

# POLITICAL ECONOMY

## IN THE CAROLINAS

### THE COMPLACENT CLASS: THE SELF-DEFEATING QUEST FOR THE AMERICAN DREAM

*Tyler Cowen*

New York: St. Martin's Press, 2017. Pp.  
ix + 241. \$28.99, hardcover

Book Review by:

**Robert Whaples**

*Wake Forest University*

Tyler Cowen is a remarkable thinker, one of the leading public intellectuals and social observers of our day. If you follow his blog, *Marginal Revolution*, you may suspect, as I do, that there are actually half a dozen or so men named Tyler Cowen. How else could he (they?) read so much and have so many interesting things to say on so many different subjects?

Fittingly, the subject of *The Complacent Class* is very broad: how economic, technological, social, cultural, and political factors have thrown Americans into a rut, a rut we do not seem to want to climb out of. We have, Cowen argues, become too risk averse and too set in our ways. We have lost much of our dynamism. There are growing problems all about us, and we have lost our sense of an urgent need to fix them.

Cowen argues that complacency dominates society from top to bottom and is evident in many facets of our lives. One aspect is mobility. Young people are much less likely to get driver's licenses than a generation ago. We no longer move very often: interstate mobility has fallen by 51 percent since 1948–71, intercounty mobility by 31 percent, and within-county mobility by 38 percent. In particular, moving to seek new job opportunities is down. We used to move to opportunity. Now we—especially people with low incomes—do not do so very much. Economic studies show that moving to opportunity has huge payoffs, but we are increasingly stuck in place. Part of the reason for this is state-specific occupational licenses. A bigger reason is that zoning laws make it too expensive for people to move to productive areas where wages are high. (In the 1950s, rent for the average New York apartment was about 11 percent of the median national salary; today the figure

is an unbelievable 84 percent.) On top of this, we just do not seem to want to get up and go, to leave our familiar but suboptimal turf.

Another facet of complacency is the reemergence of segregation. The new segregation is increasingly along income lines, and the most segregated places tend to be booming metropolises. In the top ten are Austin, Columbus, Dallas, Houston, Los Angeles, San Francisco, San Jose, Washington, and two major metro areas in the Carolinas: Charlotte and Raleigh. Higher-income people like to live in more expensive neighborhoods, among people like themselves, and insulated from social problems. This may be good for them on an individual level, but it harms society as a whole. It is largely enforced by building codes that keep the poor away from good schools, good role models, and good connections.

Perhaps the deepest manifestation of this complacency is our response to the Great Stagnation (the title of Cowen's previous book): the drop in American economic growth and deceleration of technological progress in recent decades. We have done little to overcome this. The fraction of the workforce engaged in research and development has fallen, with R&D intensity peaking in the 1960s. We have allowed monopoly power to rise in many industries, choking off competition and innovation. Business-startup rates are sagging, and the aging of our corporations has sapped their dynamism. The numbers are not pretty, and Cowen supplies many numbers. Conventionally measured standards of living are not rising much. Instead, education quality and levels are stagnant, suicide rates are up, and life expectancy has stopped climbing. Other symptoms include our lack of will to take on big projects as the nation did in the middle of the twentieth century—such as building the interstate highway system, defeating communism, and sending a man to the moon—and to take on more mundane

problems such as the reduction in auto- and air-travel speeds. (I was reading the very section on this topic in an airport when a delay alert came to passengers on my flight. The electrons announcing the delay moved quickly to our cellphones, but we were stuck for hours.)

A note of optimism is in Cowen's discussion of how matching technologies (for example, Facebook, eBay, Spotify, and Yelp) have improved our lives. For example, more than a third of couples who married between 2005 and 2012 met online. Better matching is "a bit like fixing a traffic jam" (p. 116). But this is a double-edged sword because only those who are good at using information, infovores like Cowen himself, can actually benefit from it. I found this to be the least convincing part of the book. Are we to believe such matching technologies have really made marriage and other personal relationships work better than such relationships once did? If so, why is the fraction of the population married at every age declining so rapidly and why has the percentage of people who say that their marriage is very happy fallen since the 1970s? Why are people's social lives such a mess? It may be that these new technologies and the cultural drift they spawn only encourage people to become pickier; there is always something a little better out there they can find, and it is getting easier and easier to look. This might be fine when it comes to finding just the right restaurant, but it is a recipe for disaster when it comes to marriage. Perhaps it is easier to build a good marriage the old-fashioned way: by changing yourself, adjusting to the needs and personality of your spouse, truly caring about him or her, and trying to make yourself a better person. Caring is an act of the will—a choice—and we have been replacing such choices with choice menus from websites. The matching technologies Cowen celebrates seem to only exacerbate the modern problem of focusing on ourselves too much.

Cowen closes on a cautionary note. The American political system is deeply dysfunctional. We used to riot when change was needed. Now we legalize marijuana. The federal budget is a mess: deficit are chronic, and about 80 percent of the budget is “locked in” to spending determined by programs (such as Social Security) we set up long ago. Congress has power but refuses to use it, pushing solutions into the future. The problem is cultural. We can (and do) now “sit at home for a week, read the internet, watch Netflix streaming, and have groceries delivered to [our] door, all in lieu of striving for greatness” (p. 170) while we have fallen, as Alexis de Tocqueville warned, “into a complete and brutish indifference about the future” (p. 168). By ignoring our problems and failing to make the hard choices to fix them, we let them build up; eventually an explosion will come, warns Cowen.

I am less pessimistic about economic stagnation than Cowen and see many routes by which rapid growth is possible and even probable—cutting counterproductive regulations, for example. Even if economic growth continues at lower levels, our material consumption will vastly exceed our needs. However, I am more pessimistic than Cowen about the fruits of our new technologies. With our material needs met, many will turn, continuing the modern trend, toward increasingly superficial wants such as the glorious dining experiences Cowen often extols, bondage dating (see p. 106), or even the mad quest of “strivers” to be “better” than everyone else in the world. This will be our failure to reach for greatness, for greatness comes from virtuous behavior and focusing on eternity.