

## The Failure of “Free Market–Tough State” Ideology



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*I*n the long run, the most important impact on domestic policy of September 11 and the subsequent mobilization for the war on terrorism may be that those events have served to obscure developments in American society that are both very troubling and very revealing of the limits of our present social and economic policies.

It's not so much that September 11 has had a large and *direct* impact on our domestic situation. To be sure, we have shifted considerable money very quickly to “homeland security” and to boosting the military budget in the name of carrying out the war on terrorism and the war and its aftermath in Iraq. This is not small change. But what is probably more important in terms of domestic policy is that the events since September 11 have focused our national attention away from the home front, especially from such critical domestic problems as poverty, job flight, inadequate education, and persistent violence and from the increasingly evident failure of our current social policies to make real or enduring progress against those problems. As a result, that failure has been largely off the radar screen (at least until very recently) and almost entirely absent from the policy agenda, even as the structural crisis of American society becomes more and more apparent.

### THE FAILURE OF “FREE MARKET–TOUGH STATE” POLICIES

Let me put it as strongly as I can: I think that the collapse of what we might call the “free market–tough state” model that has driven American social policy for at least the last twenty years is the biggest but least reported political news story of our time.

By “free market–tough state” I mean this: On the one hand, we are increasingly leaving the fate of most people in America (and the world) largely up to the un-tender mercies of the market—or rather what we misleadingly describe as “the

market” but what is really a highly concentrated set of powerful economic actors who are quite willing to subvert or corrupt the market whenever it gets in their way (as the experience with Enron, Global Crossing, and other rogue corporations affirms). This has been coupled with the systematic strengthening of the mechanisms of government control over the people who represent the casualties of the social dislocations and deprivations that the so-called market model predictably brings.

The failure of this model to bring anything approaching economic well-being and social stability is apparent not just in the United States but around the world—as Clare Short (chapter 4), Vivien Stern (chapter 5), Jeff Faux (chapter 20), and others have eloquently noted. The virtual disintegration of large parts of what we euphemistically call the “developing” world under the long-term impact of this model is itself one of the great underreported news stories of our time. There are some troubling signs of that larger failure here at home as well. Those signs include the increase in poverty and the increase in crime.

#### THE INCREASE IN POVERTY

The “free market–tough state” has failed to reliably reduce economic deprivation in America. As we all know, welfare “reform” was supposed to be the ticket out of crippling dependency for millions of poor Americans. But the verdict is in. Most of those poor Americans are still poor. A lot of them got off the welfare rolls, but that didn’t necessarily get them into self-sufficiency—as an increasing body of careful research shows—in spite of the lucky boost that years of sustained economic boom provided.

If ever the conservative welfare model should have worked, in short, it was in the economic boom of the 1990s. And that boom did help produce some statistics that were superficially comforting to the boosters of welfare reform as we practiced it. Most of the people who left welfare did not leave the prison of deprivation. One way of looking at this issue is to consider the implications of the “self-sufficiency standard” calculations developed by the sociologist Diana Pearce, a long-time antipoverty advocate. This is a new attempt—along the lines of the earlier “lower budget” developed some years ago by the Labor Department—to come up with a more adequate measure of poverty than the official one, which everyone recognizes as much too low.

The self-sufficiency standard tries to calculate how much it would actually cost families, in various places, to pay for all the things they absolutely must have in order to be self-sufficient—housing, food, child care, medical care, and so on—without having to rob Peter to pay Paul (there are no frills, and no savings, in this budget). For the city of Chicago, for example, the self-sufficiency standard works out to \$38,000 for a single parent with one child in school and another of preschool age. How many single parents leaving welfare under the current “reform” rules moved into \$38,000 jobs?

Yet it is precisely the failed approach of attacking “dependency” by forcing single parents into the low-wage labor market—and often depriving them of the realistic chance to gain higher-level skills so they could make \$38,000 (or \$48,000)—that is being accelerated today by Congress and the administration. The kind of serious policy discussion that the self-sufficiency standard should be forcing upon us is not happening, even though the most recent census data show an increase in family poverty in America, the unsurprising result of a continuing and massive loss of stable jobs across the country.

### THE INCREASE IN CRIME

Then there is the persistence of violence. One part of the “free market–tough state” ideology has been the use of an ever-harder fist to crack down on crime and drugs, or at least the crime and drugs that *poor* people do. In chapter 26, Marc Mauer makes clear how massively we have done that, what it has done to our prison system, and how it has affected racial inequality in America.

Yet major crime as reported by the FBI has been rising in many places around the country, including in Oakland, California, near where I live. As in the rest of the nation, much of the increase in homicide in Oakland involves young minority men. This in California, where not long ago we passed Proposition 21, which made it easier to crack down on gang violence by sending juveniles more easily to adult court and toughening sentences for gang-related offenses; where we’ve had a “three strikes” law for nearly a decade that could put a lot of these young men away for life; where we increased the prison population almost eight-fold since the end of the 1970s and stuffed it to the rafters with precisely the kinds of young inner-city men who are now increasingly shooting each other on our streets.

The number of homicides in Oakland is roughly in the same league as London—a city twenty times its size. But even more revealing is a recent news article on Oakland’s tragedy of youth homicide. The article quoted a staff person at a funeral home, who is described as their “director of homicide events.” Can there be a more telling indication of the state of American violence in our time than the idea that, in an American urban neighborhood, the local funeral home needs a special staff person whose job it is to deal with homicides?

So the persistence—and increase—in violence is another clue that the reigning model of social policy in America isn’t working the way legions of commentators, pundits, and politicians of both parties assured us it would. The reality is that, after more than twenty years of implementation, this model hasn’t delivered; and, again, that includes almost a decade of economic boom which gave this model the best chance it could possibly have had to deliver the goods.

## WILL THERE CONTINUE TO BE A VACUUM OF SERIOUS POLICY?

Instead, the country is in a state of deepening internal crisis. The economic boom of the 1990s masked, to some extent, the dimensions of that crisis. As soon as the boom ended, the veil was lifted. But we are not looking hard as a nation at what lies under that veil—and that is in part because since September 11 we’ve been mostly looking in another direction.

Deflection of our vision cannot last for long, especially if the current economic uncertainties continue and their effects on the quality of life in the United States deepen. There is already evidence of considerable anger and anxiety, especially over the relentless erosion of jobs and the continuing crisis in affordable health care. The question is whether that anger and anxiety can be channeled toward a constructive attack on their structural sources.

There is no guarantee that it will. Indeed, we face a rather frightening possibility at the start of the twenty-first century that life here at home will get a lot worse for many people as the inability of our failed model of social and economic development to address the root contradictions of our society becomes more and more evident. But at the same time, no political force will emerge that is capable of putting those issues on the agenda in an honest and progressive way. Instead, both major parties will vie with each other over which one will win the allegiance of the affluent and rather conservative voters that make up what we somewhat euphemistically describe as the political “center.”

As a result, there will be a vacuum of serious policy. There will be no serious efforts to confront the causes of our deepening social crisis, and there will be a consequent slide into what could be extremely grim conditions as poverty continues to increase, jobs continue to flee the country, everyday violence rises, schools deteriorate further, and adequate health care slides out of the reach of more and more ordinary Americans.

In that situation, we could easily imagine a deepening shift in America, in which a confident and focused right steps in to fill the vacuum by offering solutions that are at least straightforward, even if they are reprehensible. If we then had more terrorist attacks as well, raising the level of fear and endemic anxiety even further, it is not far-fetched to say that we could see a very frightening political response indeed, one that would surely involve tightening the social controls of the “tough state” even further, with all the threats to our civil liberties that will involve. That has been the usual response to the growing national and international instability brought on by the “market” model, and I believe we could expect more of the same.

HOW TO RECRUIT AMERICANS AWAY  
FROM THE “ARMIES OF THE SILENT”?

Will that really happen? I don’t know, but I do know that the only certain way to avoid it will be to build a political constituency that is bold enough and tough-

minded enough to challenge this whole failed model of social development, not just tinker with it. The constituency must be willing to put issues like the need for much greater public investment, the need for human-resource investment in our schools, the need for a universal health care system, and the crying need to establish a living wage firmly on the political agenda. A political movement, in short, that can honestly and forthrightly address people’s real concerns about how they will pay their bills, secure decent health care for themselves and their kids, keep their sons and daughters safe on the streets, and get them a decent education.

How do we now broaden our base, mobilize more troops? How do we recruit more Americans away from what the Chilean writer Ariel Dorfman has called the “armies of the silent”?

## ENCOURAGING DEVELOPMENTS

Today I see at least two encouraging developments in our political culture. One is the new and enormously refreshing burst of progressive political energy that was represented in some of the 2004 Democratic presidential primary campaigns and has been illustrated by creative and effective use of the mobilizing capacities of the Internet, as with MoveOn.org and MediaReform.net (see chapters 30 and 31). This has significantly altered the political landscape and catalyzed a long-dormant enthusiasm among many people—perhaps, especially, the young.

A second potentially positive shift is more subtle but even more important. It’s often been remarked that Americans’ view of government has changed somewhat in the aftermath of September 11. After decades of being taught to believe that government was always the problem and never the solution, Americans woke up to understand, in the most bitter way, what happens when government falls asleep at the wheel and fails to provide elementary protection from violence. And they also saw government acting heroically—government in the form of firefighters and cops who lost their lives saving others. We saw another example of this appreciation of government services—and perhaps even of the taxes that pay for them—in the devastating Southern California wildfires of 2003. Cutting taxes and slimming state and local government seemed like less compelling goals while Californians watched public-sector workers saving their homes and neighborhoods from catastrophe.

From this newfound awareness of what government can do in these crisis situations, it is not a big jump to understanding that there are other kinds of jobs that government needs to do, and could do—including things like providing health care for kids, replicating what works in our schools, creating a system for financing higher education, and tackling poverty. How long that new understanding will last is anybody’s guess. Reason enough to seize the political moment while we can.

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