

TO SEIZE THE POLITICAL MOMENT, DEMOCRATS NEED A BETTER NARRATIVE.

# A Moral Economy

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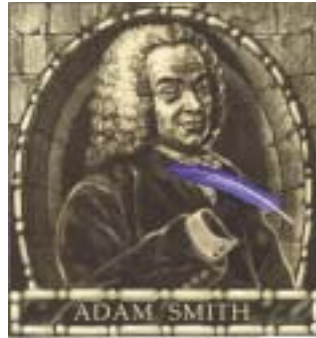
The daily headlines suggest that a toxic combination of arrogance, corruption and incompetence is weakening the Republican Party's hold on national political power. As the Democrats struggle to capitalize on this opportunity, progressives should remember what happens when one side wins an election without defeating the opponent's main ideas.

Back in 1992 Bill Clinton campaigned successfully for President with promises to "put people first" and provide health insurance for all. But he quickly discovered that the ideas that had been dominant during the administrations of Ronald Reagan and George H.W. Bush were still hegemonic. Market Fundamentalism—a dogmatic belief in the power of Adam Smith's "invisible hand" to create prosperity—survived the Republicans' electoral defeat. Clinton was pressured to put aside many of his campaign promises to conform to this orthodoxy. And when he did defy Market Fundamentalism by pushing for universal health insurance, he suffered a catastrophic defeat.

Market Fundamentalism has ruled the country for close to twenty-five years. It has produced weak economic performance, corporate crime waves, government corruption and a coarsening of the culture. But the amazing thing is that efforts to hold the Market Fundamentalists accountable have gained so little traction. Perhaps the best explanation for this has been offered by former Labor Secretary Robert Reich. In "The Lost Art of Democratic Narrative," published by *The New Republic* in March 2005, Reich argues that differences over economic policy have been fought out in American politics over the past century by appropriating four specific story lines—the rot at the top, the mob at the gates, the triumphant individual and the benevolent community. The party that tells these stories most persuasively wins, he observes, and in recent years the prize has gone to the Republicans.

In the 1930s, in contrast, the Democrats were successful in telling people a story in which government action could overcome the rot caused by business greed while also protecting us from the overseas mobs following fascist (and later, communist) leaders. Moreover, government assistance would create a benevolent community that could respond, as FDR said, to the "third of a nation [that was] ill-housed, ill-clad, and ill-nourished." Within this community of care, hard work would be rewarded so that individuals could triumph and achieve upward mobility for their families.

According to Reich, the critical turning point came when the Republicans, starting with Reagan, hijacked these same stories and constructed a plot line in which the rot came from liberal



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elites, with the "Evil Empire" of the Soviets playing the role of the mob at the gates. Triumphant individuals had to be freed from government interference to restore the health of voluntary and faith-based communities. The Republicans have been telling versions of these same stories ever since, with George W. Bush endlessly promising to protect us from the terrorist mobs that have to be resisted overseas.

In both the New Deal and the Republican stories, however, there is a fifth narrative, providing a principle of order that integrates and organizes the four other elements. Starting in the 1930s, the Democrats employed a narrative in which an activist government overcomes the weaknesses of an unregulated market economy to achieve stability and renewed economic growth. This story would not ordinarily have been an easy sell, but the severity of the Depression made people receptive. Roosevelt and the Democrats seized the opportunity, and the narrative of an activist government reinforced by the New Deal's concrete successes gave credibility to Democratic stories about the rot, the mob and the triumphant individuals living in benevolent communities.

That powerful Democratic narrative dominated US politics for more than thirty years. But the combination of disillusionment over the Vietnam War, the stagflation of the 1970s and growing conflicts over gender, race and the environment began to undermine its effectiveness. As Republicans started to mobilize resentment against Democratic policies, Democratic politicians stopped telling the old stories.

This opened the way for the Republicans to invoke Adam Smith's mysterious mechanism of the "invisible hand" as the critical element that binds the other Republican stories together. Since the market can be relied on to coordinate all economic activity, the triumphant individual can be set free of government restrictions and liberal elites can be dismantled.

But it is not an option for progressives simply to recycle the stories and rhetoric of the New Deal. Years of conservative dominance have undermined any notion that government can actually serve the public good. Right-wingers pointed to the pathetic federal response to Hurricane Katrina as proof that government cannot protect us. Republican corruption and ineptitude, in short, has the partially intentional function of discrediting government in general. Reich's stories won't work without a new master narrative that explains how we could all prosper under a different policy regime.

It is useful to remember that Franklin Roosevelt developed and mobilized the language of activist government well before Keynes and others came up with an economic justification for it. Roosevelt made the initial break with Market Fundamentalism on his own, and it was only later that the Keynesian revolution in economics legitimized his path. Similarly, it was not the eco-

conomic research of men like Friedrich von Hayek and Milton Friedman that made the revival of Market Fundamentalism possible. It was the fact that their economic ideas could be easily expressed in familiar and simple moral terms. In both cases, the key to changing the dominant story has not been economic theory but the power of a moral language.

**T**his suggests that we could make the phrase “moral economy” serve as the organizing narrative for a revival of progressive ideas. The term has a long and rich history, but it is also shorthand for the argument that sustainable prosperity must be built on strong moral foundations. This is something that Adam Smith, one of the patron saints of Market Fundamentalism, understood, but it is a lesson that his contemporary followers have completely forgotten. Smith recognized that the pursuit of self-interest can only serve the common good if individuals are systematically constrained by moral sentiments.

The essential idea was brilliantly expressed in the title of a 1980s bestseller, *All I Really Need to Know I Learned in Kindergarten*. The guiding principles of a moral economy are familiar rules such as don’t hit, take turns, play by the rules, listen to the teacher, don’t waste food and art supplies, and be prepared to share. These principles produce order in the elementary school classroom, and they can also assure order and prosperity in our nation’s economy.

These kindergarten rules, in fact, translate directly into the four key principles that would be an integral part of a moral economy. “Don’t hit” and “take turns” are about the principle of reciprocity; we need to behave toward others as we want them to act toward us. We should avoid force and coercion in our economic relations, including the quiet violence that occurs when we exploit someone’s vulnerability or ignorance. Reciprocity is the foundation upon which trust is built, and high levels of trust are indispensable for economic prosperity.

“Play by the rules” and “listen to the teacher” express the principle of responsible competition. In the world of sports, competition pushes people to elevate their performance beyond all expectations. But the competition is so productive precisely because it is structured by rules and because the referees are on the field waving penalty flags. Economic competition is the same; it leads to elevated performance only with clear rules and when the regulators are able to call fouls and march off penalty yardage. And these rules must be continually updated to discourage unfair and injurious competitive strategies.

The injunction against waste is the principle of conservation of all resources, including human beings, nature and the built environment. Providing the maximal opportunity for each person to develop his or her capacities is the best way to avoid wasting our human resources. Conservation of both nature and constructed materials is central to the vision of a sustainable economy that no longer assumes that fossil fuels and minerals can be indefinitely wrested from the earth.

Finally, sharing exemplifies the principle of cooperation. Market ideology focuses only on competition, but a productive economy depends on cooperation. The most productive firms are those that create high levels of cooperation between employees and managers, and most large-scale economic efforts require complex webs of cooperation between different firms and

public-sector agencies. An economy’s capacity to generate and exploit innovations is a direct result of its ability to facilitate cooperation among these different actors.

These four principles—reciprocity, responsible competition, conservation and cooperation—interact and reinforce one another to enhance a moral economy’s effectiveness. But Market Fundamentalists understand nothing of this. In fact, their policies have weakened our economy by deliberately ignoring and violating all these principles.

Envisioning a moral economy does not require any heroic assumptions about human nature; it does not assume that people are always cooperative and kind. On the contrary, it starts from the idea that the individual pursuit of self-interest has to be controlled or it will turn destructive. Market Fundamentalists are the utopians; they imagine that the market magically transforms everyone into angels who can be trusted to do the right thing. The moral-economy narrative recognizes that there is no “royal road,” no magic formula, that will produce the desired combination of prosperity, order and justice. Rather, it is through the continuous exercise of democratic self-governance that we can reform our institutions to make both the economy and the government work better to achieve our shared objectives.

By establishing this vision of a moral economy, we can tell a unified story of how our fellow citizens can prosper. But it is important to avoid those old assumptions that government is always good and corporations are necessarily evil. Our government consistently fails to help people with day-to-day problems of healthcare, education and childcare, or finding work that pays a decent wage. Reforming government so that it works effectively for people is a critical part of building a moral economy.

At the same time, shared prosperity depends on “enterprise”—collective projects of innovation carried out with boldness and energy. Entrepreneurial activity can and should occur throughout society—in the public sector, in the nonprofit sector, in small business, in large corporations and in a wide variety of collaborations among these sectors. A moral economy would unleash this capacity for shared problem-solving in ways that fit with the four principles laid out earlier. So while we expose corporations that cheat their employees or the public, we should reward those that channel their efforts into innovations. A reformed corporate sector is a critical building block of a moral economy.

**W**ith the construction of a moral economy as the frame, Reich’s other stories fall into place. The “rot at the top” has never smelled so putrid; the decay comes from the obscenely wealthy who have abandoned real enterprise for paper manipulations that generate outlandish returns. The “mob at the gates” continues to be those committed to jihad against the West. But the Bush Administration’s response to this threat has been completely self-defeating. We need, instead, greater international cooperation to combat terrorism and concerted efforts to build a moral economy at the global level. Creating a world in which children born in the slums of Cairo, Islamabad and Lagos have real opportunities for meaningful employment and political participation is the only way to isolate the jihadists.

The triumphant individuals in this narrative are people of different ethnicities, immigrants and native born, both women

and men, gay and straight, rural, suburban and urban, for whom the doors of opportunity would be reopened by the project of building a moral economy. With such an economy, our nation would become a “benevolent community” in which each individual is able to reach his or her full potential.

To be sure, stories are not enough. We also need bold policy ideas that would implement the principles of a moral economy. But the stories have to come first, and those stories must connect us to our nation’s richest traditions. The great popular move-

ments of our nation’s history—against the slave trade, for the abolition of slavery, for women’s suffrage, for trade union rights, for restraints on the power of big business in the Progressive Era, and extending to the civil rights movement, the New Left and the environmental movement—can all be understood as efforts to align our economic and political institutions with our deepest moral commitments. We will be honoring their legacy when we present a vision of a moral economy as an alternative to the failed claims of Market Fundamentalism. ■

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## EXCHANGE

C O N T I N U E D

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assassination of President Kennedy, with the assistance of the ACLU, I won a precedent-setting lawsuit in the US District Court in Washington, DC, brought pursuant to the Freedom of Information Act. The court ordered the police and spy organizations to provide to me many long-suppressed documents.

The CIA document stated that it was deeply troubled by my work in questioning the conclusions of the Warren Commission. The CIA had concluded that my book *Rush to Judgment* was difficult to answer; indeed, after a careful and thorough analysis of that work by CIA experts, the CIA was unable to find and cite a single error in the book. The CIA complained that almost half of the American people agreed with me and that “Doubtless polls abroad would show similar, or possibly more adverse, results.” This “trend of opinion,” the CIA stated, “is a matter of concern” to “our organization.” Therefore, the CIA concluded, steps must be taken.

The CIA directed that methods of attacking me should be discussed with “liaison and friendly elite contacts (especially politicians and editors),” instructing them that “further speculative discussion only plays into the hands of the opposition.” The CIA stressed that their assets in the media should “point out also that parts of the conspiracy talk appear to be deliberately generated by Communist propagandists.” Further, their media contacts should “use their influence to discourage” what the CIA referred to as “unfounded and irresponsible speculation.” *Rush to Judgment*, then the *New York Times* number-one bestselling book, contained no speculation.

The CIA in its report instructed book reviewers and magazines that contained feature articles how to deal with me and others who raised doubts about the validity of the Warren Report. Magazines should, the CIA stated, “employ propaganda assets to answer and refute the attacks of the critics,” adding that “feature articles are particularly appropriate for this purpose.” The CIA instructed its media assets that “because of the standing of the members of the Warren Commission, efforts to impugn their rectitude and wisdom tend to cast doubt on the whole leadership of American society.” The CIA was referring to such distinguished gentlemen as Allen Dulles, the former direc-

tor of the CIA; President Kennedy had fired Dulles from that position for having lied to him about the Bay of Pigs tragedy. Dulles was then appointed by Lyndon Johnson to the Warren Commission to tell the American people the truth about the assassination.

The purpose of the CIA was not in doubt. The CIA stated: “The aim of this dispatch is to provide material for countering and discrediting the claims” of those who doubted the Warren Report. The CIA stated that “background information” about me and others “is supplied in a classified section and in a number of unclassified attachments.”

With this background we now turn to Max Holland’s *Nation* article, which states that there was a “JFK Lawyers’ Conspiracy” among four lawyers: former Senator Gary Hart; Professor Robert Blakey; Jim Garrison, the former District Attorney of New Orleans and later a state judge in Louisiana; and me.

Before I wrote *Rush to Judgment* I had never met any of the other three “co-conspirators.” I still have not had the pleasure of meeting Senator Hart, and I know of no work that he has done in this area. I met Professor Blakey only once; he had been appointed chief counsel for the House Select Committee on Assassinations, and at that meeting I told him that I was disappointed in his approach and methods. Not much of a lawyers’ conspiracy.

Each of the other statements as to alleged fact are false and defamatory. Holland states that I am not scrupulous, that I am dishonest and that I spread innuendo about the sinister delay in the Warren Commission investigation, an assertion not made by me but fabricated in its entirety by Holland. As a silent echo of his CIA associates Holland does not point to one assertion as to fact, of the thousands I have made about the facts surrounding the death of our President, that he claims is inaccurate.

Finally, Holland strikes pay dirt. He uncovers, are you ready for this, the fact that I had asserted that “the government was indifferent to the truth.” I confess. Is that now a crime under the Patriot Act? Isn’t that what *The Nation* is supposed to be asserting and proving?

Holland states that the KGB was secretly funding my work with a payment of “\$12,500 (in 2005 dollars).” It was a secret all right. It never happened. Holland’s statement is an out-

right lie. Neither the KGB nor any person or organization associated with it ever made any contribution to my work. No one ever made a sizable contribution, with the exception of Corliss Lamont, who contributed enough for me to fly one time from New York to Dallas to interview eyewitnesses. The second-largest contribution was \$50 given to me by Woody Allen. Have Corliss and Woody now joined Holland’s fanciful conspiracy?

Funds for the work of the Citizens Committee of Inquiry were raised by me. I lectured each night for more than a year in a Manhattan theater. The *Times* referred to the very well attended talks as one of the longest-running performances off Broadway. That was not a secret. I am surprised that Holland never came across that information, especially since he refers to what he calls “The Speech” in his diatribe.

Apparently, Holland did not fabricate the KGB story; his associates at the CIA did. There is proof for that assertion, but I fear that I have taken too much space already. For that information, contact me at [mlane777@cs.com](mailto:mlane777@cs.com).

Am I being unfair when I suggest a connection between Holland and the CIA? Here is the CIA game plan: Fabricate a disinformation story. Hand it to a reporter with liberal credentials; for example, a *Nation* contributing editor. If the reporter cannot find a publication then have the CIA carry it on its own website under the byline of the reporter. Then the CIA can quote the reporter and state, “according to...”

Holland writes regularly for the official CIA website. He publishes information there that he has been given by the CIA. The CIA, on its official website, then states, “According to Holland...” If you would like to look into this matter of disinformation laundering, enter into your computer “CIA.gov + Max Holland.” You will find on the first page alone numerous articles by Holland supporting and defending the CIA and attacking those who dare to disagree, as well as CIA statements attributing the information to Holland.

A question for *The Nation*. When Holland writes an article for you defending the CIA and attacking its critics, why do you describe him only as “a *Nation* contributing editor” and author? Is it not relevant to inform your readers that he also is a contributor to the official CIA website and then is quoted by the CIA regarding

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