

## A Failed Experiment

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On January 20, 1981, in his first inaugural address, Ronald Reagan told the nation: "Government is not a solution to our problem, government is the problem." Thus began a grand experiment: Release the American economy from the bonds of government regulation. Individual enterprise and initiative, the profit motive, the free market and open competition will usher in a new birth of freedom and a new era of unprecedented prosperity.

"It's morning in America", twenty-six years later and what do we have? A dismantled and "outsourced" industrial base, an impoverished work force, a nine trillion dollar debt burden upon future generations, and a degradation of education and scientific research, and a captive media that deprives the public of essential news as it issues outright lies. In addition, the Bush administration, the current keeper of the covenant, has accomplished the trashing of the Constitution and its guaranteed Bill of Rights, a seemingly endless war with no prospect (or even definition) of victory, and the contempt of the peoples and governments of the civilized world.

The grand experiment has failed, and we are just beginning to realize the enormous costs of that failure.

How did it happen? It happened because the core dogmas of this so-called "conservatism" – the possibility and desirability of an ungoverned society, the superior "wisdom" of an unconstrained free market, the suitability of simple greed as a driving force of society – were fated from the start to fail the test of "real world" application.

A Fallacy of False Comparison. "The theory is beautiful, but reality is a bitch," is a maxim that should be carved above the entrance of every college of economics, not to mention The Heritage Foundation and the American Enterprise Institute. Analyses of competing theories is appropriate in academic journals and seminar rooms is appropriate, as is a comparative evaluation of competing policies in action (e.g., murder rates in states with capital punishment vs. states without). But untried utopian schemes can not be fairly compared with worst-case anecdotes of policies-in-action, in this case government regulation of market forces. For history has taught us, time and again, that idealized abstract concepts such as "the free market," "the profit motive" and privatization of the commons, inevitably come a-cropper when applied uncompromisingly to actual, ongoing, practical circumstances. Theory is best applied empirically and pragmatically, as reality "feeds back" information that prompts alterations and improvements of policy. This is why the New Deal succeeded, while utopian communities usually fail.

Thus we have discovered at length, what wise individuals knew at the outset of "the Reagan revolution:" that the profit motive and free market, while necessary ingredients of a thriving economy, are not, all by themselves, sufficient providers of prosperity, and that government, while a nuisance and a burden (especially to the wealthy and powerful), is the essential protector of the ordinary citizen, entitled to "equal justice under law." In short, "the market," while an invaluable servant, can be a ruthless master. (For an elaboration and defense of this claim, see my "With Liberty for Some," [1] and in particular, the closing sections [2]).

The regulated capitalism that flourished in the United States until Reagan and his successors dismantled it is the result of countless experiments and adjustments – an accumulated “political wisdom,” learned from and validated by experience [3].

Contaminated meat and deadly patent medicine? Bring in the Food and Drug Administration. Bank failures and stock market crashes? Establish the FDIC and the SEC. Cacophony on the airwaves? Bring on “traffic control” with the FCC – at the request of the broadcast industry, as it happened. Contamination of the common air, water, and landscapes? Voila! The Environmental Protection Agency.

All these functions of the government, and more, exist for reasons learned through the practical exercise of government as it legislates in Congress, adjudicates in the courts, and administers through the executive and the agencies. And yet we are told that all this practically proven regulatory structure is to be brushed aside by an untried theory: “government is the problem, not the solution.”

Well, now it has been tried, beginning with Reagan in 1981, with the woeful results enumerated above. And as for the dogma of “free market competition,” that old war horse was dead at the starting gate. The corporate interests that have purchased our government have little regard for competition. They much prefer the total control that comes with monopolies. Hence the consolidation of the media and the no-bid government contracts to the mega-corporations. The remedy? The enactment and enforcement of anti-trust legislation, which means, of course, government regulation -- the best friend of “competitive enterprise.”

Ranchers in the American West have a long-standing rule: “Never take down a fence unless you know for sure why it was put up.” Political theorists and reformers would be well advised to follow this rule.

So it comes to this: the so-called “conservatives,” aren’t! They are determined to tear down regulatory “fences” heedless of the practical problems that led to their installation. And it turns out that the “liberals” are the authentic “conservatives,” as they endeavor to maintain proven governmental functions, and as they resist the uncompromising imposition of untested dogmas. (See my “Conscience of a Conservative” [4]).

“The Profit Motive” is a sometime thing. The classical economic theory embraced by Reagan/Bushism proclaims that optimal economic outcome is the result, “as if by an invisible hand” (Adam Smith), of each individual seeking to maximize his or her “preference satisfaction.” Or more simply, “the profit motive.” In the words of Gordon Gekko in the movie “Wall Street,” “greed is good.” Greed, we are told, is the fuel of the freest and most productive economic engine.

The proponents of “the grand experiment” fail to recognize that “the profit motive” is not all that important to everyone. Perhaps it is to the “captains of corporatism” promoting the experiment, but not to all of us. There are other motives: service to others, the promotion of justice, the pursuit of scholarly knowledge, the advancement of science, the joy of teaching.

This is not to say that those of us who, for example, have chosen a scholarly profession would not like a salary boost, or that we would turn down a no-strings salary of a million dollars a year. We are not indifferent to wealth, it is just not all-important to us. Moreover, the trappings of wealth -- multiple homes, a fleet of automobiles, the management of an extensive investment portfolio, etc, -- would be unwelcomed burdens, since they would be distractions from our preferred activities: research, writing, and teaching.

Similarly, many individuals of high accomplishment and opportunities for great wealth, simply choose not to acquire that wealth – their profit motive might be weak and practically insignificant. Medical doctors might choose to join “Doctors Without Borders” and treat the poor, or they might choose a career in medical research. Lawyers might choose to work, not on Wall Street, but for Environmental Defense or Public Citizen.

Not everyone is driven by the profit motive, and arguably not the most significant and productive citizens. A society and an economy without individuals primarily motivated by service, or the pursuit of knowledge, etc, rather than by a quest for personal wealth, would be at best a morally impoverished society, and more likely, an unsustainable society.

And significantly, these non-profit-motivated professions are often, though not always, most effectively pursued “in the public interest” in governmental institutions: schools, universities, government agencies, research facilities, courts, etc. “Private enterprises” have little use for them. Abolish government, and these service-oriented professions would vanish with it.

Clearly, the “great experiment” – down with government and up with “the unregulated free market” – has failed. It has proven itself to be bad for our workers, bad for our families and our children, bad for the moral tone of our society, bad for the natural environment, bad for future generations, and eventually it will prove bad for those very few who are now enjoying lavish prosperity at the expense of the rest of us. For in the long run, there is no prosperity on a ruined planet, and few of the privileged wealthy will remain so when the economy they have promoted collapses.

We have before us the results of the great experiment. Now it is past time to end it. The sooner and the more decisively we do so, the better it will be for all of us.

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Notes/Links:

- [1] <http://www.igc.org/gadfly/papers/liberty.htm>
- [2] <http://www.igc.org/gadfly/papers/liberty.htm#conclusion>
- [3] <http://www.igc.org/gadfly/progressive/umpire.htm>
- [4] <http://www.crisispapers.org/Editorials/conservative.htm>
- [5] <http://www.igc.org/gadfly/progressive/>
- [6] <mailto:crisispapers@hotmail.com>

<http://www.smirkingchimp.com/thread/7940>

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Cleaves Alternative News. <http://cleaves.lingama.net/news/story-533.html>