



# THE VIEW

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## THE GOVERNMENT VS. THE FREE MARKET: BACK ON CENTER STAGE

BY  
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The debate over the need to let free market capitalism run free and unfettered versus the demand for tightened government involvement in the form of increased regulation is moving from the ridiculous to the sublime. Indeed it has been astounding recently how a speaker has lamented, often in the same sentence, the expansion of government influence while simultaneously expressing rage that the government has not acted quickly enough and with sufficient force. Consider the case of Congressman Pence.

Indiana Republican Congressman Mike Pence began the week in full political mode raging against the federal government and urging onward any candidate who would promise to reduce the size, scope, power, and influence of Washington. Indiana Republican Congressman Mike Pence concluded the week by roundly criticizing the federal government and the Obama administration for failure to act in a sufficiently swift, comprehensive, and powerful manner to the oil well disaster in the Gulf of Mexico.

Recent events offer us plenty of examples of catastrophes that perhaps may be laid at the feet of unregulated capitalist enterprises. Many are instances of unchecked pursuit of profit with little apparent regard for the potential for unforeseen events that would leave victims in their wake. Or at least this opinion would be representative of those on one side of the argument. On the other side, however, are those who contend that government in a prosperous country like ours has in its power to control the excesses of free market capitalism, and to do so legitimately, based on Democratic principles hence avoiding being labeled authoritarian. Few would argue that free market capitalism is the foremost means of wealth creation that has yet been conceived. We are all the beneficiaries of capitalism. However, there are those, even as proponents of capitalism, who caution that government must play a role in guarding against the unchecked actions of a totally free market.

I remember when I was a child my five foot, nine inch tall grandfather plowing his massive garden in rural Jasper County with one of the biggest mules I have ever seen. He could not have plowed that garden without the mule, but by the same token the mule would, and often did, take off on an uncontrolled romp when it did not have proper restraints to keep it on task. Once the bridle and the plow were attached and the reins were in the hands of the man with the plow then the mule was most productive.

While this is a trite example, history reveals numerous occasions where government has out of necessity stepped in to regulate the conduct of capitalism in ways that benefited all of us in the end. Admittedly too, there are notable occasions where government has had a smothering effect and deregulation was felt necessary. Early in the 1900's the need for child labor laws and subsequently wage and hour laws became quite apparent. Later in the century we recall the stern warning by Republican President Dwight Eisenhower to keep a firm check upon the unholy alliance between corporate power and the well-financed post-World War II military that he labeled the "military/industrial complex." In recent years the call to vastly lessen government's involvement in any matter related to private enterprise has grown louder and more voluminous. President Ronald Reagan constantly promised to "get the government off of the backs of the people." During the George W. Bush era, tax guru Grover Norquist famously stated his goal and that of the administration to "shrink government until we can drown it in a bathtub."

All such rhetoric is great when the housing market is galloping along, the savings and loans are full of money and playing fair with their customers, when coal mines are yielding tons of trouble free coal and oil wells are pumping continuously with no apparent threat of blowing sky high. In recent years, however, we have seen corners cut in the name of maximizing profits and in some cases outright greed take center stage. Who can forget the pillaging of the energy industry by the likes of Enron or similar robbery of the telecommunications industry by the likes of WorldCom? Then of course there is the collapse of the financial markets along with the real estate meltdown, at least two large coal mining disasters resulting in significant loss of life and now a fatal man made disaster of an oil well blowout that has yet to reach a conclusion.

There has been one common question asked in all of these diverse sets of circumstances: Where has the government been, and why haven't they thought to regulate this behavior before a tragedy happened? Thus, a further question becomes apparent: What is it that the public wants -- free and unfettered pursuit of profit or a free market system that generates abundant wealth but that avoids creating losers as bi-products of profit making?

Like virtually everything else in politics, this debate will, and perhaps should, continue eternally. Will there ever be a time when one can state that free market capitalism is functioning at an optimum level of government regulation? I sincerely doubt it. We will all have plenty more weeks like Mike Pence had and hopefully government will not drown in a bathtub of nasty pollutants along the way.



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William Martin Wiseman is Director of the John C. Stennis Institute of Government and Professor of Political Science at Mississippi State University. He received his Ph.D in 1986, his MPPA in 1980, his MS in 1974, and his BA in 1973, all awarded from Mississippi State University. In addition to his duties at Mississippi State, Dr. Wiseman is a guest professor at Jackson State University. Dr. Wiseman's areas of academic interest include American government, intergovernmental relations and federalism, county and municipal management, public personnel administration, and innovations in state and local government management.

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