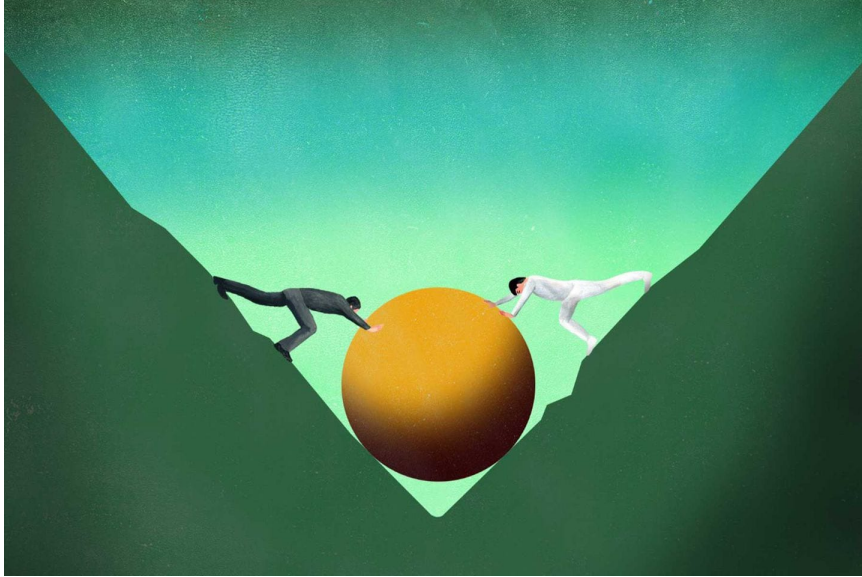


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## The hidden tax we pay for being polarized



By **Adam Blumenthal**

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*Adam Blumenthal, a former first deputy comptroller of New York City, is founder of Blue Wolf Capital Partners.*

On the same day he announced that U.S. Special Operations forces carried out a successful mission that eliminated [the world's most wanted terrorist](#), President Trump was introduced to [sustained boos](#) at a World Series game. That an unambiguous victory for the United States was followed by such a resounding rejection of the commander in chief facing possible impeachment is only the most recent, striking example of how polarized we've become since the end of the Cold War.

And while watching a president endure “lock him up” chants at a baseball game makes for dramatic political theater, the drama comes with a price tag for every American. Not long ago, this was not the road we were on. After the Berlin Wall fell, the United States was set to reap the benefits of the “peace dividend,” the byproduct of winning the Cold War after a long, 45-year struggle. Instead, we went from growth and a balanced budget to a dot-com crash, the 9/11 attacks followed by costly wars in the Middle East, a financial crisis, a global refugee crisis and the rise of populism across continents. “Tear down that wall” became “Build the wall.”

As China rises, the world is sorting into two spheres: one for freer markets and more open political systems, and one for tightly controlled markets and authoritarian political

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systems. Technological transformation, income inequality and an overwhelming flood of data have produced wrenching divides in politics, culture and the national conversation. Instead of reaping the benefits of [a peace dividend](#), we're now paying what might be called a hidden "polarization tax."

This new tax is being levied on consumers and businesses in the form of tariffs, boycotts, restrictions on immigration, legacy deficits for our children and a careening back-and-forth between ideological extremes. How much will polarization cost us? It is impossible to say. But it is clear that our ability to solve our most pressing problems has ground to a near-halt.

We see it while sweating in a stalled New York City subway car as the Chinese build world-class bullet trains. We see it as we tally the mounting costs of maintaining a public education system that lags those of competitor nations. We see it as political stalemate prevents meaningful investment and action on everything from climate change to infrastructure. For businesses, developing strategies to grow, hire talented workers and compete in the face of these head winds is a constant drain on resources and opportunity.

When walls are torn down, nations that harness the free flow of information, goods, material and people from country to country have a competitive advantage. When walls are being erected, nations pay a tax: the crackdown on immigration in the United States has led to [major labor shortages](#) at construction firms, health-care providers and agricultural businesses. The trade war is driving up costs and reducing overseas market share for dairy farmers, car companies, electronics manufacturers and chip makers, to name just a few.

Polarization has changed the game for companies seeking to connect with consumers, who today expect businesses to take stands on issues. Successful companies get beyond bemoaning the cost of this; they accept it and execute new strategies. Nike waded into a hot-button issue and [embraced NFL quarterback Colin Kaepernick](#) to engender goodwill among a dedicated segment of customers. The shoemaker concluded that taking no position and playing to the center was not a viable long-term strategy. On the other end of the spectrum, Chick-fil-A has continued embracing conservative values even as boycotts and bad press persist. In doing so, the business has become one of the most profitable fast-food chains in the country — even if customers on the political left eat elsewhere.

In a polarized system, our political leaders don't share custody of our country; they just carom from one extreme to the other. Indiscriminate tax cuts are followed by indiscriminate tax hikes; overspending is answered by harsh austerity. Now that tax cuts are more of a Republicans tribal imperative than a calculated reform, the next Democratic president will likely swing the pendulum the other way and introduce a wealth tax, increased corporate taxes, and higher taxes on investment and personal income. The back-and-forth makes it difficult for anyone to plan ahead.

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As we begin the third decade of the 21st century, the polarization tax is making it more difficult and expensive to run companies and more challenging for citizens to reach political consensus. CEOs and elected officials must learn how to navigate division by taking strong stands and holding firm to their core values, while still compromising to make progress. As they do, we'll prove that the country can still solve big problems — without unleashing society's worst instincts.

And that will make it easier, for all fans, to enjoy a baseball game.