



# Agitate

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That I'm writing this essay right

now has me mystified. I would have thought that the phrase *free market economy* would be nothing more than a vulgar epithet today. After all, what has the so called free market created? A generation of stagnant wages, reduced benefits, deteriorated infrastructure and an agglomeration of wealth into the hands of fewer and fewer people. Then, when the financial full nelson held by the elite around the neck of the economy became too tight, predictably, the market snapped.

Perhaps snapped isn't the best descriptor. Better to say "shattered." With it the hopes and dreams of an entire generation of working people was reduced to tiny shards.

Yet there are still those suggesting that we should let the free market right itself. There are still politicians like John McCain who prattle and pout that free market solutions are not being adequately explored to reconcile the current crisis.

Balderdash!  
The free market is a sham! A colossal con perpetrated at the global level. Only now there's no substance to the dishonest exhortations of the free market shills. The fabled emperor stands naked before us.

So one last time! There's no such thing as a free market! Anyone who claims otherwise, regardless of their credentials, is a shill or a con artist. All markets are controlled by elite and powerful institutions. Those who espouse a free market philosophy are offering nothing more than propaganda for why their particular institutions should be at the top of the economic food chain. Free market policies lead inexorably to oppression, albeit not political oppression, but a brutal corporate dictatorship, which may be even more destructive. At best, free market principles are an exercise in nihilism.

## The Con

The free market snow job appears specifically designed to swindle Americans. We Americans are the perfect marks with our reverence for the hard working individual who, by force of his own merit, makes something of himself. First, we juxtapose the premise of a market of free individuals with the dubious claims of a command economy. Free market shills suggest that we can have economic freedom or we can have a tyrannical government making all economic decisions for us. We are fed this nonsense from high school economics on as if these are the only options. We learn that being an American means living in a free market. Consequently, to suggest that the government should have its hand in our economy is akin to advocating a socialist state with all of its false imagery of Bolshevism and Stalin inspired parades.

The basic premise as offered to us is that the free market is the only option for free individuals—American individuals—who wish to remain free. It takes the power of the economy out of the hands of the state and places it in the calloused palms of rational individuals. Individuals, when given economic freedom, will make choices to maximize their gains and minimize their losses. A society of *homo economicus* will thus be guided by the

**Put under the You've Got to Be Kidding Me File: I've been reading about people who have been fired from their jobs for nothing more than making comments on their own Facebook pages. Apparently, criticizing your boss on-line is an offence that merits termination. However, those who have ruined the economy of the entire world with their scheming and incompetence are not only still in their positions...they're getting hundreds of thousands to millions of dollars in bonuses!**

invisible hand of collective, rational decision making. He will get the best wages for his skills and the best products for the price as market interests compete for the individual's labor and patronage.

Yet after over two hundred years of this humbug the free market still remains saddled by one incontrovertible fact. It has never worked. Even instances that are often ballyhooed as free market successes, from the transcontinental railroad to the internet, are upon closer scrutiny, revealed as nothing of the sort. (Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*)

What is often omitted from the free market brochures is that those who control the market have no interest in freedom. They want protection—government protection; they want their access to resources protected, they want their profits protected—and they pay well for the kind of insurance that only the state can provide. At the same time, any protection for the working man and woman is decied as socialism and as un-American.

## The Correction

The ode to free individuals making rational choices to maximize their market share is almost pastoral in its simplicity. The presumed consequences are concrete. If you are wealthy it is because you made good choices for which no one else need share credit. It has nothing to do with state subsidies, insider knowledge and networking or cultural capital. Success is the result of hard and smart work. If you are poor, that is the consequence of poor choices

on your part for which no one need be responsible. It has nothing to do with economic contingencies that make employment unlikely or unrewarding; nor does poverty have anything to do with elite level swindles that suck resources from the bottom tier into the penthouses. If you are poor you simply need to work harder. It's your choice.

This assumption may be reasonable if choice was bound only by the tethers of reason and nothing more. Choice, however, is limited to social parameters that defy the *homo economicus* zeitgeist. For instance, few of us have the choice to hide significant chunks of our income in offshore accounts. Virtually nobody can understand the labyrinth of financial networks and specialized knowledge that has been constructed by the elite. None of us are privy to the boardroom discussions and backroom deals that drive Wall Street. Only a select few can access these resources.

The ability to make economic choices is the function of many variables, the least of which is reason. It helps if we have a surplus of

cash to start with. How much wealth we get is most easily attributable to how much we started with. It also helps if one has access to established financial networks. The easiest way to achieve such access is to choose your parents well. Few will gain the cultural capital necessary to enter such circles without being born into it.

The working man and woman who has seen their wages stagnate over the last thirty years does not have the choices as the corporate executive whose income has ballooned over the same period. For that average man, investing in food, clothing and shelter takes precedence over investing in stocks or even CDs and IRAs. And once the basics have been taken care of, often with little left in savings, investment in education for one's children comes next.

Education is the single most effective recipe for improving socio-economic status. Yet access to education is less available to the average American. Tuition as a percentage of income has doubled for the middle class, but remains the same for the wealthy. The smart young man who doesn't qualify for dwindling grants or loans often cannot choose to go to college. Even if he does manage to secret away the necessary funds, access to elite institutions will not open for him; thus, no matter how hard he works, he will never develop the requisite networks for entrance into elite parties. On the other hand, with an established family name and networks even a C student can go to Harvard and Yale (this paragraph reveals much about the myth of elite universities...but that's another issue).

The very structure of the economy keeps the average man who cannot afford to hire the necessary experts from making rational decisions. The rules of the game are written by those who are already successful. The byzantine rules, strategies and abstract market methodologies favor the economically entrenched. Only economic shamans with specialized knowledge and information resources can navigate such treacherous waters. And even they sink. But that's all right because, for the elite, the lifeboats are ready and waiting.

The working man may make the rational decision to invest in a 401k, but what is the value of such decisions when market insiders take that money and recklessly invest in hedge funds, securities, derivatives and other market voodoo that virtually no one truly understands? Then, when these illusory money making schemes fail, millions of working men and women lose their 401k's while the thieves are bailed out.

Indeed, the market is not hospitable for the rational *homo economicus*. It is the ecological niche for a subspecies I call *homo economicus imbecilus*. The market encourages irrational decision making among the elite who are possessed of the knowledge that they are too big to fail. The CEO of Giant Corporation knows that no matter how badly he screws things up—even if he collapses the global economy—he'll still get his bonus and his company will be propped up by the state (this is not to be confused with evil socialism. It's simply economic stimulus). The average person, however, is not too big to fail. When he does fail, be it by choice or by contingency, there will be no bailout.

What choices does the average man have that allows him to compete with the economic elite? When the factory owner chooses to shut down production and move his factory to a country that will allow him to exploit young girls at a fraction of the cost, what happens to the power of the laborer to make economic choices? Do working men and women choose to have their wages cut, or to lose their benefits? What recourse does the working man have when the bank chooses to repossess the house?

I often wonder what working men and women could have done if they were allowed to choose how to spend \$700 billion. Instead, the money was left to the banks and subject to the choices of the wealthy. And for the most part, they chose to pocket it.

The elite have the advantage in the marketplace. The elite have access to networks and knowledge that the rest of us do not have. They meet with each other and negotiate deals in rooms that are not accessible to the public. They have the power to directly lobby legislators to open avenues of wealth that they alone can travel. They possess specialized knowledge of arcane opportunities like hedge funds, securities and derivatives. And when it all goes wrong, they can leverage their power and social station to purchase a golden parachute. None of these advantages exist for the working man. Can this be called a "free" market?

## A Corporate Command Economy

So, with policy stacked in their favor, and politicians in their pockets, the corporate elite entrench their position in the social strata. It doesn't take long before the political elite and the economic elite are indistinguishable. Wealth becomes concentrated at the top of Jacob's ladder while the lower rungs are snapped and placed further and further apart, leaving more people trapped at the bottom. Yet the myth is perpetuated that this very scheme constitutes a "free" market.

The free market economist, however, is hard pressed to explain the consequential difference between a free market and a command economy in the lives of average people. Both systems concentrate wealth into the sweaty palms of the few at the expense of the working man. Both systems lead to oppression. What is the difference between being oppressed by a state or by a market? And to complicate matters, what are the prospects for the common man when the economic elite and the political elite are the very same people!

In all instances the free market leads inexorably to a *de facto* command economy. Only this command economy is in the hands of corporations

instead of the state. The irony here is that in a democratic society the state is at least minimally accountable to the people. Corporations are not. It could be argued that a state driven command economy is potentially less oppressive than a monopolistic and elitist free market.

But let's not forget that we are not stuck with only two economic choices—free market or command. Indeed, most of the industrialized world already recognizes this. I often teach my students that if they are presented with only two choices the chances are that they are both bad; that there is more likely than not a third, fourth and fifth choice that is not being explored. This kind of economic Manichaeism is nothing more than free market fear mongering. It's time to put our heads together, our voices together, and if necessary, our clenched fists together to re-invent the global economy. It's time to think beyond the prescribed dichotomies and find a third option that really does lead to a better, more stable, market for the working man who will certainly carry it.

**An interesting corollary to this story has emerged recently with the scandalous bonuses pocketed by the very people who ran their banks and investment firms into the ground. Politicians wring their hands and shrug because the bonuses were written into executive contracts. You can't violate a contractual agreement, can you? Can't you? When pols decided to nix the GM and Chrysler bailout in December their justification was that the auto unions refused to alter their contracts and allow their wages and benefits to be slashed. So let me get this straight...union contracts can be changed, but executive contracts are inviolable. Yeah! That about sums it up!**

## Take Action!

Don't accept the Free Market rhetoric! Let your elected officials know that you expect that they will make sound economic decisions that make the needs of working people a priority. Free market strategies that do nothing but bulk up elite bank accounts are of no value. Go to the *Journal of a Mad Sociologist* "Agitation Links" to keep an eye on your pols, the Wall Street shills and the bankers. Use the contact information to let your representatives know that you are watching them!

