

Only the Rich

The government gives an excludable good away for free: roads, parks, education, medicine, whatever. Then some economist advocates privatization of one of these freebies. Technocrats may offer some technical objections to privatization. Normal people, however, will respond with a disgusted rhetorical question: “So *only the rich* should have roads / parks / education / medicine / whatever?”

A straw man? Not really? As I’ve explained, a straw man is when you falsely attribute a silly argument to your opponents. But “Only the rich...” is an argument the opponents of privatization routinely embrace.

But what exactly is so silly about the “only the rich” argument?

1. Some free government services would remain quite affordable after privatization. These goods certainly wouldn’t “only be for the rich.” This is especially clear if (a) government subsidies are currently driving up prices or (b) privatization paves the way for broad-based tax cuts.
2. Suppose that after privatization, the formerly free goods become quite pricey. The non-rich could still afford them by *making their purchase a priority*. In the current regime, for example, boats are pretty expensive. But many people of modest means still own boats because they make boat ownership a priority, sacrificing other goods and services to free up funds for the activity they intensely value. Prioritizing is especially effective in the long-run because motivated people can and do save money to build up a nest-egg.
3. The market often offers expensive full-price products and affordable substitutes side-by-side. In a free market, for example, driving during peak time would probably be very expensive. But tolls earlier or later in the day would be far cheaper.
4. If they plan ahead, the non-rich can often afford extremely expensive products by buying insurance. Even if the rates aren’t cheap, insurance is the classic way to transform devastating financial shocks into manageable financial burdens.
5. Where all else fails, the non-rich can turn to borrowing and charity.

Intelligent critics are likely to blame me for being overly literal. Of course “Only the rich will have X” is **hyperbole**. But it’s a poetic way to lament the inequities of the market mechanism. But I say the intelligent critics are interpreting populist rhetoric far too charitably.

If literally true, the hyperbolic arguments would be powerful objections to privatization. If

privatization will genuinely deprive all non-rich people of all medicine, we probably shouldn't privatize. But if the worst you can say about privatization is, "Rich people will have more and better medicine," the obvious retorts are: "Rich people *already* have more and better medicine," followed by "That's the whole point of money – to get more and better stuff."

In short, the "Only the rich" catchphrase isn't merely a childish overstatement. Like most political hyperbole, it's effective because adults take it literally. As I've said before:

*Why are proponents of government action so prone to hyperbole?
Because it's rhetorically effective, of course. You need wild claims
and flowery words to whip up public enthusiasm for government
action. Sober weighing of probability, cost, and benefit damns with
faint praise – and fails to overcome public apathy.*

What would it take to transform "only the rich" populism demagoguery into serious policy analysis? Simple: Critics of the market could argue that the marginal improvement in incentives isn't worth the marginal costs of higher inequality. Of course, once you frame the issue that way, it's a short jump from critic to agnostic.