

LETTER TO THE NATION--4/10/08

Is anyone at the Nation pondering the philosophical implications of the failure of free-market fundamentalism? If so, I have seen no evidence so far. What had been assumed by many as the ultimate wealth-sharing model for free societies, has revealed itself to exhibit inherent instability. Others who have so theorized, are now undeniably vindicated by events.

What's interesting are the corollaries that fall along with the central premise. One, the evil of government regulation, becomes, at the very least, a necessary evil. Two, the medium of exchange must now be re-designed to function as a commons, as well as an object of personal accumulation. Three, left to their own devices, bankers and financiers have created a system wherein the money created on the basis of the banks' fractional reserve foundation has been the model for compound leveraging by financiers; if any part of the basis goes down, the whole structure crumbles. Four, if government regulation is conceded to be necessary now, the concept of "takings" of private profitability by legislation or taxation has lost its foothold. Five, the narrow focus on the dictates of the market have failed miserably to factor in human and environmental values. Finally, the slavish reliance on the "unseen hand" constitutes a flight from personal responsibility. I could go on, but I'm sure you could, too.

Will one of your heavy-weights like William Greider be able to break free from pragmatic concern with the current crisis long enough to address topics such as these? I hope so. Perhaps I am premature, but it seems a useful exercise to develop a logical, reality-based, comprehensive guide to government re-regulation before legislative initiation, rather than after.

I think that the argument could be made with some validity that the financial markets have been regulated all along; that it is the interventions of the regulators that bear as much responsibility for the present crisis as the greed of the marketeers. It would seem that much depends on who's doing the regulating. That gets back to the problem that government has in adopting a nurturant role. Government proceeds by laws. Laws imply coercion. The nanny-state is empowered to discipline her charges with a good paddling. Who really likes being on the receiving end of tough love? Especially when the source is distant, impersonal, and all-powerful. We need to search for umbrella concepts that could serve to unite progressives around common goals. Global warming is one such. So are human rights.