

Can Political Correctness be Separated from Economics?

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In my last piece, I argued that the 2016 Presidential Election is proof that socialism is no longer confined to the fringes of the left and the right. Socialism has become so widespread in America (and other countries too) that the median voter is now a socialist.¹ Those who responded generally agree with my earlier premise that Donald Trump is a socialist,² but they are less convinced that this implies a majority of voters are socialists. Many Trump supporters say they back him because of his political incorrectness and not because of his economics. They could care less what his economic policies are; they just want a leader who will be frank with them.

This would explain why most of his core supporters seem unbothered by the softening of his more extreme campaign promises since the election. However, I would counter that it does not really alter my thesis. Political correctness is an economic phenomenon, so any backlash against it is also rooted in economics.

Before we can proceed, though, we must address the question of what exactly is political correctness. Bill Maher, someone I generally though not always agree with, started his career as a political commentator with a little show called *Politically Incorrect* whose stated purpose was to combat political correctness, something that remains a theme of his stand-up routines and his current HBO series. Yet Bill Maher and Donald Trump are about as far from political allies as two people could be. One of them even sued the other for libel. How can two people so diametrically opposed to each other both be fundamentally against political correctness?

¹ [“The Median Voter is a Socialist”](#)

² [“What Exactly Makes Trump a Socialist?”](#)

Unlike socialism, which as I define it,³ is bad in whatever form it assumes, political correctness is a more complicated entity with both positive and negative elements. The dictionary⁴ defines political correctness as “Conforming to a particular sociopolitical ideology or point of view, especially to a liberal point of view concerned with promoting tolerance and avoiding offense in matters of race, class, gender, and sexual orientation.” I would say this is a fairly accurate summary of how most people interpret political correctness, although it would be more useful if we expunge the more subjective and poorly defined buzz words, so I will edit the dictionary entry to obtain the following simpler definition: political correctness is conformity to an ideology concerned with promoting tolerance and avoiding offense.

I think most people will agree that promoting tolerance is a good thing. What bothers Trump is the insistence on avoiding offense, and what, in addition, bothers Maher and me is the conformity.⁵ Political correctness is problematic because conformity and tolerance really do not go together. In the long run, a politically correct society has to give priority to one of these goals, and usually that ends up being conformity.

The above definition is also very narrow, which is fine, but lots of people seek to avoid offense without any intention of promoting tolerance. More generally, we can define a correctness ideology as an ideology that seeks to avoid offense through conformity. Islam, for example, is a religion that strives to promote peace by demanding conformity to rules of behavior that are supposed to limit exposure to situations which might cause offense.⁶

³ [“What is Socialism?”](#)

⁴ American Heritage Dictionary of the English Language, (2016), Fifth Edition, Houghton Mifflin Harcourt Publishing Company.

⁵ Trump has never objected to initiatives that make people conform to his way of thinking.

⁶ Islam is by no means alone in this. Orthodox Judaism and many denominations of Christianity do the same thing. Islam is, however, the most popular correctness ideology with a religious foundation. While different Christian denominations each ban their own set of vices—some prohibit dancing, some prohibit drinking, some prohibit dresses with bare shoulders--the different factions of Islam mostly agree about standards of proper behavior.

Correctness ideologies have existed throughout human history and have many different kinds of origin stories, including as a reaction to political correctness. What makes political correctness special is that it usually emerges in conjunction with economic growth. The phrase “political correctness” did not exist in the 19th Century, but much of John Stuart Mill’s *On Liberty* is a criticism of political correctness. Mill recognized that the economic growth that accompanies the proliferation of free markets can also undermine the intellectual freedom necessary for this growth to continue.⁷

The so-called “war against Christmas” is an excellent example of how political correctness and economics are intertwined. Despite what some conspiracy theorists might believe, the “war” began, as Charles Schultz argued in *A Charlie Brown Christmas*, with the commercialization of Christmas, a purely capitalist enterprise with no political or religious motive. Retailers wanted to expand their consumer base to maximize their profits. Why limit sales of gifts in December to those who celebrate Christmas? If the Winter Solstice puts people from other traditions in a gift-giving spirit, why not encourage that by wishing consumers “Happy Holidays”? Why put off a Jewish mother buying her kids toys for Hanukkah by putting up a giant “Merry Christmas” sign when “Seasons Greetings” will express the same pleasantries without discriminating? As the old adage says, the customer is always right. It is poor business to insinuate otherwise.

⁷ Citing Wilhelm von Humboldt, Mill identifies “two things as necessary conditions of human development, . . . namely, freedom, and variety of situations. . . . The circumstances which surround different classes and individuals, and shape their characters, are daily becoming more assimilated. . . . The increase of commerce and manufactures promotes it, by diffusing more widely the advantages of easy circumstances, and opening all objects of ambition, even the highest, to general competition, whereby the desire of rising becomes no longer the character of a particular class, but of all classes. . . . The combination of all these causes forms so great a mass of influences hostile to Individuality, that it is not easy to see how it can stand its ground. It will do so with increasing difficulty, unless the intelligent part of the public can be made to feel its value—to see that it is good there should be differences, even though not for the better, even though, as it may appear to them, some should be for the worse.” (Mill, John Stuart, (1859), *On Liberty* (MobileReference) pp. 61-62.)

Notice that this profit-maximizing behavior does qualify as political correctness as we defined it above. It is conformity to certain modes of address in order to promote tolerance of other traditions besides the Christmas tradition and to prevent offending any customers. As it happens, though, there is one group that this commercial strategy does offend, namely Christians who feel these other greetings slight Christmas. While “Happy Holidays” is supposedly the politically correct greeting, polls show that more Americans are offended by “Happy Holidays” than are offended by “Merry Christmas”.⁸ Thus the President Elect wants to restore “Merry Christmas” as the *de riguer* greeting, yet that is just a new species of correctness ideology.

Whatever President Trump might say, the decision of which correctness ideology a store or chain should follow will almost certainly be governed by economic considerations. In places where the market is overwhelmingly Christian and people who celebrate other holidays are few and far between, there is no point in risking the alienation of your loyal patrons by saying anything other than “Merry Christmas”. On the other hand, stores with a more diverse consumer base still find it prudent to appeal to all facets of this base with a greeting that maximizes inclusiveness like “Happy Holidays”.⁹ In a competitive environment, the store that discriminates will inevitably go out of business.

This last point, a corollary of the result that (after accounting for rents) firms make no economic profit if there is free entry and exit, is what makes an ostensibly sociological phenomenon inseparable from economics. Keep in mind that economic profit is different from the accounting profits that publically traded firms are required to report every quarter. Whereas accountants only consider explicit monetary costs, such as a firm’s wage bill and taxes,

⁸ Ingraham, Christopher, (December 20, 2016), “Poll: Conservatives most likely to be offended by holiday greetings,” *Washington Post*.

⁹ Zauzmer, Julie, (December 23, 2016), “Should stores say ‘Merry Christmas’? Trump says yes. But just ask the shop owners,” *Washington Post*.

economists also subtract from profits the cost to the firm's investors of the capital they put into the firm—i.e. the return they could have earned if they invested their capital elsewhere. A firm that makes zero economic profit is one that earns a normal return for its investors.¹⁰ Competitive firms have to maximize profits because the most profit they can possibly earn is zero, so any firm that is not maximizing profits is bound to go bust.¹¹ A competitive firm cannot afford to leave profits on the table by turning away Muslim customers or hiring a white man over a more talented black woman. Natural selection culls politically incorrect firms from the herd.

The flip side of this is that any government action to reduce political correctness must involve socialist intervention in the private sector of the economy. The institutions that reinforce political correctness are primarily the institutions that preserve competition in the market. While I suspect that many people translate politically correct as code for socialist, they could not be more wrong.¹² When Trump and his supporters complain about political correctness, they are mainly upset about the economic strictures that discourage them from complaining about how the market is screwing them over. They are giving vent to their inner socialist.

This is not to say that political correctness is good. As Mill worried about, economic growth engenders conformity. But in order to sustain growth, there has to be experimentation and a variance of imagination. Successful economies and companies tend not to remain

¹⁰ This is why most economists do not consider Donald Trump to be a successful businessman. While he is certainly wealthy, he is not as wealthy as he could have been if he invested the money his father gave him in, say, the stock market instead of real estate. If he was truly a successful businessman, he ought to be considerably wealthier than he is, rather than running neck and neck with Mark Cuban, who is much younger and started with virtually nothing, at least in comparison to Trump.

¹¹ The largest firms, like Google, Exxon, or General Electric, can earn a positive profit because they face less competition. They dominate industries with high barriers to entry, which prevent other firms from poaching their profits. But of the thirty million firms in the United States, the vast majority are not safe behind such barriers. They must compete to survive.

¹² It would be more accurate to translate politically correct as code for liberal. Of course, social liberalism may be defined as tolerance for all cultures and lifestyles—though perhaps not all ideologies—and the dictionary definition of political correctness cited above directly refers to its affinity to liberalism. Beyond that, however, liberal can also be a synonym for a proponent of free markets, even if it is rarely used in that sense today in America.

successful for long because success encourages lazy thinking.¹³ If you are on top of the world, why question the path that got you to where you are? Competition and growth foster political correctness, but political correctness breeds stagnation, which is yet another reason to view economics as a “dismal science”.

¹³ Remember when it looked like Microsoft was going to control the world? That prognostication seems so absurd now.