

Social murder and conservative economics

Robert Chernomas and Ian Hudson argue that conservative economics have led to a more dangerous society.

The hallmark of conservative economic theory is that firms should not be constrained by the state in their pursuit of profit. State intervention is not necessary because firms must obey the will of 'the market'. Companies must please their consumers or they will not sell anything, and they must treat their workers well or they will have no labour force. Conservative economics assumes that decisions reflect individual preferences and free choice. In this world of voluntary actions, firms and individuals stand on pretty much equal footing; no one has any more power than anyone else.

In the early days of capitalism, both economic theory and government policy were dominated by conservative ideas. The results were catastrophic. Edwin Chadwick, Commissioner of the Board of Health of Great Britain from 1848-1854, declared that the poorer classes in the western part of London were exposed to steady, unceasing and sure causes of disease and death peculiar to them: 'The result is the same as if twenty or thirty thousand of these people were annually taken out of their wretched dwellings and put to death' (Dubos, 1950). This is the context of Frederick Engels' use of the term social murder in the *Condition of the working class in England* in which he blamed the diabolical living conditions of workers in the 'great towns' on the economic system:

When society places hundreds of proletarians in such a position that they inevitably meet a too

early and an unnatural death, one which is quite as much a death by violence as that by the sword or bullet; when it deprives thousands of the necessaries of life, places them under conditions in which they cannot live – forces them, through the strong arm of the law, to remain in such conditions until that death ensues which is the inevitable consequence – knows that these thousands of victims must perish, and yet permits these conditions to remain, its deed is murder. (Engels, 1987)

The people subject to these horrific conditions did not sit passively by and accept their fate. The next hundred years or so constituted a running battle to create institutions – either using the state, which passed protective legislation, or outside the state, by creating things like unions – to alleviate the more debilitating conditions of capitalism. In doing this they had to battle conservative theorists and the business class, who claimed at every turn that any of these profit-compromising institutions would destroy the economy. Progress was gradually made despite often-fierce resistance. The work week was eventually shortened, child labour outlawed, safety and health regulations instituted and state assistance to the destitute increased. The major gains, however, only came with the combination of the social disaster of the Great Depression, which galvanised the population to insist on state supports, and the full employment of the Second World War, which put the working class

in a position sufficiently powerful to force their demands despite the resistance of business.

Since around 1980 this trend has been reversed. The protective institutions of society have been whittled away. As in the early nineteenth century this involves empowering the business class at the expense of the rest of society.

The corporate pandemic

A fundamental pillar of conservative economic policy is to reduce the regulatory oversight of business by the state. Under pressure from industry lobby groups, governments have curtailed their regulatory regimes, expanding firms' freedom to kill – legally. This has happened across a wide variety of industries, all with lethal impacts. In the US, drug companies get approved by the Food and Drug Administration (FDA) on the basis of their own research instead of independent studies. Food inspection agencies have had their monitoring and inspection activities restricted. The Occupational Safety and Health Organization had its budget slashed and, in the 1980s, was headed by a conservative who was opposed to its very mandate. As a result, drug, automobile, tyre, cigarette, lead and cosmetic companies reliably kill a certain percentage of their customers as a result of defective design or toxicity in their products.

A telling example of this trend was environmental regulation. Between 1981 and 1984 the budget of the Environmental Protection Agency fell by 35 per cent and, under instructions to become more co-operative and less confrontational with business, its prosecution of violators fell by 84 per cent (Blyth, 2002). Conservatives defended this (and all other) deregulatory change by arguing that the economy will function best when the government does not regulate but when people and firms are free to choose. One version of this is the Coase Theorem, which states that any pollution problem can potentially be dealt with without the heavy hand of the government when the polluter and the damaged parties are free to negotiate a solution. For example,

those harmed by the pollution could pay the polluter to clean up. The fact that this occurs so rarely is taken by conservatives as evidence that the cost of cleaning up pollution is greater than the benefits people would receive. Alternatively, if people want more environmentally friendly production practices, they could pay for goods with those characteristics, rather than have government regulate them (organic foods, for example). The problem with this notion of freedom of choice is that it is not as a result of individual lifestyle choices that most of us are exposed to pollutants but because, largely unknown to us, corporations dump millions of tons of carcinogens and mutagens into our environment. This was demonstrated by a recent study led by researchers at the Mount Sinai School of Medicine in New York. Nine volunteers, including Public Broadcast Service (PBS) journalist Bill Moyers, were tested for the presence of chemicals, pollutants and pesticides in their bodies. None of the volunteers worked with chemicals on the job. Yet, on average, each of the nine subjects carried 53 chemicals linked to cancer in humans or animals (Environmental Working Group, 2003).

A second important conservative economic pillar is free trade. The logic behind removing national barriers to trade between nations is that it permits each country to specialise in what it does best and trade for what it cannot produce as effectively. However, allowing free trade across political boundaries makes it difficult for governments to enact any policy that increases costs to firms in its jurisdiction. For example, if environmental regulation forces firms to use a more expensive method of waste disposal or install pollution preventing equipment, companies subject to the regulation will have a cost disadvantage, reducing investment and economic growth in the more environmentally friendly region. It is not only this competitive logic of free trade that makes environmental regulation difficult. Trade agreements include specific clauses that create legal power for corporations and

regulatory difficulties for governments. For example, Chapter 11 of the North American Free Trade Agreement (NAFTA) permits companies to sue national governments whose actions have negatively affected the firm's investments. A PBS documentary suggested that it has been used 'to challenge the powers of government to protect its citizens, to undermine environmental and health laws, even attack our system of justice' (Moyers, 2002).

The financial crisis

Death is only the most dramatic consequence of corporate power in our society. Increased corporate power, and the conservative economic policies that justify it, lead to inequality and economic instability. In an effort to reduce the size of government, and its accompanying tax 'burden', governments have reduced many of their socially beneficial roles, from funding research and development to providing public education, which would have created a more innovative and socially mobile society. Government has created a less equal society after tax income distribution through tax reductions for the rich. Perhaps the most damaging conservative policies in this respect were in the labour market.

The 2008 economic crisis was started by the collapse of a deregulated financial industry, but this was only part of the story in the US where three decades of conservative labour market policy created profitability at the expense of most Americans. Starting in about 1980 unemployment benefits have become less generous, the real minimum wage has fallen, legislative changes have made it more difficult to unionise and free trade agreements have forced US workers to compete with those in the developing world.

These changes resulted in extraordinary exploitation and inequality. Thomas Piketty and Emmanuel Saez calculated that between 1973 and 2000 average income of the bottom 90 per cent of American taxpayers fell by 7 per

cent. Incomes of the top 1 per cent rose by 148 per cent, the top 0.1 percent by 343 per cent, and extremely well off in the top .01 per cent rose by an amazing 599 per cent (Piketty and Saez, 2003). This was not only undesirable from an equity standpoint, but it also placed the entire economic system in danger. Households responded to their declining wages by working more and going into debt to maintain their level of consumption. This proved a tremendous benefit to firms, which were able to maintain their sales without having to increase the incomes of their workers to do so. Of course, it also created the looming levels of US household debt that helped cause the current economic crisis.

The gulf between the promises of conservative economic policy and its results are becoming increasingly clear. While it promises economic benefits for the vast majority of the population, in reality income, power and privilege have been shifted toward those who own and control the corporate world and away from the majority. The current conservative policy environment has made our society less healthy, more dangerous, less stable and more unequal. ■

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