

The New York Times

Capitalism, Socialism, and Unfreedom

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There are two articles currently on the Times home page – an opinion piece by Corey Robin, and a news analysis by Neil Irwin — that I think should be read together. Taken as a pair, they get at a lot of what’s wrong with the neoliberal ideology (and yes, I do think that’s the right term here) that has dominated so much public discourse since the 1970s.

What, after all, were and are the selling points for low taxes and minimal regulation? Partly, of course, the claim that small government is the key to great economic performance, a rising tide that raises all boats. This claim persists – because there are powerful interests that want it to persist — even though the era of neoliberal dominance has in fact been marked by so-so economic growth that hasn’t been shared with ordinary workers:

The other claim, however, has been that free markets translate into personal freedom: that an unregulated market economy liberates ordinary people from the tyranny of bureaucracies. In a free market, the story goes, you don’t need to flatter your boss or the company selling you stuff, because they know you can always go to someone else.

What Robin points out is that the reality of a market economy is nothing like that. In fact, the daily experience of tens of millions of Americans – especially but not only those who don’t make a lot of money – is one of constant dependence on the good will of employers and other more powerful economic players.

It’s true that, as Brad DeLong says, many of Robin’s examples would actually apply in any complex economic system: I’ve wasted time dealing with both Verizon and the Social Security Administration, and in both cases my socioeconomic status surely made it a lot easier than it would have been for a minimum-wage worker. (I have, on the other hand, had consistently good experiences at the much-maligned DMV.) But the idea that free markets remove power relations from the equation is just naïve.

And it’s even more naïve now than it was a few decades ago, because, as Irwin points out, large economic players are dominating more and more of the economy. It’s increasingly clear, for

example, that monopsony power is depressing wages; but that's not all it does. Concentration of hiring among a few firms, plus things like noncompete clauses and tacit collusion that reinforce their market power, don't just reduce your wage if you're hired. They also reduce or eliminate your options if you're mistreated: quit because you have an abusive boss or have problems with company policy, and you may have real trouble getting a new job.

But what can be done about it? Corey Robin says "socialism" – but as far as I can tell he really means social democracy: Denmark, not Venezuela. Government-mandated employee protections may restrict the ability of corporations to hire and fire, but they also shield workers from some very real forms of abuse. Unions do somewhat limit workers' options, but they also offer an important counterweight against corporate monopsony power.

Oh, and social safety net programs can do more than limit misery: they can be liberating. I've known many people who stuck with jobs they disliked for fear of losing health coverage; Obamacare, flawed as it is, has noticeably reduced that kind of "lock in", and a full guarantee of health coverage would make our society visibly freer.

The other day I had some fun with the Cato Institute index of economic freedom across states, which finds Florida the freest and New York the least free. (Is it OK for me to write this, comrade commissar?) As I pointed out, freedom Cato-style seems to be associated with, among other things, high infant mortality. Live free and die! (New Hampshire is just behind Florida.)

But seriously, do the real differences between New York and Florida make New Yorkers less free? New York is a highly unionized state – 25.3 percent of the work force – while only 6.6 percent of Florida workers are represented by unions. Does this make NY workers less free, or does it empower them in the face of corporate power?

Also, New York has expanded Medicaid and tried to make the ACA exchanges work, so that only 8 percent of nonelderly adults are uninsured, compared with 18 percent in Florida. Are New Yorkers chafing under the heavy hand of health law, or do they feel freer knowing that they're at much less risk of being ruined by medical emergency – or cast into the abyss if they lose their job?

If you're a highly paid professional, it probably doesn't make much difference. But my guess is that most workers feel at least somewhat freer in New York than they do in FL.

Now, there are no perfect answers to the inevitable sacrifice of some freedom that comes with living in a complex society; utopia is not on the menu. But the advocates of unrestricted corporate power and minimal worker protection have been getting away for far too long with pretending that they're the defenders of freedom – which is not, in fact, just another word for nothing left to lose.