

The Missing Right-Wing Firms: A Beckerian Puzzle

I teach the economics of discrimination every chance I get. Why? Because the analytical framework, launched by the great Gary Becker in 1957, mightily illuminates so many questions that we care so much about. When you see that almost all garbage collectors are male, for example, what should you conclude? Perhaps women and men are equally able and interested in collecting garbage, but employers in the industry dislike women. Perhaps male garbage collectors don't like working alongside women. Or perhaps customers don't want women to touch their trashcans. Alternately, perhaps men are better at collecting garbage than women. (Statistically!) Or maybe women dislike this line of work more than men. (Again, statistically!)

One of these stories might be the whole truth; all five could have some merit; or anything in between. The analytical framework can't tell you the breakdown; you need empirics (and good judgment) for that. Yet without Becker's analytical framework, empirical researchers wouldn't even know where to start.

One of the main insights of this Beckerian framework is that *discrimination creates profit opportunities*. That includes employer-on-worker discrimination, worker-on-worker discrimination, and consumer-on-worker discrimination. If most employers dislike workers in group X, depressing their wages below their productivity, employers who feel differently can profit by hiring them. If most workers dislike workers in group X, similarly, employers can profit by giving the disliked workers "a firm of their own." If most consumers dislike workers in group X, employers can profit by keeping disfavored workers out of the public eye. This doesn't mean that market forces transform bigots into models of tolerance, though perhaps they do that too. What the Beckerian framework implies, rather, is that market forces help *neutralize bigotry's effects*. With the right incentives and strategies, intolerance can be both prevalent and impotent.

Most research on the economics of discrimination focuses on race and gender, but Becker's framework works equally well for *political* bigotry. Which raises a series of awkward questions for anyone troubled by the rise of corporate-sponsored "social justice" in general, and "cancel culture" in particular. In the current office climate, even many life-long left-wingers fear the career consequences of publicizing their doubts about evolving left-wing orthodoxy. They're afraid to share their views with co-workers, and afraid to express themselves on social media because their co-workers might find out. Moderates and right-wingers feel an even stronger need to keep their political views to themselves. Cutting-edge leftists, in contrast, now feel empowered. When they speak out on the job, employers seem attentive and responsive.

This is not what the economics of discrimination would make you expect. After all, the

labor market is *full* of right-wing workers. If left-wing employers don't want to hire them, you would expect both pragmatic and right-wing employers to pick up the slack. If left-wing workers don't want to toil alongside right-wing workers, similarly, you would expect both pragmatic and right-wing employers to tacitly create politically segregated workplaces. If left-wing consumers don't want to buy products from right-wing firms, finally, you would expect both pragmatic and right-wing employers to keep politically disfavored workers out of the public eye.

In the real world, however, it seems *very* hard to find businesses that warmly cater to moderate and right-wing workers. Sure, you can work for a right-wing think tank, a conservative church, Fox News, or Republican-allied lobbyists. And I just visited a decidedly right-wing gift shop in West Virginia; it really stood out! Yet all such establishments sum to a tiny sliver of GDP.

I understand, of course, why few businesses warmly cater to libertarians, or theocrats, or monarchists. There aren't enough monarchist barbers to economically justify a monarchist barbershop. Where, though, are the firms where Republicans don't look over their shoulders before they say they're pro-life? Where are the firms where moderates don't look over their shoulders before they declare that affirmative action has already gone far enough? Where are the firms where males don't look over their shoulders before they express solidarity with the latest target of #MeToo? Billions of 360-degree glances look like a massive profit opportunity. Why then are so few businesses trying to capitalize on said opportunity?

Let's name and ponder the leading explanations.

Explanation #1. My summary of the political climate of American business could be flatly wrong.

Tentative evaluation: I doubt it, but I freely admit that my data is poor.

Explanation #2. Perhaps I'm missing geographic variance. Maybe leftists bully the right in firms in the Northeast Corridor and California, while rightists bully the left in firms in the South and Texas.

Tentative evaluation: There is probably some truth here. There must be plenty of firms in the South and Texas with minimal left-wing propaganda. Still, are there really many where the Human Resources Division hails meritocracy and condemns hypersensitivity?

Explanation #3. Perhaps I'm missing occupational and/or industry-based variance. Leftists rule academia, and dominate law and tech. But the right rules a bunch of other prominent occupations and industries.

Tentative evaluation: I struggle to convincingly name more than a handful of such occupations and industries. In the past, you might say “doctors.” Yet these days younger doctors seem like typical left-wing elites. Engineers, similarly, seem more politically apathetic than right-wing.

Explanation #4. Few moderates or right-wingers *care* enough to create a major profit opportunity. While they don’t relish looking over their shoulders, they prefer their current job to an alternative where they can shoot their mouths off but earn a \$1000 less per year. In this story, the left proverbially just “wants it more.” And as usual, the market takes the intensity of conflicting preferences into account.

Tentative evaluation: Very plausible, especially considering how strong the age-ideology correlation has become. When today’s conservatives encounter politics on the job, they don’t start polishing their resume to find a more politically hospitable home. They tell themselves, “I’m too old for this @%!&!” and get back to work.

Note: A slight variant is that left-wing consumers are more willing to boycott firms they dislike than right-wing consumers. The media’s liberal bias could easily amplify this: The left is more likely to hear about corporate policies they find objectionable than the right. (Though this in turn raises the question, “Why does a highly competitive media market lead to such pronounced left-wing bias?”)

Explanation #5. Discrimination law covertly stymies the creation of right-wing firms. Most obviously, any firm that openly and aggressively opposed #MeToo and #BLM would soon be sued into oblivion.

Tentative evaluation: Even more plausible. Imagine what would happen if a firm’s top brass loudly declared that, “Discrimination simply isn’t a problem here” – and routinely fired complainers for contradicting the party line. Picture a firm blanketed in propaganda telling workers to “Be color-blind,” “Laugh it off,” and “No one likes a tattle-tale.” A small business in a conservative area might get away with this for a few years, but a Fortune 500 company that stuck to its right-wing guns would go down in flames. This does not prevent firms from promoting a *mildly* right-wing corporate culture, but you won’t attract many politically homeless workers with such marginal improvements.

What’s the real story? Any possibilities that I’ve missed? I especially prize answers based on first-hand work experience outside of academia...