Economic Victimhood

I stayed up “too late” watching *North Face (2008)* last night. The movie is about mountain climbers in the 1930’s. The relevant subplot that tweaked my interest revolved around the newspaper reporter who was only interested in a mountain climbing story if either one of two events occurred; a successful ascent of The Eiger, or the death of the mountain climbers. It reinforced that fact that victims have always made for good news stories.

Economic reporting is no different. If you were to believe news stories, economic victims are everywhere. “Poor Joe can’t make his mortgage payment; poor Suzy lost her job and has been unemployed for two years; poor Billy doesn’t have health insurance; poor California has to pay in IOU’s, and so on. The story is always the same. People, businesses, and even governments are all victims.

Reporters never get beyond victimhood. They never ask “why?’. “Why did Joe lose his house? Why did Sally lose your job? Why doesn’t Billy have health insurance? Why can’t California pay its bills?” Perhaps they don’t ask why because it doesn’t fit nicely into ten second sound bites. The result is that people miss the real story. In turn, they start thinking of themselves as economic victims instead of economic actors.

Isaac Newton’s third law of motion is, “Every action has an equal and opposite reaction”. It’s just as true in the economic world as it is in the physical world. Actions have consequences, albeit some more foreseen than others. Economics is the science of decision making in a world of scarce resources, so it shouldn’t be surprising that economists like to focus on choices that people make.

Perhaps Joe lost his house because rather than build equity when times were good; he chose to go on lavish vacations. Perhaps Sally chose a career that paid well at the time but had no future. Perhaps Billy chose a higher paying job with no health benefits over a lower paying job with health benefits. Perhaps California can’t pay its bills because politicians insisted on spending money they didn’t have.

No one is clairvoyant, but we can all understand that not saving for a rainy day increases the likelihood of getting wet. Spending money we don’t have will get us in debt. Specializing in seasonal or cyclical occupations increases our income volatility.

That being said, no one should be expected to know that staying up late to watch movies increases the likelihood that they’ll be tired the next day. I’m clearly a victim, and uber-capitalist Netflix is the villain!