

The collapse of the free market

Arthur Jones | Dec. 31, 2008

THE PREDATOR STATE: HOW CONSERVATIVES ABANDONED THE FREE MARKET AND WHY LIBERALS SHOULD TOO

By James K. Gallbraith

Published by The Free Press, \$25

The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too was headed into the production process as candidate Barack Obama began his final political surge toward the primaries' finish line. *The Predator State* appeared as the worst of the modern economic American reality began to sink in and the first waves of job losses struck home.

Then came the Obama victory. The Wall Street meltdown. The economy's dangerous plunge into a world where the systems that got us into this mess are not merely suspect, but discredited. Galbraith's is a timeless book appearing at the right time. It has a strong ideological core -- Galbraith uses the word "populist"; in Europe it would be seen as "social democracy." Nothing wrong with that, given that Galbraith was formed in major measure as an economist by Britain's John Maynard Keynes and also by his own father, American economist John Kenneth Galbraith. There are a couple of flashes of anger in Galbraith's book, but only that.



Otherwise, to paraphrase the U.S. Catholic bishops' 1985 pastoral letter

"Economic Justice for All," the challenge of Galbraith's book is not merely to make us think differently, but to act differently. And so we shall. Americans -- and most inhabitants of the developed world -- have been shaken to their core by this flirtation with near-Great Depression.

Galbraith is the Lloyd M. Bentsen Jr. Chair in Government/Business Relations at the Lyndon B. Johnson School of Public Affairs at the University of Texas in Austin. Asked if a U.S. administration can undertake serious economic planning without being labeled socialist or Marxist, he replied, "There are always going to be people out there who'll do that, but I don't think they carry much standing anymore. There has been a collapse of their -- free-market -- ideological position comparable only previously to the collapse of Marxism. My views are highly respectable these days, which is a sign of how quickly the climate has changed.

“People are looking for solutions. They are prepared to look at the substance of what is being offered, and whether the program matches to the problems in a coherent way. I think that is actually the key to Obama’s success so far: He has basically presented himself along those lines. That leaves only the right wing arguing from first principles, which is interesting, as people on the left are having a little bit of difficulty sometimes getting used to the new climate of discussion.”

Pressed further on that topic, and on the incoming president’s ability to make changes, Galbraith said, “The mood in the country is ‘Who cares?’ about those particular free-market principles. A big element of that contributes to the connection Obama has with the population at large -- a connection John Kerry or Al Gore never achieved. Also, the clarity with which [Obama] expresses his ideas is very useful; there is care, there is clarity, the guy is clearly thinking when he speaks, which is a refreshing change. Further, he focuses on workability, on performance. One gets the feeling, as with Roosevelt, the test of the policy is whether it achieves its goals -- a very reassuring and effective element to focus on.”

Arthur Jones is a former editor of NCR.

National Catholic Reporter January 9, 2009

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