

## [Heavens to Betsy, Robert Reich almost gets one right](#) [1]

Written by [Tim Worstall](#) [2] | Wednesday 18 September 2013

Unfortunately Robert Reich is not a perfect guide on what not to do as he sometimes almost manages to get [things right](#) [3]:

These rules don't exist in nature; they are human creations. Governments don't 'intrude' on free markets; governments organize and maintain them. Markets aren't 'free' of rules; the rules define them. The interesting question is what the rules should seek to achieve. They can be designed to maximize efficiency (given the current distribution of resources), or growth (depending on what we're willing to sacrifice to obtain that growth), or fairness (depending on our ideas about a decent society). Or some combination of all three ? which aren't necessarily in competition with one another.

Markets do indeed exist in nature: the male bower bird building a shelter in return for a legover is and exchange in a competitive market whatever else it might be as well. But yes, it is true that the rules define the markets and we can indeed play with the rules to push one or more of those ends. But it's not quite any mixture will do:

Evidence suggests, for example, that if prosperity were more widely shared, we'd have faster growth.

Not really, no. For it would depend upon how we made that prosperity more widely shared. Higher taxes and more redistribution could well have higher deadweight costs than whatever greater growth more widely shared prosperity might putatively provide us.

But then of course Reich goes so horribly wrong:

Instead, the rules are being made mainly by those with the power and resources to buy the politicians, regulatory heads, and even the courts (and the lawyers who appear before them). As income and wealth have concentrated at the top, so has political clout. And the most important clout is determining the rules of the game. Not incidentally, these are the same people who want you and most others to believe in the fiction of an immutable 'free market.' If we want to reduce the savage inequalities and insecurities that are now undermining our economy and democracy, we shouldn't be deterred by the myth of the 'free market.'

Those things described, the buying of influence at the political court, are not free market. Indeed, the solution to those things is to have a free market: one not influenced by politics and thus one in which purchasing politicians gains one no advantages. That is, Reich is reliably wrong again in the actions he calls for, for free marketry is the solution for exactly what he is complaining about.

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