Twitter Thread by Nick Hanauer

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Long rant: This @WSJ article bemoaning the decline of price theory is really worth highlighting. The economic theories and so called "laws of economics" that the WSJ consistently and religiously defends, are the source of their authority, power and privilege.

> Hilarious. The WSJ editorial page bemoans the waning influence of The neoliberal priesthood, and hence their own. https://t.co/pQT8Dstg8I
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> — Nick Hanauer (@NickHanauer) January 28, 2021

So called economic "theories" like "you get paid exactly what you are worth" and "markets are perfectly efficient" and "when wages rise, jobs fall" and "raising taxes on the rich kills jobs and growth" and "increasing justice decreases economic efficiency" and...

"Government intervention in markets always creates more harm than good" and "any regulation that constrains corporations kills growth and productivity", etc etc are effectively a protection racket for the rich. It is a set of internally consistent and mathematized conjectures...

That are all demonstrably nonsense. But getting people to accept these "theories" as laws of nature and immutable, timeless truths is the most effective way our current economic elites have found to maintain and enhance the status of the powerful and persuade the weak and poor...

to shut the fuck up and accept their lot in life. Now, FINALLY, some economists- are actually beginning to look at the real world evidence to determine whether these propositions actually describe anything real here on planet earth. Let me save you some time. The answer is NO.

For perspective, so called economic theory predicts that there is effectively an inverse mechanical relationship between wages and jobs- as in, if you raise the min wage, the number of jobs must fall. The overwhelming consensus of economists 20 years ago was that this was true.

But here is the unforgivable thing. NO ONE checked until 1994!-when Alan Krueger and Andrew Card actually counted up the jobs and "discovered" there was no such relationship. The WSJ ran an editorial at the time characterizing these guys as "a bevy of camp-following whores" ..

for challenging this orthodoxy. I'm not kidding. Why? because if the neoclassical/neoliberal orthodoxy gets challenged, the whole social order that so benefits the people who read and publish the WSJ comes crashing down. Because if....

people are not paid what they are worth, but rather what they have the power to negotiate, then maybe low wages aren't fair, they are exploitation. And if, when wages rise, so do the number of jobs, then why wouldn't we raise wages- a lot!

The implications of the collapse of this neoliberal orthodoxy for the wealth of the wealthy run into the trillions of dollars-PER YEAR. So it is no surprise that the WSJ clings to these so called theories with religious, fanatical intensity.

The historian @harari_yuval points out that one of the iron laws of history is that the narratives that define the social order are always anchored by one of two claims: either "God says", or "It's a law of nature". The biggest lie of neoliberalism is that these orthodox claims..

are unchallengeable, immutable laws of nature. This is total nonsense. Economics is a choice. No laws of nature are violated if a society, through law, policy and norm, requires the powerful to treat the weak slightly better. Which is all raising the minimum wage really is.

This is NOT to say that all economic arrangements are equally value creating. Markets, if reasonable well managed by democracies, are the best social technology ever invented for increasing human prosperity and enabling human capability.

But the WSJ's version of markets is corrupt, exploitive and bankrupt. And the theoretical framework that underlies that version needs to be defeated and replaced by one that more accurately reflects what science actually says about...

human nature, the dynamics of human social systems like economies, what prosperity really is, and where it comes from. So when someone tells you, you just don't understand the "laws" of economics, you are almost certainly being scammed. End of rant.