

How Deregulation Has Resurrected American Economic Insecurity

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We might not be in a Great Depression, but economic insecurity has nevertheless returned to America.

John N. Gray, a distinguished intellect and retired professor of intellectual history at the London School of Economics, disagrees with the view that “the end of history” has placed humanity on a course of ethical and economic progress. History, Gray believes, is not progressing to a higher stage. Instead, humanity is repeating the same follies and is destined to endure the same disasters. It is the Enclosures, the Repeal of the Corn Laws, and the Poor Law Act of 1834 all over again.

The problem is humans themselves. They are not questioning beings. “Human beings use the power of scientific knowledge to assert and defend the values and goals they already have.” Instead of ethics and politics having advanced with the growth of knowledge, we are experiencing today state terror and murder on unprecedented scale as Washington kills people with drones and invasions in seven countries and threatens others. The US claims to be the democratic “light unto the world,” the “indispensable nation,” but it has resurrected in violation of its own law and international law the torture dungeons of the unaccountable governments of medieval Europe.

Few people see the disconnect between the propaganda about the goodness of America and the evil that its government practices. Torture was banned. Its practice was made the act of a war criminal government. But the Bush and Obama regimes have resurrected torture as a defense of the state against citizens who reveal its crimes and against those who resist its aggression.

The CIA official who revealed that the US government was torturing detainees in violation of US and international law, John Kiriakou, was subjected to wrongful prosecution and sentenced to prison. The elected officials who approved the torture and those who conducted the torture remain free of all charges to torture again.

Bradley Manning, the US soldier who did his duty under the military code and revealed US war crimes that were ignored by his superiors had all of his constitutional rights violated and is now being tried on trumped-up and false charges. The US government claims that by telling the truth Manning aided the “enemies of the United States.”

The US government is so corrupt that it doesn’t realize the self-damnation of declaring the truth to be against it. Some “light unto the world” Washington is.

The myths to which Americans subscribe are resulting in their social, political, and economic

destruction. In *False Dawn: The Delusions Of Global Capitalism*, John Gray lays out the destructive consequences of the free market ideology.

Gray demonstrates that the libertarian belief that free markets are something that the government suppresses and takes away from us is contradicted by the historical fact that “free markets are creatures of state power, and persist only so long as the state is able to prevent human needs for security and the control of economic risk from finding political expression.”

Free unregulated markets have existed only during short periods of history when state power and economic conditions were conducive to the imposition of unregulated markets. Unregulated markets existed for awhile in Victorian England, and Clinton, Bush, Obama, Thatcher and politicians in Australia, and New Zealand have removed regulation from various economic activities from the 1980s through the present.

The evidence is in and piles up daily. Instability is on the rise, and with it has come economic insecurity. Homelessness is increasing. In the last decade, [New York City has experienced a 73 percent increase in homelessness](#), while the net worth of the city’s mayor has risen to \$27 billion.

Deregulation of the financial system produced such massive instability that the Federal Reserve had to lend the banks \$16 trillion (a sum equal to US national debt). The Federal Reserve is in the fourth year of monetizing \$1 trillion annually of US debt, raising the specter of dollar devaluation and inflation. Once great manufacturing cities, such as Detroit, are in steep decline. Real interest rates are negative, depriving retirees of interest income. The high unemployment rate of recent university graduates, despite an alleged economic recovery, proves that education is no longer the answer. Millions of jobs have disappeared. Unemployment is high. Poverty has increased as has the number of Americans on food stamps.

The once vibrant American middle class is disappearing. The blue-collar working class is being proletarianized. Labor arbitrage across national borders has destroyed millions of US manufacturing and professional service jobs such as software engineering. What was formerly the incomes of millions of Americans was turned into incomes for Chinese, Indians, and into capital gains for shareholders and mega-million dollar bonuses for the corporate CEOs who offshored the Americans’ jobs and banked the lower labor costs as profits. One result has been a massive increase in US income and wealth inequality.

The US now has the worst economic inequality of all developed countries and one of the worst in the entire world. This 6 minute video will give you a visual picture:

Another result has been the shrinking of the American consumer market and the reliance on debt instead of income gains to keep the economy going, an expedient now exhausted by the high debt levels of American households.

The lost tax revenues from offshoring now threaten social institutions put in place decades ago in order to reduce economic insecurity and improve social cohesion. Social Security and Medicare are under attack, but not the wars that are the vehicle for spreading US hegemony and “democratic capitalism.” Even the concept of a career is vanishing as the pace of economic instability forces people into ever different jobs if they can find replacements for

the ones they lose. Free unregulated markets disconnect economic activity from human well-being. As Gray says, markets are supposed to serve man, not man the market.

The neoconservative belief that America possesses the only true way—"democratic capitalism"—is a delusion. Gray shows that "democracy and the free market are rivals, not allies." Free markets are not sustainable in a democracy, because free markets erode stability, security, and social cohesion. Free markets existed for a short time in Victorian England, because "the franchise was small and the overwhelming majority of the population was excluded from political participation." Gray concludes that the American project of constructing a worldwide free market in an age of democratic government requires the instabilities and insecurities that free markets create to be protected from democratic politics and insulated from correction and reform.

We see everywhere in the West the effort to insulate the political process from the people it governs. In the US, the two political parties represent the few powerful private interests that supply their campaign funds. In the EU, Brussels is using the sovereign debt crisis to compromise the sovereignty of the member countries and remove their accountability to the people. In the US, Homeland Security has purchased a billion rounds of ammunition and 3,000 tanks. These purchases are not directed at the rare or nonexistent terrorist, but at the US population. They are Washington's response to the social and political instability for which deregulation has set the stage.

Gray concludes that a global free market is a project destined to fail, and its casualty list will be long. Insecurities will rise everywhere as globalism sets countries against one another in geo-political struggles to control dwindling natural resources that no country or institution has any responsibility to conserve. History is returning, and the neoconservatives will be remembered, if at all, as another utopian movement, a collection of bloody fools.

Gray's conclusion is consistent with the trends that Gerald Celente forecasts: currency wars, trade wars, political upheavals, and hot wars.

Libertarians will be the last to comprehend that the return of crony capitalism, robber barons, and economic insecurity is the direct consequence of a quarter century of deregulation. As I show in my new book, *The Failure of Laissez Faire Capitalism And Economic Erosion Of The West*, it is the failure of the latest laissez faire experiment that has saddled us with crony capitalism. Monopoly concentration and rule by the few, not Libertarian nirvana, is what deregulation and unbridled greed produce.

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