OPINION: DECLARATIONS | OCTOBER 30, 2009, 4:27 P.M. ET

We're Governed by Callous Children

Americans feel increasingly disheartened, and our leaders don’t even notice.

by PEGGY NOONAN

The new economic statistics put growth at a healthy 3.5% for the third quarter. We should be dancing in the streets. No one is, because no one has any faith in these numbers. Waves of money are sloshing through the system, creating a false rising tide that lifts all boats for the moment. The tide will recede. The boats aren’t rising, they’re bobbing, and will settle. No one believes the bad time is over. No one thinks we’re entering a new age of abundance. No one thinks it will ever be the same as before 2008. Economists, statisticians, forecasters and market specialists will argue about what the new numbers mean, but no one believes them, either. Among the things swept away in 2008 was public confidence in the experts. The experts missed the crash. They’ll miss the meaning of this moment, too.

The biggest threat to America right now is not government spending, huge deficits, foreign ownership of our debt, world terrorism, two wars, potential epidemics or nukes. The biggest long-term threat is that people are becoming and have become disheartened, that this condition is reaching critical mass, and that it afflicts most broadly and deeply those members of the American leadership class who are not in Washington, most especially those in business.

It is a story in two parts. The first: "They do not think they can make it better."

I talked this week with a guy from Big Pharma, which we used to call "the drug companies" until we decided that didn’t sound menacing enough. He is middle-aged, works in a significant position, and our conversation turned to the last great recession, in the late mid- to late 1970s and early ’80s. We talked about how, in terms of numbers, that recession was in some ways worse than the one we’re experiencing now. Interest rates were over 20%, and inflation and unemployment hit double digits. America was in what might be called a functional depression, yet there was still a prevalent feeling of hope. Here’s why. Everyone thought they could figure a way through. We knew we could find a path through the mess. In 1982 there were people saying, "If only we get rid of this guy Reagan, we can make it better!" Others said, "If we follow Reagan, he’ll squeeze out inflation and lower taxes and we’ll be America again, we’ll be acting like Americans again." Everyone had a path through.

Now they don’t. The most sophisticated Americans, experienced in how the country works on the ground, can’t figure a way out. Have you heard, "If only we follow Obama and the Democrats, it will all get better"? Or, "If only we follow the Republicans, they’ll make it all work again"? I bet you haven’t, or not much.

This is historic. This is something new in modern political history, and I’m not sure we’re fully noticing it. Americans are starting to think the problems we are facing cannot be solved.

http://online.wsj.com/article/SB10001424052748703363704574503631430926354.html 10/31/2009
Part of the reason is that the problems—debt, spending, war—seem too big. But a larger part is that our government, from the White House through Congress and so many state and local governments, seems to be demonstrating every day that they cannot make things better. They are not offering a new path, they are only offering old paths—spend more, regulate more, tax more in an attempt to make us more healthy locally and nationally. And in the long term everyone—well, not those in government, but most everyone else—seems to know that won’t work. It’s not a way out. It’s not a path through.

And so the disheartenedness of the leadership class, of those in business, of those who have something. This week the New York Post carried a report that 1.5 million people had left high-tax New York state between 2000 and 2008, more than a million of them from even higher-tax New York City. They took their tax dollars with them—in 2006 alone more than $4 billion.

You know what New York, both state and city, will do to make up for the lost money. They’ll raise taxes.

I talked with an executive this week with what we still call "the insurance companies" and will no doubt soon be calling Big Insura. (Take it away, Democratic National Committee.) He was thoughtful, reflective about the big picture. He talked about all the new proposed regulations on the industry. Rep. Barney Frank had just said on some cable show that the Democrats of the White House and Congress "are trying on every front to increase the role of government in the regulatory area." The executive said of Washington: "They don’t understand that people can just stop, get out. I have friends and colleagues who’ve said to me I’m done." He spoke of his own increasing tax burden and said, "They don’t understand that if they start to tax me so that I’m paying 60%, 55%, I’ll stop."

He felt government doesn’t understand that business in America is run by people, by human beings. Mr. Frank must believe America is populated by high-achieving robots who will obey whatever command he and his friends issue. But of course they’re human, and they can become disheartened. They can pack it in, go elsewhere, quit what used to be called the rat race and might as well be called that again since the government seems to think they’re all rats. (That would be you, Chamber of Commerce.)

***

And here is the second part of the story. While Americans feel increasingly disheartened, their leaders evince a mindless . . . one almost calls it optimism, but it is not that.

It is a curious thing that those who feel most mistily affectionate toward America, and most protective toward it, are the most aware of its vulnerabilities, the most aware that it can be harmed. They don’t see it as all-powerful, impregnable, unharmed. The loving have a sense of its limits.

When I see those in government, both locally and in Washington, spend and tax and come up each day with new ways to spend and tax—health care, cap and trade, etc.—I think: Why aren’t they worried about the impact of what they’re doing? Why do they think America is so strong it can take endless abuse?

I think I know part of the answer. It is that they’ve never seen things go dark. They came of age during the great abundance, circa 1980-2008 (or 1950-2008, take your pick), and they don’t have the habit of worry. They talk about their "concerns"—they’re big on that word. But they’re not really concerned. They think America is the goose that lays the golden egg. Why not? She laid it in their laps. She laid it in grandpa’s lap.

They don’t feel anxious, because they never had anything to be anxious about. They grew up in an America surrounded by phrases—"strongest nation in the world," "indispensable nation," "unipolar power," "highest standard of living"—and are not bright enough, or serious enough, to imagine that they can damage that, hurt it, even fatally.

We are governed at all levels by America’s luckiest children, sons and daughters of the abundance, and they call themselves optimists but they’re not optimists—they’re unimaginative. They don’t have faith, they’ve just never been
foreclosed on. They are stupid and they are callous, and they don’t mind it when people become disheartened. They don’t even notice.