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Rationale for My Economic Essays

These essays are not intended to teach basic economics to non-economist lay people or to teach about every issue. Many books do those tasks. For instance, "Economic Literacy" by Orley Amos teaches basic economics delightfully. These essays are not part of a polemic for or against capitalism.

All-in-all, I like capitalism. It does nearly all of what its advocates say. It delivers wealth and security to many people. It is the material foundation on which modern democracy and modern ideas of equality rest. Without it, we would not have important movements such as for the equal rights of women. It allows people scope to express themselves through action in the world. It harnesses self-centered acts and leads them to bring the greatest good. It does more practical good than all deliberate do-gooding combined.

But it has some serious faults that Americans will not deal with. I mention two below. The faults erode some of the good that it does. To preserve its good, we need to openly accept the faults and deal with them. We cannot always make capitalist life as if the faults never were but we can at least contain the damage and we can at least be honest with ourselves.

I explain how capitalism works in ways that are relevant to the issues of capitalism and so people can know the capitalist world around them. These essays are part of what a person needs to know about his-her own economy so he-she can be a responsible citizen. These essays focus attention on some of the serious faults of capitalism so we can think about how to realistically deal with them.

I know that professional economists have addressed these issues. But people have not listened to them. Professional economists are hard for lay people to read even when an economist has a gift for clear and simple writing.

In all these essays, by "fact" I mean my considered opinion. I do not offer statistics or other hard data to back up my assertions. Where it would not confuse, I offer data as illustration. I know that some people hold other opinions and they use their data to back up their positions. I do not argue with them in these essays.

The outstanding examples of central faults are chronic unemployment and chronic poor employment (jobs with low pay and without benefits).

The central faults of capitalism are the main support for social problems such as racism and sexism, they support the intense political opposition that we have had since the 1960s, and they support the "culture

wars". The central faults, and the social problems that follow, corrupt our political system. We cannot deal with other social problems until we first deal with economic problems. Because we won't deal with economic problems, social problems won't go away.

On top of the faults intrinsic to capitalism, the attitude of Americans toward the issues is an even bigger source of serious problems.

Americans think we can fix core problems with a magic policy wand. They vary on what the magic policy is. Some think we can fix everything by reducing taxes on rich people or with chronic deficit spending (national debt). Some Americans think we can fix core problems with simple entitlement programs such as welfare and Social Security Disability, by "throwing money" at problems and groups. Some think we can fix core problems by ending all helping programs and so forcing lazy bad people back to work. There is no simple fix. Simple policies and programs add another layer of grief onto the original problems. We do have to adopt some policies and programs but not as we have now.

America has gone so far down the road of self delusion, bad policies, and bad programs that it now looks like Greece or like a "banana republic" from the 1950s. We really can't afford self delusion anymore.

If we don't face the problems and deal with them better than we have, the country will not go down like a split ship. I am not out to remake America in my image by saving it from a contrived crisis. If we don't face the problems and deal with them, the country will lose coherence and "oomph". We will descend into more bickering. We will deadlock all the time. We will become a big country of a few rich people and a lot of lower middle class work-and-debt slaves. We will become another half-ass power in a world with better run, richer, and more powerful countries. I would rather not see more of this. If we do face problems and deal with them rightly, we can go on with a cleaner conscience, more cooperation, more fairness, and more "oomph". I would rather see that.

The essays are meant to stand alone somewhat, so I repeat some ideas between essays.

It will help if you know some of my basic political-economic stance.

In the 1960s, when I was young, and I first learned about capitalism, socialism, unemployment, bad employment, and social problems, I wanted the state to intervene to help, and, if possible, to clear up these issues once-and-for-all. I was not a socialist but I was like other liberal people who wanted the state to help.

Since then, I have not become a fascist or reactionary, but I have learned that state help doesn't really help much, and it often adds problems. Our politicians cannot, or will not, deliver solutions that really work although economists have offered solutions. Rather than repeat those solutions here, I offer the thinking behind better solutions.

Up until about the middle 1970s, in America, almost anybody who had some basic schooling and really wanted to work could find a fairly good job. The job might not pay enough to have a boat, take a long vacation in the Caribbean, and buy a summer cottage, but it would pay enough to raise and educate a family. Beginning in the middle 1970s, that sunny situation was no longer true, for reasons you will read about in the essays. Beginning in the middle 1970s, the minimum level of training required to get a good job in modern American capitalism began to creep up. A lot of Americans never had the training and could not, or would not, get it. By the 1990s, quite a few people were not smart enough to get a decent job in America regardless of how hard they were willing to work and how much training they had. A lot of adults had to take bad jobs just to get enough food for their families without any thought about medical insurance or a vacation. These people swelled the ranks of the unemployed and badly employed.

Some unemployment and bad employment really are endemic to capitalism and they really do drive other social problems such as racism.

Suppose unemployment and bad employment were not endemic to capitalism. Suppose everybody who was willing to work hard and was not stupid could find a halfway decent job. Then I would advise not doing anything about unemployment, bad employment, most economic issues, and most social issues. If everybody who was willing to work and was not stupid could find a half-way decent job, then I would take a near-Libertarian-Austrian (rightist) stance and tell the state to back off entirely.

It is not that there is nothing to do. We could do much. The problem is that we can't stop botching it and making a worse mess. We botch it as private citizens who abuse programs, as business firms that abuse programs, and as politicians and pundits who offer policies and programs ripe for abuse.

But unemployment and bad employment are endemic, and some good-hearted not-smart people really can't get a job no matter how hard they try. So we have to do something. We have to do something along the lines that we have set up already, such as welfare. But we have to do a much better job. Yet we won't. Instead, we lie about it and spew dogma about it, mostly to ourselves.

This is the sort of thing that drives any reasonable person crazy, and I am sure a lot of Americans feel the same way as I do.

I do have suggestions. I have offered some in my past writing, such as "First Book in Economics". Likely I will collect some suggestions into a few essays on my website. It is my duty. But I doubt anything good will come from my attempt.