overly-aggressive punch bowl grabbing could cause a reversal, particularly if some markets are verging on bubbles.



There is also a seeming consensus that because the Fed acquired substantial financial assets in response to the Great Recession and its aftermath in an attempt to stimulate the economy, it should now be selling off those assets because the size of its portfolio is abnormal. But it is unclear why a central bank holding more assets than usual is a Bad Thing. More importantly, if acquiring those assets was seen as a stimulus, wouldn't selling them be contractionary? No one seems to be asking such questions. Will a lawyer/banker Fed chair ask them? Will he question the consensus?

One had the sense that, at least behind the scenes, Chair Yellen was more pragmatic about what the Fed should be doing than the external consensus that seems fixated on some notion of getting the Fed back to "normal." The Fed is a central bank, and so it is not a normal institution with normal constraints that an ordinary bank would have. Of course, it might be argued that having non-economists in charge of the Fed will actually lead to pragmatic questioning of the consensus. But the reverse could also be true.

We do know that as the economy began to falter in 2008, Yellen's predecessor as Fed chair – academic economist Ben Bernanke, a student of the Great Depression – ended up being a key player in stemming the collapse. Would a lawyer/banker as Fed chair be able to play that role? No one knows. Only if you assume that a recession at some point during the new chair's reign is impossible is the answer to that question irrelevant.

## Mitchell's Musings 12-25-2017: At the Margin

Daniel J.B. Mitchell

*Note: As was the case last year, there will be no further musings until April 2018, since I teach January-March and time is a limited resource.*

===

Economists in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries developed the idea of marginal analysis. It explained basic concepts that are now routinely presented in Economics 1 such as demand and supply curves. In essence, it distinguishes between average and marginal.

For example, when gasoline prices shoot up because of some disturbance in world oil markets, reporters will routinely interview consumers who say that they have to get to work, that they have no alternative but to pay the higher price, that they can't take the bus because it's too slow, etc. But somehow, transit usage inevitably goes up, despite these interviews. [<https://www.youtube.com/watch?v=MPtPQPGLbyI>] And if the high prices persist for an extended period, people start buying smaller, gas-efficient cars and making other cost-saving adjustments.

Why? Because *at the margin*, there are people for whom the choice between driving and taking the bus is not so dramatically different. They could go one way or the other. They are different in that respect from the average driver. And the high price of gasoline tilts them toward public transit. Not everyone responds. But some folks do. And, over time, the response is bigger as the opportunity to change behavior becomes greater. In economics terminology, the price elasticity is higher in the long-run than immediately.

Similarly, journalists have been in the habit of interviewing people about their political preferences and then noting that some folks won't – and seemingly can't - change their minds despite extreme contradictions to their beliefs. It's partially that people don't like admitting past error and partly confirmation bias. They believe messages that confirm their beliefs and filter out contradictory messages. So particularly with Trump supporters during the past year, journalists find lack of movement in his "base" of average, not marginal, supporters.

The problem with that kind of analysis is that the electorate also contains "swing" voters – people *at the margin* who can move one way or the other. The fact that some people are immovable doesn't mean that everyone is. And following the gasoline price example, over the long term – if there is a stream of contradictory information – more people will change their minds than in the short run. The challenge for the opposition is to influence the marginal voter. But that task may be more difficult than some folks imagine.

In prior posts, I have noted that there is no reason to expect a faltering economy between now and the November 2018 elections. Of course, some world crisis could change that outlook so any forecast has to be qualified. Still, real GDP has been growing at something like 3%/annum. You can argue about measurement. But as we measure it, all that it takes to grow at 3% is labor force growth at around 1% and productivity growth around 2%. There is nothing outlandish about either figure. (Of course, the much higher numbers used to justify the idea that the tax cuts recently enacted will pay for themselves are not plausible.)

The outlook for 2020 is less clear, but only because forecasting out that far has too many unknowns. If you want to justify a substantial slowdown or even recession by then, you have to sketch out some scenario of an overheated economy leading to inflation and a Federal Reserve reaction that goes too far. But inflation has not been behaving as expected for some time. So counting on such a scenario would be risky at best.

Reasonable performance of the economy tends to reward incumbents. So the idea that President Trump's low poll ratings will hand Congress or even the Senate to Democrats represents excess optimism on the part of Trump opponents. For there to be change, those folks *at the margin* in swing districts and states have to be persuaded that they made a mistake in 2016.

Persuasion of that type is a delicate balance. It is surely not accomplished by alienating potential allies. Excessive identity politics are not going to have the desired effect. Such politics don't stop at making folks proud of their heritage; instead they castigate others – particularly the others who made the Trump victory in 2016 possible (and carried along the Senate with him). Even the current focus on sexual harassment and assault, as noted in a prior post, has led to excesses and a potential backlash. You can argue that the excesses are rare, but one thing of which you can be sure is that they will be highlighted on the right.

Here is a recent example of excess. Actor Matt Damon opined that there are gradations between Weinstein-type sexual assault and predation and just coarse behavior. Minnie Driver, another movie celebrity, castigated him for his remarks. Because of the prominence of both individuals, their spat received notable publicity. The essence of the complaints against Damon was that men shouldn't talk about the issue. But as Joan Vennochi, a Boston Globe columnist pointed out, *"for the first time, we are talking about male behavior with colleagues and family members. Why shut it down with across-the-board man-shaming?"*<sup>41</sup> Ask yourself, *on the margin*, does this Hollywood tempest make voters in critical districts net more or less likely to vote for politically-correct Democrats? Under what set of assumptions does castigating potential allies attract their support (and votes)?

Do you think the Hollywood upheaval is irrelevant for political outcomes? In a musing two weeks ago, I wrote about Senator Al Franken and what could be the result of his forced resignation; that was a clear case of Hollywood spillover into politics. Here's another: Democrat Doug Jones recently beat Roy Moore – a candidate with extreme negatives in the sexual harassment area – in Alabama by a small margin. Jones – who has yet to take office - was promptly criticized on the left for not calling for Trump to be removed based on his (Trump's) harassment allegations.<sup>42</sup>

Jones – it must be emphasized – is from Alabama, i.e., Trump-land. It was a miracle he was elected, and yet he is apparently not to be allowed leeway to consolidate support. If that pattern of internal conflict persists, and if the economy continues as it is, is a dramatic political shift to the left really likely between now and November? Sometimes, if you want to win, you need to rise above principle.

There is a lesson from California that might be relevant. In 2003, Republican Arnold Schwarzenegger won a recall election against incumbent Governor (and Democrat) Gray Davis. The main issue in Davis'

---

<sup>41</sup><http://www.bostonglobe.com/opinion/2017/12/19/matt-damon-right-about-sexual-misconduct/tQeemaoxJXV2283pg3TPMK/story.html>.

<sup>42</sup><https://www.gq.com/story/jones-damon-opinion-harassment>.

demise was a state budget crisis. Schwarzenegger had considerable popularity from his film career and promised to make California great again in a nonpartisan way.<sup>43</sup> He temporarily dealt with the budget crisis by borrowing and got the electorate to endorse his solution via ballot propositions needed to accomplish his “fix” in 2004. But in 2005, he called a special election and put on the ballot four propositions that essentially mirrored Republican priorities at the time. It’s a long story and the details are not important here.<sup>44</sup>

In the end, however, all of the Schwarzenegger propositions were defeated. How did that result come about? It did not come about by alienating voters who, only two years before, had voted for Schwarzenegger in the recall election. The battle was largely fought on TV and consisted of ads that focused on the idea that Schwarzenegger was at fault for not doing what voters had expected of him back in 2003. In other words, it was not the voters’ fault; it was the governor’s fault. Voters were not deficient. The new governor was deficient. There were many ads aired, but take a look at this one:

<https://www.youtube.com/watch?v=jgK2JJFJ2pA>

In short, for potential voters: no blame, no shame, and a simple message back in 2005 in California changed a political outcome. Can Democrats do it again in the national context in 2018 (or 2020)? Their contemporary problem is having constituencies that are not focused on the election or that, because of group-think, can’t imagine others with contrary views (or don’t care if they offend them). There is the old Will Rogers quote which seems applicable: "I'm not a member of any organized political party... I'm a Democrat."<sup>45</sup>

In contrast, Republicans have long been seen as the party of business. And the business of politics is winning. So the notion that Trump’s low poll ratings, or the recent tax legislation, or the undermining of Obamacare, or changing national demographics is guaranteed to upend the political scene in 2018 (or 2020) is wishful thinking. It will require an organized no-blame/no-shame, focused campaign aimed at appealing to those voters *on the margin* and on not offending them.

Of course, I could be wrong. And there is the Russia-thing. But can you count on it?

---

<sup>43</sup>See the first TV ad at [https://www.youtube.com/watch?v=CkE11Egb\\_7Q](https://www.youtube.com/watch?v=CkE11Egb_7Q).

<sup>44</sup>For those details, see [http://www.anderson.ucla.edu/documents/areas/fac/hrob/mitchell\\_califwusa.pdf](http://www.anderson.ucla.edu/documents/areas/fac/hrob/mitchell_califwusa.pdf).

<sup>45</sup>[https://www.willrogerstoday.com/will\\_rogers\\_quotes/quotes.cfm?qID=4](https://www.willrogerstoday.com/will_rogers_quotes/quotes.cfm?qID=4).