

January, 2004

I watched a couple of television shows this past week that served as wonderful metaphors for problems I see in the body politic. They were Thursday night's episode of Friends, and the reality show Manor House presented on KQED on New Year's day.

In the Friends episode, Joey, the intellectually challenged actor, was attempting to write a letter recommending the couple played by Matthew Perry and Cortney Cox as adoptive parents. He was concerned that he couldn't write a decent letter because of his somewhat limited vocabulary. Matthew Perry's character showed him the thesaurus function on the computer, and he got busy with his newfound tool to the absurd point that "they have big hearts" became "they possess full-sized aortic pumps."

We've all seen this happen. Someone discovers some new tool, or word, or theory, and they begin using it to absurdity. This is what has happened to the radical right. People who have never studied economics and who knew very little about the subject or what it studied discovered Adam Smith. More specifically, they discovered his work, The Wealth of Nations, written in 1776. I don't want to bash Smith, who's work really began the science of economics. But basing one's economics entirely on his work is like reading Newton's Principia and thinking that one knows everything about physics.

Just as there have been others adding to our knowledge of physics since Newton, other great economists have revealed more economic insights. Those who espouse unfettered markets (known as Laissez-Faire economics) have not been paying much attention to the great economists who came after Smith, such as Malthus, Riccardo, Marshall, Veblen, and Keynes. Just as we found that Newtonian physics was valid only in a certain range of conditions, we also found that Smith's classical economics only applied to a limited range of economic conditions (full employment, no information asymmetries, many sellers, many buyers, etc.)

In fact, while Adam Smith is still revered as the first person to attempt to pull together a variety of ideas that already existed into a coherent, cohesive theory of economics, the basic theory that he propounded (that the "invisible hand" of self-interest would provide balance and equilibrium in the distribution of goods and prevent catastrophe) has been disproved since the 1840's. Then, strict adherence to free market principle caused the death by starvation and exposure of up to one-quarter of Ireland's population while the island exported food and grain rotted in warehouses. Things were so bad on the Continent that the 1840's there is remembered as a time of revolution and violence as disgruntled and hungry poor people took up arms against their monarchs.

In the 1920's John Maynard Keynes even wrote a book explaining how, given the right circumstances, an unregulated market could stabilize very nicely at far less than full employment and create the only condition worse than runaway inflation – runaway deflation. What he predicted came to pass a short time later. We now refer to it as the Great Depression. Neoconservatives hate Keynes.

How can otherwise intelligent people talk themselves into such preposterous beliefs? Manor House provided some insights. On the show, a group of people volunteer to play the various roles in the running of an English manor house, from the master, played by a successful businessman, to the servants, played by people from different backgrounds. The role-play lasted three months (though they went through three scullery maids during this time).

The master was accompanied by his wife, her sister, and his two sons aged ten and eighteen. They lived upstairs. The servant staff lived downstairs and the only ones allowed to speak directly to the master or his wife or sister-in-law were the butler and the lady's maid. All others were to make themselves invisible in the Edwardian tradition.

From the start, I knew that I would despise the ten-year-old. He was one of those precocious little rats you just want to smack around. He had the run of the house, both upstairs and down, and was open in his eagerness to be waited on hand and foot (by the second footman).

The situation was extremely hierarchical both upstairs and down, and the younger servants had difficulty adjusting. They all came from modern work backgrounds where they had input into the groups they worked with. At first, the family were also uncomfortable with the situation (except, as I mentioned, for the little runt).

By the end of the three months, the servants' attitudes hadn't changed much (although they had greater respect for the people who fulfilled these roles in real Edwardian times). The family (with the exception of the sister-in-law) had become very comfortable with their roles. The lady began to get emotional at the thought of leaving, justifying her position as "preserving the culture." The master similarly managed to rationalize the division between upstairs and downstairs and the difference in status. Neither the husband nor the wife was very familiar with the staff – they didn't know them as people, only positions, and didn't comprehend the effort that it took to maintain them in their lifestyle.

The exception, aside from the sister-in-law, who found her position as similar to that of an appendix, was the ten-year-old. He was the only member of the family who knew the servants as individuals and had seen the hard work and long hours. He ended the show eager to get back to the 21st century. The one who had been the most eager to be served was the one who saw the injustice between haves and have-nots.

I think if the neoconservatives actually saw the effects of their policies, they too might think differently. But like the family in Manor House, they have become ensconced in a position of privilege that they now rationalize. According to their rationale, we need to maintain their privilege because they create the jobs the rest of us need to put a roof over our heads and food on the table.

This harkens back to the Adam Smith argument that the self-interested pursuit of wealth creates the incentive to invest in the industry that creates jobs and wealth for all. There

really is something to this argument. But how much is enough? Is it necessary for us to hand over so much of our wealth that we can't afford to educate our kids or provide health care for the poor? Is millions or tens of millions enough, or are hundreds of millions or billions necessary for investors to invest capital? I could get into the economic fallacies that the neo-con argument is based on, but that's a book and there are far better-qualified people than me to write it. For now, I'm content to simply ask if there are limits to the argument, and if so (I'm certain there are) what are they? Is it really necessary to return to an Edwardian ethic and division of wealth?

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