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Wow! Greed Really Isn't Enough!

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One of my favorite early commentaries on what came to be known as Reaganomics was Robert Lekachman's "Greed Is Not Enough!" Its catchy title and lively prose catapulted Lekachman, a distinguished academic economist in a Keynesian mode, onto the best seller lists for the first and last time in his sadly foreshortened life. If Bob were around today, I'm sure he'd be having a field day with the mayhem we now see in Washington, D.C., and states like our own.

Suddenly it's worthy news that if you don't regulate capitalism, it runs amok. If you don't believe me, look at the recent headlines on unrestrained corporate greed. Somehow, after Enron, it's finally become personal again. These guys weren't about creating things of real value after all. They were just gaming the system, and screwing suckers like the rest of us, and acting as if they were above any semblance of the law, which now, very very belatedly, shows some sign of catching up to them.

What to make of all this? I think several things.

One is that this is just the tippy tip of corporate criminality. After all, the finance-directed accounting rules and securities regulations that our most recently discovered corporate criminals have manipulated for years are among the densest areas of regulation in American capitalism. Vast arms of that roving beast, accounting for far more deception and abuse, are barely regulated at all. We simply don't hear about their consequences because they haven't mauled as many rich people as the current scandals do.

Don't treat Enron, Tyco, Aldelphia, and WorldCom as exceptions. Treat them as dramatic instances of the norm that big corporations break the law more or less constantly, with crime simply part of their business strategy. If we actually locked CEOs up with the same tenacity as we do inner-city dope dealers, this place would barely be functioning.

Another is that capitalism is a moving target, and a wily one. Try to regulate it in one place, and its inventive energies will find some opportunity for mischief elsewhere - a new financial instrument to peddle, a new interpretation of what was some settled law, whatever may be needed to again game the system. One of the central findings of modern game theory is that "no design is strategy-proof." No matter how careful you are to regulate capitalism in the public interest, count on it that somebody will figure out a way to avoid the rules and profit from doing so. The only solution to this problem is to recognize it squarely, and build monitoring and adjustment mechanisms to track and respond to the ever-changing wiles of the beast.

But the third and most important lesson is that all that "leave it to the almighty market, because there you shall find the path to heaven" stuff we've been force fed for a generation is basically the purest BS. Our leaders have told us, endlessly, that government has no real purpose in society beyond military and police, that in fact the very idea of a "society" - a set of social agreements on living together that has some morality at its base - is silly and old fashioned. "Leave it to the market" we've been told - again and again and again and again - and leave it more specifically to those alleged heroes of the market, the CEOs of corporations. And now we see some of the consequences of taking them seriously.

Sorry, you can't just abdicate to markets and CEOs if you want to have something of what America is supposed to stand for - the equal opportunity and freedom that is the bedrock of democracy. Those CEO heroes aren't really heroes, but often blindly avaricious fools. And leaving everything to the market, which knows the price of everything and the value of nothing, is not a good guide to how to live a decent life.

* What this means for citizens is that we again have some thinking to do. If the market can't be counted on to solve our problems, what do we want government to do? If society is not such a bad idea, what sort of a society do we want? These may seem the questions of a child, but in millennial Wisconsin they're a lot more probing than the questions our current leaders are prepared to answer.

Consider the ridiculous budget the Senate passed last week, which made our budget woes worse, and campaign finance reform more distant, than when the Senate began its deliberations. Greed may not be enough for a workable capitalism. And irresponsibility isn't enough for a workable government, either.

Joel Rogers is director of COWS, the Center on Wisconsin Strategy, at the UW-Madison. COWS is sponsoring "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. Go to www.sustainingwisconsin.org for more information.

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