



Popular Economics

Promoting the Popular Understanding of Economics

Financial FAQs

GREED IS NOT GOOD

Bravo Ben Stein for writing “The Unending Allure of the Free Lunch” in February 10 New York Times. It is his best column to date (which I have said before; therefore he is topping himself)!

As he and follow columnist Professor Robert Frank (“When Self-Interest Isn’t Everything”) highlight, deregulation has not worked for most of us. The age of self-interested capitalism is passing for the most obvious of reasons. It no longer works. I call it the decline of a faith-based form of capitalism based on 200 year-old religious tenets that no longer apply in today’s world.

Simply put, such disparities of wealth are no longer tolerated or tolerable in most modern democracies, as has been illustrated by declining Gini coefficients—a measure income inequality—in most industrialized countries. The United States is behind the curve (right next to Mexico’s Gini Index) only because of attempts to preserve those puritanical values that reward wealth accumulation and punish the poor for being poor.

Thomas Frank, historian and cultural critic (“What Happened to Kansas?”) of a newer generation is even blunter about faith-based capitalism in *One Market Under God*: “The logic of business is coercion, monopoly, and the destruction of the weak, not ‘choice’ or ‘service’ or universal affluence”.

So the answer to his question, “Is anyone going to get it? (that bubbles will continue to happen without better regulation)” entails a change in some basic religious beliefs (and their concomitant truisms); something that only happens over generations.

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