

Chapter 1 : Interest always trumps ideology | The Australia Institute

Enlightened Capitalism & Free Marketeers. How is society best organized to maximize the happiness of the people? The answer is an intellectually based, empirically proven and emotionally satisfying business operating philosophy that.

There is a rich tradition of free-market support for the European project. Our intellectual father Friedrich Hayek himself spoke in favour of interstate federalism, as a way to check the protectionist tendencies which he thought were characteristic of nation states. I believe the European Union today – with all its faults – vindicates the arguments of its free-market supporters. The EU has played a critical role in promoting and entrenching economic freedom in its member countries, including the UK. At a time when the climate of opinion is shifting away from markets, a vote to leave the EU is likely to weaken rather than strengthen the prospects for a free-market Britain. Those in favour of Brexit argue that we will have less regulation, more trade and lower spending if we vote to leave. Yet there is reason to be wary of the rosy picture they paint. The UK has led in the development of much recent financial regulation, and its green policies are, if anything, more onerous than the EU average. Similarly, it is unclear how much of a barrier the EU is to trade with non-EU countries. A national scheme to replace the Common Agricultural Policy is widely expected. And the Leave campaign insists that any remaining savings should be spent on other government programmes such as the NHS. In other words, they wish to transfer money from one centralised bureaucracy to another centralised bureaucracy. Hardly the free-market revolution that some Eurosceptics promise. Staying in the EU, on the other hand, would guarantee a number of benefits that free-marketeers should cherish. The UK is especially well-positioned to benefit from this because its legal system, global trade links and favourable business environment make it an attractive location for firms to place their European headquarters. This international appeal would be weakened by a Brexit. Another important boon of EU membership, though much-derided in the media, is the free movement of people. Immigrants fill positions for which there are no native candidates. And, according to the Bank of England, EU migrants are more likely to be self-employed and entrepreneurial than native Britons. There are those who say we would have an equally open immigration policy post-Brexit. But the dominance of anti-immigration arguments in large parts of the Eurosceptic camp lead me to think otherwise. The above are two salient benefits of membership. The EU is therefore a check on the short-run temptation to intervene in the economy, which would harm consumers and taxpayers over the long term. Similarly, EU competition rules have virtually outlawed nationalisations, securing the benefits of private markets in key sectors and making a return to the old days of inefficient state-owned industries highly unlikely, despite the political winds of the day. These beneficial policies, which have become a cornerstone of EU jurisprudence, are there thanks in large part to the UK. It was under Thatcherite Commissioner Leon Brittan that state aid was constrained. And it was the successful example of privatisation and competition regulation which led the European Commission to make these policies its own. We must therefore ask ourselves: Would protectionist policies become more or less likely with a Brexit? The answer is unambiguous: This point is not an altruistic one. This issue gains special urgency when we consider that today, the UK itself is witnessing a move away from free markets that is unprecedented in recent memory. This applies to both Left and Right. Measures such as the National Living Wage, increased levies on industry, and an interventionist energy policy are symptoms that the Conservative Party is losing confidence in the power of markets to solve economic and social problems. At the same time, a Labour Party which had once made its peace with a broadly free economy is again calling for its commanding heights to be brought under state control. In these circumstances, leaving the EU amounts to removing an effective bulwark against protectionist and interventionist policies, and thus to undermine rather than reinvigorate free markets in the UK. By contrast, a vote to Remain will help to preserve the gains that both the UK and the rest of Europe have made over the last forty years. His policy interests are mainly in consumer finance and banking, capital markets regulation, and multi-sided markets. However, he has written on a range of economic issues including the taxation of capital income, the regulation of online platforms and the reform of electricity markets after Brexit. He is also a frequent speaker on broadcast media and at public events, as well as a lecturer at the

University of Buckingham. Most importantly, why do we need to be part of a political union to trade with each other. Once again, why is a political union a pre-requisite for trade??? How is being part of the EU helping us reduce the scope of the state? This article feels like something written by Nick Clegg if he knew who Hayek was. It does not, but the EU also acts as a bulwark to future attempts to strengthen state intervention in the economy in Britain and abroad. Yes, the EU entrenches a status quo. But currently, there are many veto points that have to be surpassed for a move towards more statism and nationalism in Europe and this is a good thing. One of these veto players is the European Court of Justice which has been the single most liberalizing legal entity in the history of the Continent. Because, who cares about powerful people being unaccountable when they give you nice things? Therefore who do you go with, the business innovators who create wealth or the pure managers who just run FT companies after the founding entrepreneur has created it and let the manage it? I know who are the real wealth creators and who I would vote with to make money. One thing is for sure though in this EU debate, Cameron would not have signed up his Hero Churchill to keep in the EU or its forerunners! Indeed in the House of Commons on 11th May , he said: We are with Europe but not of it. We are linked but not combined. We are interested and associated but not absorbed. If Britain must choose between Europe and the open sea, she must always chose the open sea. But hypocrites never want to listen to their heroes now do they in reality, only themselves. Proponents of Brexit have a romantic and unrealistic view of democracy. Your input as a voter into politics is minimal. You have one vote amongst 50 million voters, you exercise it once every five years under a limited choice bounded by the first-past-the-post system, without any say in the bureucratic processes that set the agenda beforehand, and with limited information regarding a huge array of issues which a government handles on an every day basis. The mirage of national sovereignty and democracy is one of the weakest and more fallacious arguments invoked by the Brexit campaign – essentially a campaign run by national elites for exclusive control with less checks from supranational rules. So much EU legislation seems to have been design by corporate lobbyists for no other reason than to protect the interests powerful market incumbents and other vested interests at the expense of competing small businesses and innovators. Article 20 of the TPD relating to electronic cigarettes being the most recent example I can point to. This is partly due to our common law system, derived as it is from the concept of fundamental individual rights, as opposed to continental systems with civil law systems where legal rights are decided by governments. What makes you think that UK legislation will be less captured by special interests. With many veto players on the legislation pipeline it is actually more costly for big business or unions to lobby at EU level. In the UK, the cost of lobbying under a majoritarian system will be smaller and corporate or union power to extract rents may be stronger. Note that the Nordic countries, which belong to the continental tradition of law, claim or boast to have a much better record in individual rights. Depending on your stance on taxation, this may be largely true. Second, the European Court of Human Rights – not directly attached to the EU but associated with Union membership via the EU Treaty – has a solid record of protecting human rights, which was particularly useful for UK citizens who did not have a national constitutional court to resort to up until ten years ago. Additional checks on parliamentary and executive power are always a bonus, not a minus. If you have in mind an idealised version of the UK after Brexit that will go down your desired path, you should think again. Brexit may equally bring adverse developments in British policies, unleashing protectionism, unionism, factionalism and nationalism. At least, these ideologies will feel vindicated, as it is their arguments that power the Brexit camp. The EU is not perfect but it has embedded a set of rules that protect free trade, human rights and free movement of people despite its many flaws. I merely said that our common law system has been a factor in protecting our rights and it is not clear that we need any help from the EU. If you think the Nordic countries have an equal or better record over a long period of time, then I suggest that you research their histories in more detail. Member countries have no choice but to implement trade barriers for imports from outside the EU, so in this respect it deliberately inhibits free trade. It is thus perfectly possible for reasonable people to disagree about whether the net effect of EU membership facilitates or inhibits free trade.

Chapter 2 : The Efficacy/Electability Trade-Off | The Free Marketeer

But talk to the free-marketeers themselves, and a different picture emerges. Disagreeing vehemently with the conventional wisdom, they argue that we need to learn from the crisis without disrupting the free-market model that has served the world so well.

A Sorta-Technical Overview , which covers a lot of the same points in greater detail. Given that narrative, it seems odd for a conservative – whether an old-guard big-business Bush-era conservative or a new-guard Paulite libertarian conservative – to support Net Neutrality. If you have seven minutes to spare, this entertaining video does a nice job explaining competitive markets in greater detail. There will be a surplus of outdoor hot dogs. In the end, everybody still loses: When the price falls too low, consumers get hurt because supply shrinks, causing a hot dog shortage. The beauty of the free market is that competition self-corrects these gaps between supply and demand when they arise, guiding them toward equilibrium, which is the point at which everybody wins – consumers get the most hot dogs, and vendors get the most business. No one supplier can arbitrarily shift the market against consumers. However, the contrary could happen. Suppose a vendor realizes that, using a new fuel-efficient grill, he can make Chicago dogs at a lower cost than everybody else. Consumers flock to this vendor, driving up his profits while dramatically driving down demand for more expensive hot dogs. Meanwhile, that one man, because he discovered this efficiency, sells lots and lots of hot dogs to eager consumers while the market adapts to his innovation, and is fairly rewarded with a ton of money. Consumers win as prices are eternally driven down toward the minimum possible cost with the minimum sustainable profit. In our example, we have a thriving competitive hot dog market. In reality, however, the tightly-regulated City of Chicago has made it illegal for street vendors to sell any hot dogs. In the end, everybody loses – except the bureaucrats. Government is doing this, to greater or lesser extent, all the darn time. This shifts the curve to the left, raising prices for the entire market, and putting products out of reach for some consumers especially the poorest: In some cases, the government may even impose price controls , which sets market price at something other than equilibrium, directly and deliberately creating a surplus or shortage that creates losers among both consumers and producers – with no winners besides the bureaucrats. As a result, conservatives are highly skeptical of regulations of all kinds and want to demolish much of the Washington bureaucracy. We may agree that some regulations are necessary – most of us are willing to accept the added costs that come because the FDA checks that drugs sold to Americans are safe, and most of us agree that someone the SEC needs to be able to prevent dishonest behavior on the stock market – but we recognize that those choices do carry big costs, and we are deeply troubled by the size and scope of the modern regulatory state including the FDA and SEC. The invisible hand is a hundred times better at promoting the general welfare than crony capitalists and liberal special interest groups. However, as conservatives have recognized for over a century, there are situations where the market simply breaks down. The invisible hand stops moving, and the only thing that can save the freedom and competition of the market is government intervention. This video is also pretty good, but contains spoilers for the rest of this article. Geoff Riley, Tutor4U Monopoly is when a single seller controls the market. There is no competition. Indeed, because the monopolist is able to set prices wherever he wants, a monopoly is able to destroy any competitors who attempt to enter the market by undercutting their prices, even at a loss, until the competitors die. There is also little innovation, because there is little incentive for it, and, when innovations are developed, the savings are pocketed by the monopolist, not the consumer. Finally – worst of all – the monopolist is able to set prices, not at the optimal equilibrium point where a free market would put it, but at a different point – which turns out to be a point off to the left of equilibrium, where price is higher and quantities are lower than consumer demand in a free market would sustain. The invisible hand stops. Now suppose George Soros rolls into town one day and decides he wants a piece of the action. So he buys every single hot dog streetcart in the city. Now that George controls the market, he has no competition. He was driven out of business, because consumers had no reason to put up with that and went to his competitors. But George has no competitors. They have to buy from him, or go without hot dogs. But some will still be willing to pay that price, even

though the price is way outside what a free market would tolerate. The invisible hand is no longer forcing him to serve the consumer in order to serve himself; a disconnect has opened up. Soros will gouge customers every way he possibly can, to the very limits of their tolerance and willingness to get hot dogs. Welcome to a new world of ketchup fees and lower-quality meats being sold at the same price. Some consumers will still get their hot dogs, but at a much higher cost with far fewer options and much lower quality. You think the Soros Chicago Dog Empire is going to cut prices accordingly? Soros has big reserves of stockpiled money from his monopoly profits. He may also use his monopoly power in other nefarious ways. It is simply too easy for a small number of sellers to tacitly avoid price competition or innovation in order to maximize individual profits, becoming a functional monopoly that prevents the free-market outcome. In order to have true competition and a vigorous free market, many sellers must be in competition with each other — so many that it becomes impossible to formally or informally fix prices or form cartels. But the worst and clearest case of this market distortion is certainly the classic single-seller monopoly. The tyranny of a monopoly market is why conservatives have always opposed monopolies. Want a great example of how monopoly drives down supply, eliminates consumer choice, and hinders innovation? Look no further than single-payer health care, with its long waiting lines, denial of expensive treatments to patients, and general stagnation. Unfortunately, when a monopoly arises in the private sector which is very rare today, the only entity that can fix the market is the government. Sometimes, the government can limit itself to a stern warning: Sometimes, the government has to go in and simply break up the company into many smaller companies, as President Reagan did to Ma Bell in But, whatever the particular tool employed, every true believer in the free market system knows that one of the few things government is good for is protecting free markets them from the tyranny of monopoly. Everything Is Upside Down In a normal market, the more product you sell, the more it costs. If you want to sell ten hot dogs in an hour, you have to buy enough meat, bread, and condiments to make just ten hot dogs. The more you sell, the more it costs. This is almost always true, so much so that the supply-demand graph simply assumes it. However, there are some markets where it is not true. Consider a power company at the dawn of the Electric Age. They build a power plant and power lines to carry electricity throughout town to their wealthy customers. Now Bob is paying for it. Now Bob is helping pay for that infrastructure, too. In fact, the more product the power company sells, the lower their average cost goes. This makes it almost impossible — indeed, economically inefficient — for competition to survive in a market like this. All companies in the market fight bitterly to get the most customers this is good. But, as soon as one company gets a small lead over the others, that company is able to cut prices, leading more customers to sign up, allowing the company to cut prices more, leading more customers to sign up — while the other companies are losing customers and are forced to raise prices, causing them to lose more customers, until they eventually go out of business. Potential new competitors face daunting startup costs and the impossibility of beating the market leader on price. As a result, the single company that survived becomes a monopoly — and, as soon as its last competitor is dead, it begins raising prices to take advantage of monopoly profits. Boundless Many utility markets are natural monopolies in one way or another. Electric power is a classic example, water another. Governments regulate these markets in various ways. The government then aims to deliver clean water to customers at the lowest possible price with varying success. Most people buy their electricity from a company, but, in most states, that company is regulated closely by the government, which sets a legally mandated price that all electric companies must use; this prevents local electric monopolies from abusing their monopoly position as described in the previous section. None of this is ideal. They are complacent and often fail to innovate, because they have little or no incentive to do so. Republicans and other free-marketeers generally work to deregulate as much as possible in these situations see their handiwork in Texas trying to get some invisible hand action back into the market — without allowing unregulated natural monopolies to take over the whole thing. Because — as Republican free-marketeers know — an unregulated natural monopoly is far worse than even a government takeover. Rather than relying on well-intentioned bureaucrats to set a fair price, the monopolist sets prices as high as possible — far higher than a free market would allow. Their service is abysmal, because they have absolutely no reason to care about you or your money. After all, what are you going to do? Disconnect from the electric grid? Move to another state? In economic terms, your personal

demand curve is inelastic. You need their service and will pay nearly any price, tolerate nearly any indignity, to get it. Perhaps you begin to see the connection to Internet Service Providers. But, in , a new trend began: In , MindSpring got bought out by EarthLink. And that was the end of that. The huge range of ISP options we had in the early days of the Internet had shrunk to just two: Qwest now CenturyLink and Comcast. That means, for all the freedom and competition happening on the internet, fully two-thirds of Americans live in areas where access to the internet is determined by either a near-monopoly or a literal monopoly see figure 5 a here ; for counter-point, see figure 5 b. Just like with the electric company, most of the cables and most of the network are already purchased and deployed. Adding a new customer often means literally just flipping a switch at HQ, or at most laying a few yards of cable to an existing network. In the end, the more the company sells, the less it costs them. Over time, the big companies beat the small ones on cost, gobble them up then lobby the government to freeze out potential competitors, while jacking up costs and slashing service quality,. It is a fact that customers despise their ISPs on average: What you may not realize is that they are overcharging you, too, like textbook monopolists.

Chapter 3 : Ideology Vs. Realism: Your Principles Might be a Straight Jacket | The Daily Sheeple

When so-called free marketeers try to defend bosses' pay, they do the cause of free markets a huge dis-service by encouraging people to equate free markets with what is in effect a rigged system whereby bosses enrich themselves with no obvious benefit to the rest of us.

June 13, at Every innovation has winners and losers. People have a perception right or wrong that free immigration will mean that the losers in the short term happen to be a significant section of people that currently live and work in the USA as they will lose their job or get lower wages. The biggest winners will be the immigrants, and the lesser winners will be the other Americans who are not the losers and employers. Immigration is restricted because people care more about the current members of the club than non-members or possible future members. The loss to current employees of losing their job is counted as more than the gain of the non-member gaining a job. Unions are in a similar position. The big losers will be current employees, the big winners will be the new employees, and the lesser winners everyone else through cheaper products. Those current members feel exactly the same as do the current members of the USA who fear immigration. Relaxing rules may produce more winners than loses, but that does not matter because it is the current members who will be the losers. I think a lot of people just assume that this is the case without any actual justification. Anyone that argues for control of immigration on cultural grounds "that the immigrants will change the culture, I hope will acknowledge that the Native Americans were justified, and European immigrants completely in the wrong. But in the same sense, my very existence is coercive, because I am forced to do certain things like drink water, eat food, and breathe air in order to remain in existence. And I think Libertarians are often guilty of setting it far too low. Btw, that last bit is just an aside. Something I often tell my Libertarian friends because I believe we are, for the most part, in the same camp. And that was my point. To put it another way, when I lose a bet, I am compelled to pay on that bet lest suffer harm to my reputation or worse. Anything less than unanimous consent to be governed that way is problematic though, and that is certainly the case in reality. Holding a democratic referendum is not sufficient to obligate the losers to submit to the whims of the winners. Returning to your original point about purpose versus effect, what exactly would you say the purpose of immigration restrictions are? There are only limited purposes that could justify expelling a foreigner from a neighborhood. For example, it may be just to expel trespassers, but any attempt to equate undocumented immigrants to trespassers in reality would run into the problem of identifying who is being trespassed against due to the lack of consent issue mentioned above. Additionally, any justification for a coercive regime only holds true if there are no methods to achieve the righteous purpose that are less coercive. After all, no one is suggesting that immigrants pose the same dangers to society as murderers and rapists! I believe some of these concerns are unworthy and do not justify the coercion implied in the solutions I proposed, but adopting any of these proposals would be a no-brainer if they replaced the current regime. Anyone who believes in freedom as an end in itself or an effective means to an end should recognize that the justification for coercive immigration restrictions is grossly inferior to the justifications for things like the coercive imprisonment of rapists and murderers. They should also recognize that even if the current restrictions serve some useful purpose, there are far less coercive methods available to achieve that purpose. The private housing association, who owns the neighborhood, could eject anyone they want to with no need to justify that"after all, they own it. Not allowing immigration just treats governmental ownership more like private ownership: There is no equivalent consent in any real world government. June 13, at 4: Libertarians will argue that if tea is legal, then consistency requires that heroin must be legal, regardless of the consequences. The Virginia voters apparently decided that they, and not the pro-immigration govt policymakers, should have the freedom to have some say in who moves to their community. The Brat election was very much a pro-freedom vote. Steve seems to be implying that immigration policies should be imposed on us without a vote. That is tyranny, not freedom.

Chapter 4 : marketer | Definition of marketer in English by Oxford Dictionaries

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Tony Cartalucci Land Destroyer 1, views In reality, socioeconomic ideologies like socialism, communism, capitalism, agorism, and anarchy are like tools. They are best used under specific circumstances dictated by reality, and just like tools, are best used in combination or sequence toward achieving a certain end. Healthcare provides a perfect example of this. However, neither is a sustainable or final solution – merely an incremental step toward one. Free market competition, collaboration, entrepreneurship, and the advance of medical technology makes it cheaper and more accessible for everyone, including those who cannot afford it at current costs. Incrementally, research and development will yield healthcare infrastructure and technology even the poorest can afford without government intervention or charitable organizations. A combination of socioeconomic ideologies used to achieve this represents a process rooted in reality – not divorced from ideology – but utilizing socioeconomic ideology as practical tools toward a specific goal – and using them in combination and sequence to get there. In a transition from healthcare today to a future where it is affordable and accessible to all, individualists and free marketeers will ultimately come out on top. Ironically, they can never do so until they make the transition today from temporary stop gaps to sustainable solutions tomorrow. And like a sacred cow, ideologies thus become an object of adulation rather than anything practical. For individualists, free marketeers, capitalists, and other stripes right of the socioeconomic ideological spectrum, the notion of socialist healthcare is unacceptable under any circumstance. Despite being unable to implement immediate alternatives for addressing people unable to afford healthcare now, or any road map toward a future where healthcare is affordable without socialist schemes, they categorically reject even temporary measures and stop gaps. This is because they put their ideology ahead of reality and by doing so fail to address and solve both real problems and more ironically – fail in moving society any closer toward their own ideologies of choice. For capitalists and communists it represents a paradox they are unable to and unwilling to fold into their respective ideological proclivities. To a realist, it is simply a logical, technological solution that works. It is the centralized collection, planning, and distribution of wealth across society. In reality, it has never effectively worked. Capitalism depends on the invisible hand of the free market and self interests. It too has led to an overall divergence between its ideologically expected results and how it has actually manifested itself in reality. Communism – like virtually all ideologies left or right of the spectrum – fails to take into account human nature and more specifically, self-interest and greed. Virtually all other ideologies suffer from similarly omitting human nature as a basis for all else to follow. The concepts of free markets, distribution of wealth, ensuring all are fed, clothed, and cared for can co-exist if realism and pragmatism are applied, and combinations of ideas are drawn from ideologies in a manner resembling a carpenter utilizing different tools to shape wood into a single, final desired outcome. Just like a carpenter would not use only a hammer to build an entire house – but rather saws, chisels, hammers, joints, and all other manners of tools in concert – no single ideology can be used to face and solve socioeconomic challenges. They do not pick and religiously adhere to a single ideology – they use all ideologies whenever and wherever convenient, and as socioeconomic tools. The only thing these ideologies have in common is that they blind their adherents to reality and that the US uses them all to manipulate, divide, and conquer entire nations with them. This explains why the United States – for example – employed right-wing fascists in Ukraine to overthrow the government there in It also explains why in the Middle East and North Africa it uses terrorist fanatics to wage proxy wars while it uses Islamophobic racists and bigots to sow fear and social division back at home. The common denominator between these apparently diametrically opposed socioeconomic ideologies is not rooted in ideology at all – but rather human nature. If one wants to build an alternative to this empire, they will have to likewise abandon viewing ideology as a single set of principles they must religiously adhere to and view all ideologies as potential tools to be used in concert and sequentially to create the single, final outcome they desire. Those tempted to argue otherwise should sincerely look at

whatever ideology they have devoted themselves to, and ask themselves when “ by itself “ it ever truly threatened or ever will threaten the monopoly and control over ideology the worst abusers on Earth currently hold. They will likely find that the answer is, they never did and never will. Geopolitical realism is based on self-interest above all else. Those genuinely interested in understanding, analyzing, and explaining geopolitics or advancing geopolitics toward the benefit of all must see past ideological trappings, identify the real stakes and stakeholders, and practically discern how to balance, decentralize, and distribute power in a way genuinely conducive to human nature. Those doing this follow money, motives, and agendas rather than discuss ideologies. Those incapable of doing this are not only useless in confronting corruption, abuse, and exploitation, they are paying into and are a part of the very system creating it. And many times, real solutions involve no ideology at all “ they are simply practical solutions virtually all regardless of their respective ideology can work together on. But because of the persuasive and alluring strategy of tension created by those who control inter-ideological conflict, many of these truly progressive solutions are neglected in exchange for circular political conflict. We encourage you to share and republish our reports, analyses, breaking news and videos [Click for details](#). Contributed by Tony Cartalucci of Land Destroyer. Wake The Flock Up!

'They levy marketeers and traders all sorts of fees and have audacity to even allocate market stalls or cause expansions of these utilities without the consent of the council.' 'She sought an independent valuation and, despite resistance from the marketeers, this revealed the unit had been sold four months earlier for \$,'.

Many voted with enthusiasm for Trump while others held their noses and voted against Hillary Clinton. Trump voters hold very different views on a wide variety of issues including immigration, race, American identity, moral traditionalism, trade, and economics. Four issues distinguish Trump voters from non-Trump voters: Introduction The surprising rise of Donald Trump in the Republican primaries and his victory in the November presidential election defied predictions of pundits and pollsters alike. Many also acknowledge that a combination of these factors may have been key. Throughout most of the debate, however, there has been a tendency to think of Trump voters as a homogenous bloc with similar tastes and motivations. Political science research has tended to use regression analysis to identify which dispositions best predict voting for Trump. These models inherently assume each Trump voter places equal weight on each policy issue measured. It may be, however, that some are concerned about immigration, while others are not. These models cannot distinguish between the two possibilities. There is reason to believe that Trump voters did cast their November ballots for different reasons. The 17 candidates who competed for the Republican primary nomination remind us that when Republican primary voters had other options, many chose someone other than Trump. In the early primaries held during February and March, Trump garnered only about a third 36 percent while a majority 64 percent of Republican primary voters cast their ballots for Ted Cruz, Marco Rubio, John Kasich, or one of the other candidates. Trump brought home most of these other Republican voters in November, garnering about 94 percent of the Republican primary voters and 79 percent of all Republicans surveyed. But it raises questions about the composition of the Trump vote. Should it be viewed as a homogenous bloc, or perhaps more correctly as a coalition? Do Trump voters share the same set of concerns, anxieties, and motivations, or perhaps did these voters pull the lever for Trump for different reasons? Statistical techniques can help us determine if Trump voters are similar or varied in their policy preferences and thus perhaps varied in their motivations. To be sure, this cannot tell us what caused someone to vote for Trump, but it can suggest if people with similar or different priorities came to vote for him. If we find that some take highly nativist positions on immigration while others do not, this undermines the theory that nativism drove all Trump voters. Even if regression models and immigration anxieties highly predict voting for Trump, this may only apply to some Trump voters, not all. I used a statistical technique called latent class analysis to look for the existence of unique clusters of Trump voters. The results indicate that far from there being only one type of Trump voter, there were five unique clusters of them. Figure 1 displays the five groups and their share of the Trump vote: Appendix A includes detailed information on methodology. Staunch Conservatives comprise the second major tier of core Trump supporters in the Republican primaries, with Ted Cruz being their second choice. The American Preservationists constitute the core Trump constituency. Staunch Conservatives are the most loyal Republican voters, and they have maintained highly favorable views of Trump since the election. Staunch Conservatives tend to be slightly older, more male than female, and upper middle class with moderate levels of education. They are the most likely group to own guns and to be NRA members. They are the most politically interested and aware group and one of the most likely groups to have correct knowledge of political facts. While not as hardline on immigration as the American Preservationists, they are deeply skeptical of itâ€”both legal and illegalâ€”and worry particularly about Muslim immigration. They feel that having lived in the U. Although their attitudes toward racial minorities are similar to the attitudes of non-Trump voter groups, they are more worried that discrimination against whites is a major problem. On economic issues, Staunch Conservatives and the Free Marketeers share an overwhelming opposition to tax hikes on the wealthy, business regulation, and government-provided health care. They have high levels of social trust in other people and worry less about whether the system is rigged. They also take conventional conservative positions on the environment and on cultural issues like same-sex marriage. Their vote was a vote primarily against Clinton

and not a vote for Trump. Although they are a loyal Republican voting group, Free Marketeers are the most skeptical of Trump. A minority voted for him in the early primaries, while Ted Cruz was their other favorite. For the general election, most say their aversion to Clinton, not support of Trump, was their true motivator. More likely to come from the West, Free Marketeers skew male, are middle aged, and are the most educated and highly paid of the Trump groups and non-Trump voters. They are the most likely to be working full time, own their own homes, and have private health insurance. They are more cosmopolitan, the most likely group to know LGBT people, and they are least likely to watch TV or to smoke. Along with Staunch Conservatives, they are one of the most politically engaged and informed voter groups. Nearly percent of them believe that the free market better solves complex economic problems than strong government. They are, however, more liberal than Anti-Elites when it comes to matters of immigration and identity. Immigration is not their priority, they have warm feelings toward immigrants, and they only tepidly support a temporary Muslim travel ban. Their own racial identity is not salient to them, and they are similar to Democrats in their warm feelings toward members of minority groups. They also reject nativist conceptions of American identity. American Preservationists 20 percent These Trump voters lean economically progressive, believe the economic and political systems are rigged, have nativist immigration views, and a nativist and ethnocultural conception of American identity. Although American Preservationists are less loyal Republicans than other Trump voter groups, and nearly half had positive views of Clinton in , American Preservationists comprise the core Trump constituency that propelled him to victory in the early Republican primaries. American Preservationists have low levels of formal education and the lowest incomes of the Trump groups and non-Trump voters as well. They are the most likely group to be on Medicaid, to report a permanent disability that prevents them from working, and to regularly smoke cigarettes. Despite watching the most TV, they are the least politically informed of the Trump groups. American Preservationists appear more likely to desire being around people like themselves, who have similar backgrounds and cultural experiences. They feel the greatest amount of angst over race relations: They feel powerless against moneyed interested and the politically connected and tend to distrust other people. Neutral feelings are those rated between 48 and 52, capturing the midpoint of the feeling thermometer. They are also the most likely group to favor political compromise. Anti-Elites have relatively cooler feelings toward Donald Trump than American Preservationists, and nearly half had favorable opinions of Clinton in This group shifted most dramatically, however, against Clinton by November They were the least likely group to mobilize in the Republican primary, but of those who did, they disproportionately turned out for John Kasich. Anti-Elites are middle-class voters with moderate levels of education, and they skew slightly younger than other Trump groups. They are the least likely group to own guns, go to church, and be politically informed. Anti-Elites believe that moneyed and political elites take advantage of the system against ordinary people and they support increasing taxes on the wealthy. Compared to the American Preservationists, they take more moderate positions on immigration, race, American identity, religious traditionalism including gay marriage, and the environment. Why are they not Democrats? Perhaps because they take less liberal positions on legal immigration and the temporary Muslim travel ban. Democrats who moderate their positions on immigration might win over some Anti-Elite voters. The Disengaged are less loyal Republicans who largely came to vote for Trump in the general election. They skew younger, female, and they are religiously unaffiliated. They are not very politically informed and have limited knowledge of political facts. The Disengaged do not reveal many strong preferences on surveys, but what they do reveal is they are concerned about immigration and support the temporary Muslim travel ban. They feel unable to influence political and economic institutions and believe the system is biased against them. Figure 2 If we drew where each of the Trump voting groups reside on a political map, relative to one another, it might look something like this. Figure 2 above provides a visual demonstration of how we can think about these Trump voting groups. The two-dimensional map shows how Trump groups compare on economics and issues of American identity including immigration. Staunch Conservatives and Free Marketeers overlap on economic issues but disagree on issues of identity. American Preservationists stand apart from Free Marketeers and Staunch Conservatives on economics but overlap more with Staunch Conservatives on matters of identity. Anti-Elites are more similar to Free Marketeers on immigration issues but are more similar with American

Preservationists on economics. Readers should know that these groupings and their percentages are not exact. There is overlap among the groups, and there is diversity even within these groups see Appendix B. Nevertheless, the fact that Trump voters come with such unique combinations of attitudes suggests that Trump voters had different motivations in mind when they went to the voting booth. Figure 3 provides an overview of the differences and similarities across Trump voter groups in their priorities for the Republican Party. I have provided supplementary charts in Appendix C and a comprehensive comparison table in Appendix D. Figure 3 American Preservationists 20 percent American Preservationists lean economically progressive and embrace a nativist conception of American identity, take nativist stances on immigration, and believe the system is biased against them. In the early Republican primaries, 83 percent of their votes went to Trump, more than any other cluster. They like Trump with far greater intensity than they do other Republican leaders. Among those who participated in the primary, a full 82 percent voted for Trump, a share 20 to 40 points higher than among other groups see Appendix B. These supporters along with the Anti-Elites are more Democratic-friendly voters with a majority 53 percent who say they vote for both Democrats and Republicans in elections, in contrast to the Staunch Conservatives and Free Marketeers who vote for Republicans. In , 42 percent of American Preservationists had a favorable view of Clinton, but that swiftly shrank to 5 percent by These voters are more fiscally liberal than their Free Marketeer and Staunch Conservative counterparts with 75 percent supporting higher taxes on higher income families see Figure 4. Nevertheless, 8 in 10 support repealing the health care law. Figure 5 How important are the following issues to you? Medicare Figure 6 Do you think it should be easier or harder for foreigners to immigrate to the US legally than it is currently? Figure 7 Do you favor or oppose temporarily banning Muslims from other countries from entering the United States? It is also worth noting they are the only group in which a majority 55 percent accesses health insurance through the governmentâ€” they are nearly twice as likely to do so than any other group. This cannot simply be explained by differences in age, as they are not disproportionately older than other groups.

Chapter 6 : Why Free Marketeers Want To Regulate the Internet Â» De Civitate

JosÃ© MarÃ­a Aznar, the prime minister of Spain, is actually pro-free market (despite being a former tax collector), but he is currently engaged in a desperate battle to preserve the European regional grants to Andalusia, an allegedly poverty-stricken area of Spain.

They all have the same motivations, right? Most voters view Trump as an independent rather than the head of a major party. In fact, new polling shows that Trump is actually more popular than the GOP leadership in some key counties for the midterms. Not really a shocker to some, I knowâ€”but it undercuts the argument that Trump is a cancer to the party. So, who are these voters that back the president? In fact, a good chunk of the Trump base is made up of economic progressives. Five percent are described as part of the Disengaged. Staunch Conservatives tend to be slightly older, more male than female, and upper middle class with moderate levels of education. They are the most likely group to own guns and to be NRA members. They are the most politically interested and aware group and one of the most likely groups to have correct knowledge of political facts. While not as hardline on immigration as the American Preservationists, they are deeply skeptical of itâ€”both legal and illegalâ€”and worry particularly about Muslim immigration. They feel that having lived in the U. Although their attitudes toward racial minorities are similar to the attitudes of non-Trump voter groups, they are more worried that discrimination against whites is a major problem. On economic issues, Staunch Conservatives and the Free Marketeers share an overwhelming opposition to tax hikes on the wealthy, business regulation, and government-provided health care. They have high levels of social trust in other people and worry less about whether the system is rigged. They also take conventional conservative positions on the environment and on cultural issues like same-sex marriage. More likely to come from the West, Free Marketeers skew male, are middle aged, and are the most educated and highly paid of the Trump groups and non-Trump voters. They are the most likely to be working full time, own their own homes, and have private health insurance. They are more cosmopolitan, the most likely group to know LGBT people, and they are least likely to watch TV or to smoke. Along with Staunch Conservatives, they are one of the most politically engaged and informed voter groups. Nearly percent of them believe that the free market better solves complex economic problems than strong government. They are, however, more liberal than Anti-Elites when it comes to matters of immigration and identity. Immigration is not their priority, they have warm feelings toward immigrants, and they only tepidly support a temporary Muslim travel ban. Their own racial identity is not salient to them, and they are similar to Democrats in their warm feelings toward members of minority groups. They also reject nativist conceptions of American identity. American Preservationists These Trump voters lean economically progressive, believe the economic and political systems are rigged, have nativist immigration views, and a nativist and ethnocultural conception of American identity. They are the most likely group to be on Medicaid, to report a permanent disability that prevents them from working, and to regularly smoke cigarettes. Despite watching the most TV, they are the least politically informed of the Trump groups. American Preservationists appear more likely to desire being around people like themselves, who have similar backgrounds and cultural experiences. They are far more likely to have a strong sense of their own racial identity and to say their Christian identity is very important to them. They take the most restrictionist approach to immigrationâ€” staunchly opposing not just illegal but legal immigration as well, and intensely supporting a temporary Muslim travel ban. This group of Trump supporters leans economically progressive, believes the economic and political systems are rigged, and takes relatively more moderate positions on immigration, race, and American identity than American Preservationists. They are also the most likely group to favor political compromise. Anti-Elites have relatively cooler feelings toward Donald Trump than American Preservationists, and nearly half had favorable opinions of Clinton in This group shifted most dramatically, however, against Clinton by November They were the least likely group to mobilize in the Republican primary, but of those who did, they disproportionately turned out for John Kasich. Anti-Elites are middle-class voters with moderate levels of education, and they skew slightly younger than other Trump groups. They are the least likely group to own guns, go to church, and be politically informed. This group does not know much about politics, but

what they do know is they feel detached from institutions and elites and are skeptical of immigration. The Disengaged are less loyal Republicans who largely came to vote for Trump in the general election. They skew younger, female, and they are religiously unaffiliated. They are not very politically informed and have limited knowledge of political facts. The Disengaged do not reveal many strong preferences on surveys, but what they do reveal is they are concerned about immigration and support the temporary Muslim travel ban. As with any exercise that involves putting voters into blocs, the percentages may be off by a little, but offer a good insight into this diverse coalition. Digging deeper 53 percent of the American preservationist group says they would vote for both Democrats and Republicans in elections, though 87 percent said their vote was for Trump. Eighty percent support the repeal of Obamacare. Ekins analyzed further, noting there are extremes on either side with this group making them difficult to pin down [emphasis mine]: American Preservationists feel a lack of personal agency and have a sense that we are living in a dog-eat-dog world. They are the most likely group to believe the economic and political systems are rigged against them. Eighty-eight percent 88 percent believe the economic system is biased in favor of the wealthiest Americans, 60 percent believe wealth is unfairly distributed, and 63 percent have cold feelings toward Wall Street. Furthermore, two-thirds of American Preservationists believe people like them have no say in government and they are twice as likely as other groups to think elections do not change things. Less than half 46 percent report warm feelings toward them, compared to 58 percent who hold similar feelings about Asians and 52 percent who have warm feelings toward African-Americans. Overall, American Preservationists are about 10 to 20 points less likely than other Trump and non-Trump groups to have warm feelings toward minority groups. A plurality 47 percent also say it is very or somewhat important to be of European descent to be truly American—dramatically higher than the 2 percent of Free Marketeers, 14 percent of Anti-Elites, 25 percent of Staunch Conservatives, and 1 percent of the Disengaged who agree. A desire for societal order and obedience is also important to American Preservationists. They are the only group to say it is more important to teach your child obedience 58 percent than self-reliance 37 percent [!]. Despite their desire for obedience from community members, they do not see themselves as traditional. A majority 57 percent said they would not describe themselves as such, religious liberty issues were only a moderate priority, and only 33 percent described themselves as pro-life. They are one of the most likely groups to believe that global warming is happening 58 percent, that it is serious 61 percent, and caused by human activity a 40 percent plurality. This group has several personal characteristics that make them stand out. They are about twice as likely as other groups to be smokers, with 42 percent who smoke every day. They are also less likely to be a gun owner or a member of the NRA. With anti-Elites, 40 percent have a favorable view of Bernie Sanders, though Ekins found that only 16 percent would have voted for him over Trump in She breaks down the other groups as well. This window into the Trump coalition could possibly explain why attacks on the president have failed miserably. No one cares about Russia. His temperament, the trip ups with his legislative agenda are all attacks that have failed. There is no one type of Trump voter. For Democrats, it could be a total vivisection, but first they need a leader, a message, an agenda, and money. She found that American preservationists, Anti-Elites, and the Disengaged disliked Clinton to Obama by more than 13, 31, and 39 more points respectively. A well-tailored message could have averted the run-up in the rural regions. Heck, just showing up, like Obama did, could have prevented such a surge. There were many avenues to hit here; you guys just decided to view the whole group as one typical Republican base.

Chapter 7 : Economical Crises: The Free-Marketeers Strike Back by Guy Sorman

You can identify us with the word 'M.' Yes! We are Modern, Moving, and Maverick! and we inspire fellow marketers to be cool, inspiring, and progressive! Mark.

Jason Lisk October 12, 1: The primary issue is that the Giantsâ€™ a franchise that has not won a playoff game since the February Super Bowl victoryâ€™ have refused to acknowledge that they need to move on from Eli Manning. It needed to happen a year ago. Ben McAdoo, for all his other faults and errors in handling, recognized this. But it seems like ever since Eli Manning was benched for one game, the rest of last year and the entire offseason was spent apologizing and honoring and appeasing a year-old quarterback who has fallen off a cliff. They sat in the 2nd position in a quarterback-rich draft and showed no interest. They took Saquon Barkley and all his immense talents at the running back position to help Eli, rather than address the position while drafting highly for the first time since they draft Eli in . And so the conventional wisdom now is that the Giants screwed up. But what if their denial and burying their head in the sand when it came to addressing quarterback ends up being a master stroke? Saquon Barkley is really, really good. Drafting Tomlinson early worked out for a downtrodden San Diego franchise, because they also found their quarterbacks. The problem with Barkley, acknowledging his talent, was that quarterback was still a glaring issue even if they were in denial. But it was expected that with his arrival, and with Odell coming back, the Giants would be a competitive if not great team, maybe a to type team. But, well, the Giants have started , which leads to â€: 2: The collapse of the offense and Eli is more pronounced, which means that despite themselves, and despite GM Dave Gettleman making moves trying to win now around the veteran QB, they could still end up with a top pick in the NFL Draft. Unless they go on a run and win at least half their remaining games, they will be drafting somewhere in the Top 6. And speaking of drafting in the Top 6 â€: 3: Because they zigged when others zagged in taking quarterbacks, they may be the best-positioned buyer for the same position in . And those teams are likely to finish in more the to range. The Giants will be best positioned to take someone like Justin Herbert, even if it requires a trade to move a few slots. Anyone else wanting him may have to move from outside the top 10 picks into the top 2 or 3, a very costly proposition. If they come out of consecutive drafts with Saquon Barkley and Justin Herbert , with both a generational talent at running back and the top quarterback in a draft, then they may just have won despite losing while trying to win now in

Chapter 8 : Free Marketeers Defense of CEO Pay and a Rigged System is a Disservice to Free Markets - I

And despite how badly they've been shafted by the Trump team and the Republicans they will RACE out to those voting booths to frantically pull the lever for anyone with an R after their name. I guarantee it.

In the years leading up to , the rules necessary to govern a flourishing market economy broke down, producing a financial and economic crisis. Rather than responding to the crisis by fixing those rules, the West aggressively repudiated market economics, and the repudiation continues to this day. Through their actions, which have lately involved everything from European debt to the American financial system to house prices in Britain, government officials around the world have revealed a disturbing assumption: No longer, it seems, do Western governments use investor signals as valuable feedback in devising effective policies; instead, they ignore those signals and plow ahead with their policymaking, leaving chaos in their wake. Often, in fact, public officials actively mute market signals in a vain but destructive attempt to impose their own will on struggling economies. The rejection of markets helps explain the strange inertia of Across the free world, the year went out just the way it had come in. President Barack Obama ended the year bickering with Congress over short-term stimulus measures to jump-start recovery—just as he had done a year earlier. Global stock indices were stuck in limbo, at best, with the Dow Jones Industrial Average listlessly flirting with 12, as came to a close, just as it had 12 months previously. After all, the dominant narrative of the crisis has described the alleged failure of capitalism. Start with the ongoing euro crisis. Before its debut, national leaders had pitched a single European currency as a way to improve private-sector efficiency across the Continent. A French carmaker ordering German auto supplies would no longer need to protect itself from the risk that the franc would decline in value before the purchase was complete, requiring the company to pay more. A Spanish family traveling to Greece could now skip its visit to a money exchange, whose fee would eat into holiday spending. This belief enabled such countries as Greece, Ireland, Italy, Portugal, and Spain—as well as their nominally private-sector banks—to borrow too much money too cheaply. By February , though, the investors and credit-rating analysts were starting to question whether lending money to these nations was really riskless. Greece had borrowed too much, the investors worried, and was unlikely to repay its debt without a big bailout. So they demanded higher and higher interest rates on Greek bonds to make up for the risk they were taking. Throughout the s, investors had bought ten-year bonds from Greece while demanding only an average 5 percent return—not much more than Germany paid back then. By mid, Greek bond yields had more than doubled, even as German interest rates declined. The message was clear: Greek finances were in serious trouble. But European officials, rather than listen to the alarms that the market was raising about Greece, promptly began to deny that the country needed a bailout. Of course, Greece did need a bailout and got it. The investors were sending a powerful message: Investors understood that two ways existed to resolve the euro crisis without destroying the currency altogether. Or Europe could create an orderly way through which its overleveraged nations could default, lightening their debt burdens. The European Central Bank also tried to trick the markets, buying just enough bonds from weak nations to blur what their real price, absent such artificial demand, would be—but not enough to convince investors that it would secure all the debt, if necessary. After a year of this standoff, an even stronger effort to suppress market signals came in the summer of But the lenders who held much of the Greek debt were big banks with their own histories of relying on government aid in times of trouble, so how voluntary their actions were is open to doubt. Moreover, global-bank representatives are voting members of the International Swaps and Derivatives Association, the private-sector group that determines whether a sovereign entity has defaulted. Simply by refusing to admit what had happened, these representatives turned what is obviously a Greek default into a supposedly voluntary loss for investors. The banks had a big incentive to deny the facts: Interest rates on European bonds again rose higher. But European officials remained willfully deaf. By the end of , they were resorting to centrally enforced discipline for Greece and other indebted nations. Germany and France sent experts to Greece to impose an austerity plan, a model that they promised to institutionalize throughout Europe by changing the terms of the European Union. The Greeks responded to their minders with resentment. In the fall, capturing

the general mood, a Greek newspaper ran cartoons of European technocrats dressed as Nazis. That could trigger a credit crisis more severe than the meltdown. It would be a reminder that the longer governments repress market discipline, the more painful a return to it is. But despite the pain, such a correction looks increasingly likely—and necessary. Greece, for instance, could then create a new, devalued drachma and pay back its debt more easily in the cheaper currency. That cheaper currency, coupled with the measure of certainty that comes with cutting losses, would soon attract investment and jobs. And the departure of the hated technocrats could help Greece look within and achieve the labor-force and tax reforms that it needs. The American financial crisis was no more a failure of free markets than the European crisis was. Just as investors tried to signal that something was wrong with the euro, they tried for decades to show that something was rotten in American finance. The rot remains, but Washington has spent the past two years demonstrating that it would rather distort or block market signals than rely on them. This strategy thwarts economic recovery. The financial system crashed in because vital checks on the financial industry had eroded long before. But in , the U. Immunized by the government against losses, investors could no longer provide important market discipline for big banks. In the eighties, for example, regulators determined that mortgage lending was safer than other investments; financial institutions that borrowed in order to buy mortgage-related securities were therefore able to borrow more heavily than they otherwise could. Regulators similarly determined that securities rated triple-A were safe and rewarded banks for buying them. By , these regulatory nudges had pushed the financial industry to concentrate far too much risk—and borrowed money—in certain areas of the economy. Government intervention had encouraged the financial industry to make all its mistakes in one sector; in a free market, financiers would have spread their mistakes around, diffusing the damage. America reaped the consequences of all this governmental meddling when its financial system collapsed in . At that point, Washington had little choice but to intervene still further, using hundreds of billions of taxpayer dollars to save the banks and other financial institutions. The alternative was a replay of the s, when a failing banking system sent the nation, and much of the world, into a decade-long depression. The law is self-serving: Wall Streeters recognize that finance has become a political game. When former New Jersey governor Jon Corzine took the helm of smallish brokerage firm MF Global in , he hired—for six figures a month—a consulting firm whose board members included former president Bill Clinton. After all, regulators could use their discretion either to help him or to hurt him. The United Kingdom, like Europe and America, is in deep economic trouble. Though Britain was wise enough to steer clear of the euro long ago, its economy is growing feebly and teeters on the brink of recession. The truth, however, is that the plan offers no real foundation for recovery—in large part because Cameron, like his counterparts in Europe and America, thinks that the cure for government distortion is more government distortion. The problem with the British economy, Cameron and his advisors believe, is that a dysfunctional private sector is stifling economic revival. With housing prices stagnant, people feel less wealthy and less inclined to spend. Nearly a year ago, the Cameron government prodded the banks to sign an agreement called Project Merlin, under which they committed to increase lending. Supporters of these plans understand that they distort markets. The answer is clear. Since , the government has issued multiple reports on how to regulate British banks in the wake of the financial crisis, but it has dithered on taking action. The banks also have a good reason to demand those big down payments: In the middle of the worst economic slump since before World War II, the British government should stop trying to balance its budget on the backs of current taxpayers; consumers could then spend more, giving businesses new profits against which they could borrow. The government should also settle on bank regulations in a matter of months, not years. And it should let house prices fall—as they will, absent goosed-up demand. Poisoned by government prescriptions, sick Western markets are growing even sicker—yet many think that the remedy is an even higher dose of the wrong medicine. Republican presidential candidates have mostly remained silent about the American financial bailouts and their role in distorting free-market capitalism. In the years leading up to , former House speaker Newt Gingrich took a seven-figure payout from Freddie Mac, a company that exemplifies the failures of government meddling in the market.

Chapter 9 : Enlightened Capitalism and Free Marketeers

Despite Paul Ryan and Ted Cruz vocally criticizing Trump throughout the campaign, the Free Marketeers maintain the most positive views of both men, 72 percent and 73 percent respectively, about 20 points more favorable than any other cluster.

E-mail this page Related Articles September Report: Since the financial crisis began in September , millions of Americans have lost their jobs, had their savings wiped out, or foreclosed on their homes. Any number of suspects have been blamed for the chaos, but according to an influential cadre of liberal economists, the real culprit is the free market. In his new book *Freefall*, for example, Nobel laureate Joseph Stiglitz declares that "market fundamentalists" and "deregulators" are to blame for the mess. True, Stiglitz offers mere punditry, providing no data or models to support his contention. As for Krugman, one wonders who is making the argument: The conventional wisdom now is that economists failed, that free-market economists failed most of all, and that market fundamentalism bears grave responsibility for the economic crisis. But talk to the free-marketeers themselves, and a different picture emerges. Disagreeing vehemently with the conventional wisdom, they argue that we need to learn from the crisis without disrupting the free-market model that has served the world so well. After all, banks usually work pretty well, so long periods of time can pass without a crisis breaking out, making it much easier to forget. The same forgetfulness holds for recessions, says Eugene Fama of the University of Chicago. The last major one was during the s. Only after the recession began did the causes of the Great Depression again become a subject of widespread public debate. After World War II, five or six minor recessions struck the United States economy, but all were too short, Fama says, "to leave a deep impression on the collective mind, even in the economics profession. Or perhaps, he adds, recessions are the result of productivity cycles. When no innovations emerge to drive growth, on this view, the economy slows. Free-market economists saw the world rally around their model from the early eighties through a period marked by healthy economic growth and price stability that Cochrane calls "the Great Moderation. Fama argues that the recession started as early as , with consumers starting to spend less, borrowers falling delinquent on their loans, and homeowners who lacked a vested interest in their houses beginning to walk away from their mortgages. So the complex financial derivatives at the heart of the financial meltdown were not its cause but its victims. Confronted with a sharp economic downturn, governments face political pressure to act; stimulus spending and other state interventions seem sensible, even when the history of past crises suggests otherwise. Worse, the new public debt and regulations then hobble economic recovery. Rebounding from the post recession would have been quicker, Fama believes, if the government had mostly let free markets clean up the mess, reestablish true prices, and select the enterprises able to survive. James Hamilton, at the University of California at San Diego, agrees that the recession provoked the financial disaster, but he submits that energy costs had much to do with the initial downturn. Energy expenditures as a percentage of total spending in the U. The massive demand from emerging economies like China and India spiked the prices, a shock comparable with the energy crisis. The subsequent shift in spending patterns was disruptive for key economic sectors. The number of light trucks sold including SUVs plummeted by 23 percent from the second quarter of to the second quarter of , with auto manufacturing hemorrhaging , jobs over the same! The rising energy costs likely had an impact on commuting and hence on housing, Hamilton adds, since they made suburban homes less attractive--and thus less valuable. Widespread mortgage failures began in , in fact--before the financial crisis hit the next year. If Hamilton is right, the American economy faces not just a bad recession but a long-term structural challenge. The financial system may heal, sensible new rules may lessen risks in the future, excessive leverage may come under control, but oil and commodity prices will begin to rise again and put downward pressure on economic growth. One answer is scientific and technological innovation, which could improve productivity per gallon of oil. Domestic oil and gas drilling the offshore variant rendered politically toxic by the massive BP oil spill in the Gulf of Mexico this spring and new nuclear reactors would also reduce energy prices by making the United States less dependent on foreign imports. But we can avoid certain policies that we know to be conducive of them, he believes. A disciple of the great economists Milton

Friedman and Anna Schwartz, he blames the loose monetary policy of the Alan Greenspan era for helping cause the current downturn see "Monetarism Defiant," Spring Taylor is the father of the eponymous Taylor Rule, a mathematical algorithm that the Federal Reserve usually follows in setting the prime interest rate so that prices remain stable but sufficient currency and credit are available to finance steady growth. Why, then, after the recession, did the Fed let the interest rate fall beneath what the rule suggested and keep it extremely low even after , when the economy was clearly growing again? And that credit helped fund a wild proliferation of risky subprime mortgages, often issued with little or no money down, thanks to relaxed mortgage-lending laws and to Fannie Mae and Freddie Mac, the now-infamous "government-sponsored enterprises" that busily bought mortgages from lenders to keep homeownership expanding. The bursting of the bubble in brought the U. Canadian banks, it turns out, weathered the financial storm much more effectively than American banks did. Canadian mortgages, unlike American ones, legally required robust guarantees, usually a 20 percent down payment. That helped keep homeowners from running away from their mortgage payments when things turned south, as happened in the United States. Canada and the U. Cochrane and Taylor, among others, believe that the panic that froze credit for a year beginning in was a direct consequence of how the government intervened after the bubble burst. It became impossible to know what the government was going to do next. Regretfully, our textbooks were right. All of them say that the severity of the financial crisis underscores the need for prudent new regulations. Bankers clearly have a vested interest in going for the highest risks, which can bring in the highest rewards. So market economies have long made rules limiting the risks that bankers can take--and limiting potential losses for depositors. Capitalism bases itself on innovation; people with money to invest will flock to the most promising innovations; sometimes, an innovation looks so promising that it unleashes a mania. From tulip bulbs in seventeenth-century Holland to Internet firms in to subprime derivatives in , "there is no way to convince people to be cautious when they expect stratospheric returns," Scheinkman observes. Manias reach a truly dangerous size only when the money supply becomes nearly unlimited, as it did in the run-up to the meltdown. So a strict monetary policy, especially if combined with leverage requirements, could limit the size of bubbles and keep their potential destructiveness in check. The free-market economists all see a need for greater transparency in financial markets. An International Monetary Fund economist who asked me not to use his name recommended greater transparency, particularly for credit default swaps, a form of derivative that provides insurance against default by bond issuers. The CDSs, which were at the core of the AIG and Lehman collapses, are currently traded directly between issuers and buyers and remain largely hidden from public scrutiny. A clearinghouse for the swaps and other complex financial instruments would let regulators and the public see which firms are exchanging them--and which might be heading for trouble. However, the IMF economist warns against banning derivatives outright, which would "bring emerging countries to their knees, since this financial innovation has increased the availability of capital at a reasonable interest rate for these economies. They cure poverty by providing investments in risky businesses, but excess can be dangerous for your health. Nor are poor countries the only beneficiaries of complex financial engineering. Ingenious traders and instantaneous transactions inevitably escape evaluation and control see "Wild Randomness," Summer A huge investment in mapping the financial system should therefore precede any substantial new regulation, Cont argues: But Calomiris--a banker by trade as well as an academic--interprets the financial crisis above all as a failure of corporate governance. Shareholders could do little to stop such recklessness. This regulatory environment "gives too much power to the bank CEOs," Calomiris says. Felix Rohatyn, a former partner of and now advisor to the Lazard bank, thinks that financial institutions should be required by law to r! That expectation may explain some of the careless risk-taking, Scheinkman thinks, "but even without moral hazard, a bubble creates risky behavior. One proposal that seems to be becoming a consensus view among free-market economists is to prepare emergency plans for future crises. Those who knowingly took risks should take their lumps, he says. But mechanisms should be in place to keep a burst bubble from threatening the entire financial system. Contingency plans could help financial firms get through a crisis or, if necessary, be dismantled in an orderly fashion. It is in the long-run interest of the economy--and consumers--for lawmakers to protect the institutions of the market against businesses seeking to game the system in their own favor. Since the Democrats seem more pro-business than pro-market,

he would like the Republican Party to stand up more forcefully for markets. Another lesson of the crisis that most of the free-marketeers agreed with is that the teaching of economics needs revision. An excess of specialization in research and in curricula has kept many scholars, to say nothing of their students, in the dark about the big economic picture. The crisis has shown how everything we know about markets interacts in complex ways, requiring a global intellectual approach. Every economist I interviewed agreed that ballooning American and European debt poses a huge threat to long-term prosperity. The debt will be paid either through inflation, which would make everyone poorer, or--a far better scenario--through economic growth that would increase both individual and government revenues. Unfortunately, by increasing taxes and imposing the wrong regulations, Western governments are hindering entrepreneurship and hence growth, Cochrane says. As in the s and s, so today: After the s, only war production could overcome the negative economic consequences of the New Deal. After the stagflation of the s, it took the bold leadership of Margaret Thatcher and Ronald Reagan to reorient the West toward free markets and prosperity. How long will it take this time before governments understand that overreacting to the crisis and imposing disproved Keynesian remedies will dampen and delay economic recovery? The answer depends on the ability of free-market economists and commentators to communicate their narrative of the crisis. We sadly lack someone like Milton Friedman, who could effortlessly convey complex theories to a large audience. Enough talented economists are on hand, however, to build the platform that we need for a free-market revival.