

## Celebrate Your Wealth

Red Herring Magazine, November 1, 1998

The front-page article in the August 3 Wall Street Journal uncovers an apparently new phenomenon: the envy of the "haves" toward the "have-mores." The haves, according to the Journal, are those who earn between \$100,000 and \$200,000 a year. The have-mores make even more. Often, the have-mores acquired their money by taking risks in the technology sector--starting high-tech companies themselves or working as computer programmers, managers, or lawyers in high tech and getting much of their compensation in stock options. Many Red Herring readers are among the have-mores and are probably widely envied. And--let's be totally honest--some or many Herring readers, including myself, are haves who, at least sometimes, envy those who have more. Whenever I feel such envy, I try to remember to take a deep breath, look around, and think. Then I realize how incredibly wealthy I really am.

In his famous 1942 book, *Capitalism, Socialism and Democracy*, the economist Joseph Schumpeter wrote: "Queen Elizabeth [who reigned from 1558 to 1603] owned silk stockings. The capitalist achievement does not typically consist in providing more silk stockings for queens but in bringing them within reach of factory girls in return for steadily decreasing amounts of effort."

Schumpeter was on to something. What only monarchs could own 200, let alone 400, years ago, almost everyone in the United States now takes for granted. Back then, only royalty could summon an orchestra for a command performance. Now anyone who owns a CD or tape player can have music. And once, even the most powerful king had to give the orchestra members a few hours' notice before a concert. I, on the other hand, can have an orchestra play for me at any time of day or night with a mere push of a button. If I'm not in the mood for those particular musicians, I can dismiss them by pushing another button to command another orchestra or a rock band to perform--and I can do so whether I'm at home, at my office, or in my car. And the musicians get it note-perfect every time.

### PLANE SPEAKING

Although nobility were once the only people with enough food to eat, almost all Americans today have enough. Now food is much more varied, and, because of

freezers and refrigerators, it is safer to eat. Need another example? Although at one time only the very wealthy could travel great distances, almost everyone in the United States can now afford to do so, by buying a discount airfare. We complain if we have to fly in a cramped airplane for six hours. But to go the same distance 200 years ago took more like six weeks in a far less comfortable vehicle. Schumpeter had more appreciation of free markets than almost any other economist writing at the time. But even he understated the benefits of economic freedom. The supreme capitalist achievement is to make available to the vast majority of working people things that were unavailable even to the wealthy 400 years ago. Think of health care. Many people reading this column would not have reached their present age had they been born in the 17th century: they would have been wiped out by diseases that have almost disappeared.

#### WHAT GOOD OL' DAYS?

We can go back even less than 200 years. Almost everything has improved dramatically over the past 50 years. My father and sister had polio. Do you know anyone who has contracted polio in the past few decades? Or take clothing. When I was ten, my family spent Christmas Day with another family, whose daughter chased me around their house until my pants split. So I walked home, changed pants, and returned. She chased me again and my second pair of pants split. I was out of options--2 pairs of pants were all I had. Recently, I visited a friend whose income puts him just above the U.S. poverty level: inside his closet he had 10 pairs of pants and about 20 shirts, all neatly stacked or hanging. When I was a child, I had 1 pair of leather shoes and 1 pair of Converse sneakers. Now, children even in lower income brackets often have more than 2 pairs, and the shoes are of much higher quality.

Indeed, the quality of almost everything we get is higher than it was 30 or 40 years ago. The only things I can think of that have gotten worse are public education and protection from crime. And each of these, tellingly, is provided by the government.

My views are more than just impressions based on selective memory. Michael Cox, an economist at the Federal Reserve Bank of Dallas, has shown how much the standard of living has improved for people of all income categories. In 1994, notes Mr. Cox, 71.8 percent of people in households officially defined as poor had

one or more cars, 92.5 percent had a color television, 97.7 percent had a stove, and 97.9 percent had a refrigerator. Microwave ovens were unheard of in the early '60s. By 1994, 60 percent of poor households had one.

So next time you feel envious, take a minute to realize how incredibly rich you are. Celebrate your wealth.