

NEXO

The Official Newsletter of
The Julian Samora Research Institute
The Midwest's Premier Latino Research Center

MICHIGAN STATE
UNIVERSITY

University Outreach
and Engagement
Julian Samora Research Institute

An excerpt from Vol. XXI · No. 1 | Fall 2017

Polarized America

by Rubén O. Martínez

How did the nation become so politically polarized that the U.S. Congress has been almost completely dysfunctional for several years, with partisan politics prevailing over the public good? This is a question that telejournalists ask rhetorically on national TV. When they attempt to answer the question, however, they frame it in terms of political personalities and present-day political issues, and by doing so they miss the mark, whether intentionally or not, and betray both the importance and profundity of the question.

The question is important because an accurate response has major implications for the content of public discourse and how people understand the current political and economic context. People want to know why this country is experiencing such deep political divisions, and they also want to know why the national economy continues to stagger along, with GDP increases well below those of 2013 and 2014, and why there is increasing poverty at a time when profits and wealth are also growing.

The question is profound because addressing it takes us to greater depths of understanding in terms of ideology, political movements, economic policies, and political conflict. The ideology is rooted in the ideas of Austrian economists who, in the 1920s, opposed the planned economies that arose in Europe at the turn of the 20th century. Their ideas took hold at the Walter Lippmann Colloquium held in Paris, France in 1938, where intellectuals from several countries met to discuss ways to oppose socialism and the philosophy of collectivism. It was at that meeting that the term “neoliberalism” was coined by Louis Rougier, the convener of the colloquium, as participants struggled to label their view of an alternative to socialism. Their efforts were interrupted by WWII, but their

discussions were taken up in 1947, when Friedrich Hayek and others founded the Mont Pèlerin Society.

The aim of the Society, which is still in existence, is to preserve and improve free society through the free market. From its beginnings, the Society had anarchist influences, or what passes for libertarianism today. Members of the Society have been advisors to U.S. Presidents, especially to Reagan, who opened the doors to what today are called “neoliberals.” In 1988, Reagan awarded the Medal of Freedom to Milton Friedman, an American neoliberal economist, and in 1991, George H. W. Bush awarded it to Friedrich Hayek.

The ideas of neoliberalism gave rise to a political movement that has shaped policies in this country and abroad since the time of Ronald Reagan and Margaret Thatcher. According to Thatcher, “there is no alternative” to the imposition of neoliberal policies; a remarkable statement indeed. American neoliberalism was imposed through stealth mode, with propagandists using terms like “freedom” and “public choice” to garner support by members of the electorate. These are terms few would oppose, but they are surface terms that hide the ideas of free market fundamentalism, radical individualism, limited government, and flexible labor.

The reaction to government-sponsored economies was to promote their opposite: unregulated markets with minimal government intervention. An interesting perspective given that all markets are regulated to some degree. Accompanying the notion of free market fundamentalism is the idea that people should take care of themselves and their families without relying on government for assistance, a view that promotes the elimination of government-sponsored social programs that

help the poor, the young, and the elderly.

However, rather than challenging the continuation of such programs in the arena of public discourse, neoliberals pursued the strategy of reducing government revenues through anti-tax initiatives and demands for a balanced budget. "Starve the beast" was their call to arms, a strategy that continues to this day. Cut taxes, and government programs will have to be cut. This is one approach by which government is limited in providing for the common welfare. Another is more direct in its approach to achieve limited government: simply eliminate regulatory agencies so that corporations and businesses are free to pursue profits without government intervention on behalf of the public good. Never mind pollution of the environment and the many ways by which the lives of citizens are put at risk.

Finally, flexible labor may evoke an image of freedom on the part of workers to set their own schedules. That is hardly the case. The concept refers to the elimination of fixed labor costs for employers so that the impact of economic downturns is mitigated by their ability to determine the terms and conditions of employment. For example, labor union contracts and teacher and faculty tenure are viewed as fixed costs that limit the ability of employers to hire and fire employees during periods of economic recession. Is it any wonder that labor unions and teacher tenure have been and continue to be under attack?

In short, neoliberalism is a policy model that seeks to transfer control of economic factors in the public sector to the private sector, and its proponents pursue uncompromising positions, seeking not to serve the common welfare but to impose neoliberalism on society. Reagan promoted anti-government sentiments by calling government "the problem." At the same time, Grover Norquist, founder of Americans for Tax Reform in 1986, opposed all tax increases, and demanded that Republicans sign the Taxpayer Protection Pledge. In 1994, Newt Gingrich promoted *The Contract with America*, which was signed by most Republicans in the U.S. Congress and further promoted neoliberal policies. Pledges became the vehicle by which congressional members were made to toe the neoliberal line or face political attacks and challenges for reelection.

These pledges ensured that legislators were not serving the public and the public good but the ideological and policy elements of a neoliberal movement. In addition, they gave rise to legislators who were blindly following the dictates of radical neoliberal ideologues. As our colleague Lawrence Busch points out, neoliberalism evolved from high to low forms, with the ideas of Hayek and other thinkers reflecting

the high form, and today's true believers reflecting the low form. It is not uncommon for the ideas of intellectual leaders to become distorted, mundane, and extreme. Remember, Karl Marx himself declared that he was not a Marxist.

The effects of neoliberalism are evident today throughout society. We have increasing poverty, increasing income and wealth inequality, failing school systems, school-to-prison pipelines for minority youths, the highest incarceration rates across the globe, inadequate social programs, increasing racial tensions, increasing college tuition, and many other negative outcomes. And, we just experienced the worst economic recession since the Great Depression. Neoliberals are against "wealth transfer," or taxing the rich to provide social programs for the needy, but they don't mind transferring public funds to private corporations, which we can think of as "wealthfare." Today, there are calls for tax reform, but it occurs within the framework of "low neoliberalism," which calls for tax cuts for the wealthy while reducing government revenues and leading to the continued elimination of government-sponsored social programs and further weakening government agencies to carry out their functions.

So how did America become so politically polarized? The principal division today is between those who hate government regulation of the economy and those who believe that government should promote the common welfare. Neoliberals believe that government is bad, except of course, when it benefits them. Those who believe in government for the people promote a social democratic perspective, one that holds that government should assist persons in need while maintaining the conditions for the accumulation of capital. The two perspectives are and have opposing views of a good society that are irreconcilable. One cannot condemn government as a societal institution and at the same time believe that it should promote the public good. Neoliberals have adopted the strategy of taking control of government to promote their policies at the same time that they work feverishly to dismantle government and transfer its functions to private corporations.

We now have three generations that have come of age under the view that government is bad, yet whenever a crisis occurs, people turn to government for help, including neoliberals. We must not forget that government maintains social order, promotes equality and civil rights, and maintains the conditions for the economy to function. It is not government that is bad, it is political regimes that are either good or bad. I, for one, support government for the people. 