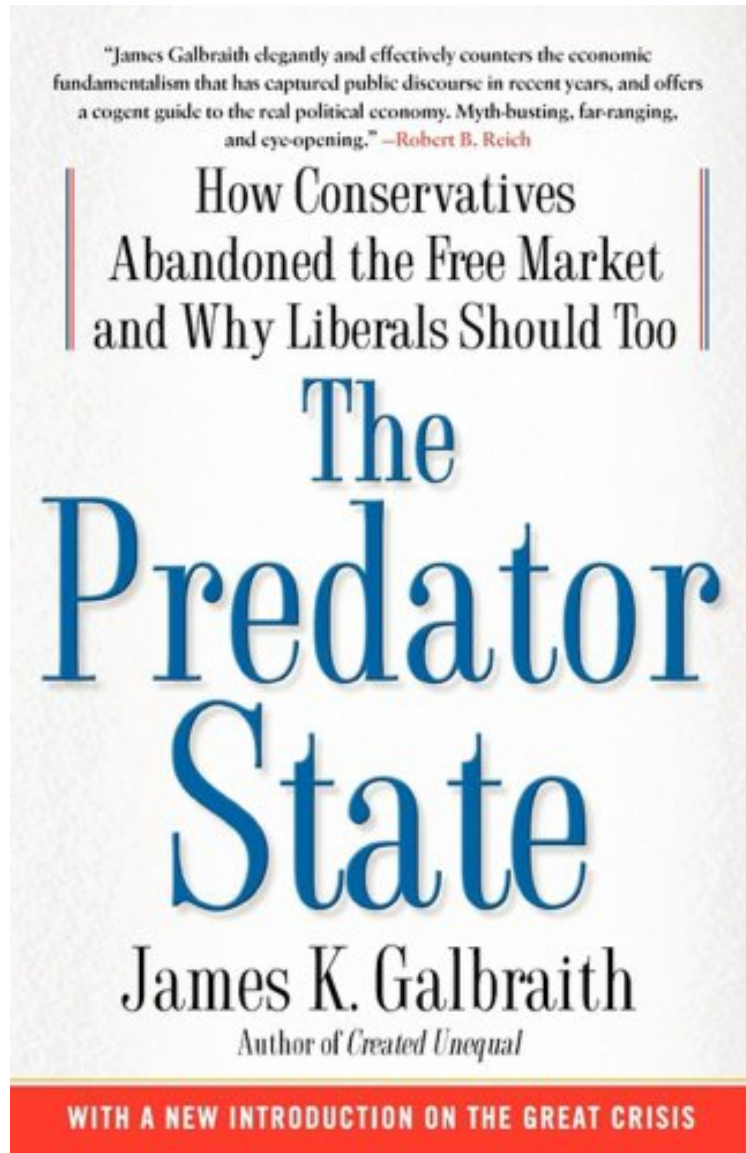


The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too

James K. Galbraith

DOC | *audiobook | ebooks | Download PDF | ePub



DOWNLOAD



READ ONLINE

#843995 in eBooks 2008-08-05 2008-08-05 File Name: B001BAGW5A | File size: 52.Mb

James K. Galbraith : The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too before purchasing it in order to gage whether or not it would be worth my time, and all praised The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too:

4 of 4 people found the following review helpful. Professionals need to get off the couch and get involvedBy PaulPublished a few months before Obama's election, this book by a well-known economist is remarkable in how well

it foresaw events of the following 7 years. Distressingly little has changed. Conservative experimentation with "free markets" and "supply-side economics" under Reagan and the Bushes failed miserably, and conservatives have clearly abandoned it in favor of cynicism as a governing philosophy. But Democrats haven't yet learned. "Free markets" are a myth. Corporations, seeking to maximize profit as they always do, will always seek to grow to a point where they can manipulate markets to their liking and capture monopoly rents. We should not expect anything different. We can't and shouldn't try to prevent globalization and lowering of trade barriers, but we need to regulate corporations more strongly to ensure that they satisfy our public interest requirements including environmental, labor, fair competition, and human rights concerns. This includes resisting consolidation. (We saw a presentation a few weeks ago at Seattle U by David Korten, who said the same thing, and that the weakening of national regulation is what he sees as the biggest flaw in the Trans-Pacific Partnership agreement that Obama is pushing. Korten is concerned that TPP will make corporations even larger and more powerful than government, making it impossible to address any of earth's long-term problems. I've been waiting for the president to address this, but so far he has not.) Supply and demand are over-rated. They work great for micro-economic decision making, but beware using these concepts on a larger scale where resource constraints come into play. For example, we now know that increasing the minimum wage does not cause unemployment. In fact, it brings more skilled people into the workforce (particularly women), who previously might have chosen not to work or might have been forced to work outside of the fields where they can make their highest contribution. A more skilled workforce facilitates business expansion and economic growth, which absorbs the available labor. Salary is a very inaccurate measure of productivity or value. As another example, we shouldn't apply supply-and-demand concepts unthinkingly to the Federal deficit. One source of US economic power in the world is the role of the dollar as the world's reserve currency. It is in our interest for every nation to own and use dollars. In order for this to happen, it is essential that the US have a trade deficit (more dollars going out to buy goods, fewer dollars coming in when we sell goods) and a federal budget deficit. These deficits cannot and must not go away. This is why interest rates did not go up when the US borrowed heavily to recover from the 2008 financial crisis. The book analyzes what it calls the "predator class," the CEOs and financial industry people who control corporations but have little or no interest in what the company actually makes or does. They are interested only in the money. This culture got started when tech entrepreneurs (like our neighbor Bill Gates) found how easy it was to use technical knowledge and patents to build giant monopolies and get filthy rich. This raised the standard for CEO salaries even in industries where innovation was absent. Investors who control the stock of many of these companies and hire the CEOs then felt that they deserved a piece of the action. The predator class has now become a species unto itself, actively seeking to find and confiscate any money they can find laying around anywhere in the economy, much as a whale must spend its whole life vacuuming up plankton in order to stay alive. Similarly, the role of corporations in government has led us to the "predator state," where all three branches of government, including regulatory agencies, are captured by corporate interests. The objective of these corporations is to continue to grow and consolidate. The predator class is focused on short-term profit, so they and their corporations have huge reserves of money to apply to the problem, and very little interest in long-term issues such as global warming. Meanwhile, Republicans and Democrats alike work to starve government of the resources and expertise it needs in order to resist. Obamacare is a great example of how the health insurance industry, with money to burn, managed to take a real solution (public insurance) off the table, and instead expanded their revenue and profit base, with benefits going mainly to the moneyed owners of these companies and their privileged CEOs. Democratic goals, of insuring more people and distributing insurance costs more fairly, were partially accomplished, and the goal of the rich to get richer was fully accomplished. A win-win for those with power, but all of us are still paying far too much for health care because of the health insurance industry, a huge parasite on our backs. Not all corporations are predatory all of the time. More innovative companies, particularly those whose senior management are technical leaders in their industry and identify with their customers, and many closely-held companies, are not as addicted to money and growth, having more complex motivations. Companies that cannot compete on innovation are the ones most likely to try to compete via their control over government or via monopoly power. Important interests require powerful institutions to protect them. The wealthy have always had corporations. The middle class was built with the help of labor unions. The poor were protected by government. Nowadays labor unions are destroyed and government is badly weakened, partially controlled by corporations. Who will stand up for the middle class and shore up the capability of government to deal with long-term problems? Galbraith calls for the new class of educated professionals to organize and fill this role. This class of people is much larger and more capable than ever in history, and may be the only group with the intellectual heft to challenge the complex strategies of the predators. Galbraith would like this to be seen as a professional responsibility, to act for the benefit of those who no longer have any institutional support, and to plan for the long-term. He sounds almost Marxist in his plea, but he is not calling for overthrow or dominance. Rather, he feels that professionals should work within the system to overcome the predator class, and take a stronger role in government and corporations to force them to work more in the public interest and with a longer-term perspective. He sees a lack of long-term/short-term balance (as well as a lack of innovation) in how corporations are governed, and wants to see this balance restored. It may seem weird or ugly to think of a professional class in the way Marx thought about the proletariat. Why do we need to divide the world into

classes? Because if we don't, the predators will continue to eat our lunch. Because if we don't, we will have no self-determination in the predator-dominated world. Because "every man for himself" is a losing strategy. There won't be an overt class warfare like the Russian Revolution was. Corporations are already too powerful for that. But watch Fox News for a short while if you can stomach it, and it's obvious that the war is already on, and has been for years. It will have to be a guerrilla war of minds. Think of it as a community project if you want, with the emphasis on community. Make no mistake that the predator class already sees the educated professional class as a potential threat. Hence we see school "reform" efforts which try to reshape education so students in public schools are better servants of corporations, with highly standardized "job skills" and less likelihood to try to lead or resist. In the world view of the predator class, leadership is to be learned in expensive private schools so the wealthy class can be perpetuated. Parents who wish their children to be leaders in a social recovery need to actively resist this "reform" movement and ensure that their own kids receive a complete education, especially in areas that are "not on the test," such as leadership, creativity, philosophy, and empathy. This is a relatively short book. Even though it is a few years old, it has proven to have staying power, and I highly recommend it. 6 of 6 people found the following review helpful. Freedom to Shop By J. Alan Bock Recently Bill Maher said: "He could understand why 1% of the voters would vote Republican. But he could not understand why the other 49% would vote with that 1%? He said it was like someone came into your house and took everything you had out in a suitcase and you say "May I help you put that in the trunk of your car?" In "The Predator State" James K. Galbraith has attempted an explanation of this phenomenon. It is, he said, due to the concept of "economic freedom." This may be an older concept than one realizes. I remember it being the motivation claimed for a young woman who had emigrated to the United States from Sweden in the mid-1970s. She had immigrated, I was told, because there was no "economic freedom" in Sweden. "Indeed, the conservative concept of economic freedom actually stands opposed to any measures that commit the state to raising the standard of living of the broad population. It opposes such ideas as universal health care, free public education, and public subsidies to the arts (sound like Sweden?). It particularly opposes these measures if they are to be financed by redistributive and progressive taxation. Social welfare implemented by democratic decision, as in Roosevelt's New Deal, or Lyndon Johnson's Great Society, let alone the Chile of Salvador Allende or Venezuela of Hugo Chavez (both of whom were democratically elected in fair and free elections and ruled according to law), is, to this way of thinking, intrinsically unfree." However, the "free market" regime of Augusto Pinochet brought "economic freedom" to Chile even though he was a brutal dictator. "Economic freedom" obviously has nothing to do with "Political freedom." "Economic freedom" thus consists in the ability to live one's economic life - and that alone - in a sphere separated from state control. As Milton Friedman defined it it is the "freedom to choose." You could say that it is the "freedom to spend" but to put this idea into perspective, we should call it what it really is: "the freedom to shop." This idea is so palpably absurd that we are inclined to look past it. It is a perversion of the language to treat "shopping" as freedom. It is easy to scoff at an idea that is so remote from our liberal conception of freedom as bearing the lofty realms of political and social decision taking. However to scoff is a mistake since it is surprising how many people think in this manner and how deeply the concept has penetrated modern life. The concept of freedom to shop has been extended, insidiously, from its origins in the realm of goods to the realm of careers where it plays even greater havoc in the use of words. In a "free" capitalist society with private schools and universities able to admit whom they please and charge what the market will bear (have you seen the astronomical cost of tuition these days?), the freedom to choose one's profession becomes, in part, the freedom to become what one can afford to become. The choice is "free" because it's mainly a matter of money. Money, in this respect and from this perspective is a Leveler - not a source of class distinctions but a way of breaking them down. In this respect it is why Milton Friedman, Ronald Reagan and even George W. Bush could present themselves as democratic and even egalitarian "regular guy" forces in America. They did this through an inversion of perception that economic progressives and political liberals never got, but that resonated powerfully with at least part (10-20% ?) of the American public. A great many people, not merely the rich, accept these ideas: a freedom to shop, a "freedom" to buy a career that you want, the freedom to merge and acquire. This, of course, liberates them from any standard other than wealth and also from the political process. In this world any policy that reorganizes or constrains the allocation of money beyond the minimum policing required to keep markets honest is in essence and by definition an assault on freedom. Even elections are not "free," unless those who have the money are free to buy them (I once saw Mitch McConnell defending the Citizens United case on the basis of "free speech." It might have been my imagination but I got the distinct impression that he had a hard time keeping a straight face). "What is amazing, of course, is that the meaning of freedom in every normal sense - of speech, association, faith, assembly, and the press - should be replaced by "market freedom." It is amazing that the freedom from fear and from want are also replaced by it. It is amazing that the public role in art and culture and science should be subordinated to it and suppressed by it. It is amazing that any association between markets and freedom should have taken such a firm root in so many minds. It is amazing that such nonsense could go so deep, and last so long." 3 of 3 people found the following review helpful. We need to educate the public By cjcny This is a good history of why our country has gotten into this state where the ultra wealthy control the government. We are not a democratic society (just look at the US Senate where two senators each represent both California and Wyoming- this body of "representatives" needs to be

reconfigured so there is some kind of proportionality. Our government needs major overhaul or only the wealthy, whose interests are not aligned with the public's, will have a say in anything. Meanwhile we are headed for disaster caused by climate change. The environment is the number one casualty of our procrastination and refusal to modernize our transportation (railway like in Europe and China), alternative energy (CARBON TAX), and universal healthcare (single payer). We waste huge amounts of money and much of the profits go into the pots of the big corporations. The wealthiest country in the world has one of the greatest income disparities. Those making millions are exploiting the lack of regulation and tax evasion. Such a disgrace that one in four children live in poverty. Galbraith's book (and many others who write on this topic) will only make a difference if the general public is aware of the grim reality. They could start by refusing to elect some of the a**h**** who now now only serve the ultra wealthy.

The cult of the free market has dominated economic policy-talk since the Reagan revolution of nearly thirty years ago. Tax cuts and small government, monetarism, balanced budgets, deregulation, and free trade are the core elements of this dogma, a dogma so successful that even many liberals accept it. But a funny thing happened on the bridge to the twenty-first century. While liberals continue to bow before the free-market altar, conservatives in the style of George W. Bush have abandoned it altogether. That is why principled conservatives -- the Reagan true believers -- long ago abandoned Bush. Enter James K. Galbraith, the iconoclastic economist. In this riveting book, Galbraith first dissects the stale remains of Reaganism and shows how Bush and company had no choice except to dump them into the trash. He then explores the true nature of the Bush regime: a "corporate republic," bringing the methods and mentality of big business to public life; a coalition of lobbies, doing the bidding of clients in the oil, mining, military, pharmaceutical, agribusiness, insurance, and media industries; and a predator state, intent not on reducing government but rather on diverting public cash into private hands. In plain English, the Republican Party has been hijacked by political leaders who long since stopped caring if reality conformed to their message. Galbraith follows with an impertinent question: if conservatives no longer take free markets seriously, why should liberals? Why keep liberal thought in the straitjacket of pay-as-you-go, of assigning inflation control to the Federal Reserve, of attempting to "make markets work"? Why not build a new economic policy based on what is really happening in this country? The real economy is not a free-market economy. It is a complex combination of private and public institutions, including Social Security, Medicare and Medicaid, higher education, the housing finance system, and a vast federal research establishment. The real problems and challenges -- inequality, climate change, the infrastructure deficit, the subprime crisis, and the future of the dollar -- are problems that cannot be solved by incantations about the market. They will be solved only with planning, with standards and other policies that transcend and even transform markets. A timely, provocative work whose message will endure beyond this election season, *The Predator State* will appeal to the broad audience of thoughtful Americans who wish to understand the forces at work in our economy and culture and who seek to live in a nation that is both prosperous and progressive.