

system whose purpose is to redistribute money upwards. Instead, Hans falls for the con, not realizing that while the top 20% of the rich pay 80% of the taxes, they control 90% of the wealth.⁴ In other words, they have rigged the system to actually pay less than the share of wealth they received, which is considerably more than the wealth they earned through the merits of their labors.

Large corporations and the Powell Cabal express concern that government, and the Internal Revenue Service in particular, is much too intrusive and their activities need to be curtailed. Because of their influence Congressional hearings are held to publicize and vilify gun-toting IRS agents. Hans becomes agitated over the heavy-handed IRS auditors and is all for slashing budgets that will curb these audits. He does not realize just how well the government responds to the squeaky wheel of the Powell Cabal, contingent on campaign contributions. The IRS budget does get slashed, auditors are laid off, and the ones that remain are discouraged from auditing the wealthy. The working poor are nine times more likely to be audited than multimillionaires, even after controlling for the greater numbers of poor. Hans has been conned once again, in that the lost revenues from concentrating on poor tax cheats instead of rich tax cheats creates an additional burden that shifts to the middle class and his small business.

Large corporations and the Powell Cabal express concern that the government imposes death taxes. The real term is estate tax, a tax on inherited wealth, but death tax has so much more pizzazz. They claim that the death tax—excuse me, estate tax—has led to the foreclosing of small family farms. Fortunately, not even Hans has been conned by this one yet, since the estate tax only affects inherited wealth in the millions. Still, the Powell Cabal does not give up easily. One recent initiative in Congress linked a repeal of all estate taxes in exchange for increasing the minimum wage. For years large corporations, backed by *laissez faire* economists, have been vigorously opposing minimum wage increases, claiming that wage controls corrupt markets. Giving up this battle means that the sense of entitlement to inherited wealth is so great that the rich will abandon their principles, based on economic theory, against wage controls. Condemning entitlements to the poor and feeling entitled to fiscal policy serving the wealthy reeks of hypocrisy.

Economic Mobility Hypocrisy

The Powell Cabal has a backup plan for their “wealth disparity does not matter” approach to justifying *laissez faire* economics. As long as there is economic mobility in a society, as there is in ours, then the lower and middle classes should have no complaints about the economic system. Economic mobility provides an escape hatch. If you do not like being on the bottom rung of a multilevel pyramid,

⁴ The number crunching will be done in depth for Essay 7.

fine, just do what is necessary to move up the levels. If you don't take the necessary steps you are the only one to blame.

This reasoning implies that our economic system is responsible for our economic mobility. That is not true, at least not for upward mobility. A good education fuels the ability to specialize, the "energy" that drives markets. Since we still have the best system of higher education in the world our greed-based market economy cannot eliminate economic mobility even though structured to favor business corporations and the concentration of resources. A bad education policy would be needed to seriously cripple economic mobility. Corporations, *laissez faire* economists and the Powell Cabal claim to value economic mobility highly as a justification for the concentration of wealth, any policy they recommend that decreases the availability of a good education to all would be hypocritical.

Milton Friedman led the way in advocating school vouchers as a means of improving our educational system with an essay titled "The Role of Government in Education" (1955), easily found on the web. His position on school vouchers resonates with his economic ideology, expressed in works such as *Capitalism and Freedom* (1962), that *laissez faire* economics can solve the basic economic, political and social goals of our country through the promotion of economic freedom. Friedman is an icon in economics due to his many significant contributions in the field, his Nobel Prize in economics and his lead advocacy for *laissez faire* economics. As an icon to the pop business culture his opinions get the "black box" treatment, as inscrutable to the layperson as computer models, statistics and maps. Let us first apply some rare scrutiny to demystify the icon and then apply some scrutiny to his beliefs as they impact upward mobility.

No one can be sure of another person's intent but I believe Friedman's brand of *laissez faire* economics stems from an idyllic allegiance to his beliefs, not from a cynical allegiance to business corporations. He is not a prototypical member of the Powell Cabal, though puppet libertarian think tanks such as the Cato Institute clearly worship his dogmatic views. *Laissez faire* dogma unmistakably guides his life's work, in contradiction to his "Essays on Positive Economics" (1953) recommending economic research be conducted empirically. Friedman touted utility and profit as unbiased, empirical measuring sticks. Make no mistake; this was a normative declaration by Friedman, with no natural evidence in support of his "norm." In other words, Friedman's view of "positive economics" was totally subjective. This important distinction appears to be totally lost on all the economic icon's followers; but we must keep in mind these are economists, not scientists.

Scientists championed empirical research long before Friedman; indeed, Friedman no doubt was influenced by the empiricism of the Scientific Revolution. Yet even natural scientists understand that empirical data gets filtered through the subjective lens of human interpretation, through the paradigms of understanding that guides all disciplines. Friedman may not be aware of the extent that his

ideology shapes his interpretation of the economic information he amassed in his life. Failure of both one's self and one's admiring public to understand how ideology shapes interpretation is an obstacle to wisdom. You become resistant to changing your beliefs in the face of valid and reliable empirical evidence. You instead change the meaning of what is valid and reliable to fit dogmatic beliefs. Scholars like Friedman easily can mistake to what extent their interpretation of data shapes ideology and to what extent ideology shapes their interpretation of data.

Friedman's positions reveal a similarity to the *laissez faire* economics of the nineteenth century. His view of free market competition stems from a belief that competition leads to survival of the fittest producer, and government should stay out of the fine tinkering that would otherwise naturally occur with free markets. When a *laissez faire* economist like Friedman steps outside the bounds of his own discipline to butcher an ecological concept such as competition, and when that butchering leads to beliefs that undermine economic mobility, such error needs to be corrected.

Survival of the fittest occurs within a species, with the faster gazelles surviving and the slower ones becoming lunch for lions. Between species competition typically has the opposite effect; species adapt to competition by fitting different resource niches, thus increasing diversity. Survival of the fittest may occur within a corporation, as long as a nephew of the CEO does not need a job. Diversity is what natural competition would create between businesses, if governments did not exist to facilitate the concentration of resources. Misinterpreting competition contributes to Friedman's rather misguided view of school vouchers.

To understand why school voucher advocates are misguided about education let us first explore why spending advocates are misguided about improving schools simply with more money. Educational research shows that an extremely important determinant of a child's success in education is the support, involvement and availability of parents.⁵ Students who attend private schools tend to do better than public school students in general, but not those whose parents strongly support their education. Wealthy students tend to do better than economically disadvantaged students, but not if the disadvantaged parents strongly support their children's education. The research also shows that parent participation enhances the quality of schools as well as their children's education.⁶ Money is a necessity, of course, but more important is a critical mass of parents demonstrating their support of schools and education through their time and/or money.

If money is not the answer, then what is the big deal about school vouchers

5 Numerous studies confirm this. See the Educational Testing Service (www.ets.org), Child Trends Data Bank (www.childtrendsdatabank.org), and Educational Resource Information Center (www.eric.ed.gov). The ETS publication "Parsing the Achievement Gap" (2003) provides a good overview.

6 Go to the web site www.education-world.com/a_special/parent_involvement.shtml for a good resource on doing your part as a parent supportive of education.

funneling money away from the worst schools?⁷ The main problem lies not with the money but the supportive parents. There always will be an abundance of parents who are not concerned about education. Populate schools with children from just these parents and no amount of money will save the day. Such schools cannot succeed either at providing economic mobility or even with training good citizens.

Concentrating the supportive parents in certain schools emulates a strategy of concentrating the supply of capital in large corporations. While not surprising that Friedman or the Powell Cabal should champion both strategies, their support for school vouchers reveals either their ignorance of competition or their hypocrisy, depending on the intent. If they truly want every school to meet certain standards they need to reveal a better understanding of how competition works. To attract a critical mass of supportive parents to each school through market principles you need to identify the resource for which these parents are competing and devise a means of diffusing that resource throughout all schools.

Here is an example of how a market approach can be used to actually improve school quality. Subsidize the tuition and books at a public university in accordance with the high school standing of students. Students who graduate near the top of the class get a full scholarship, regardless of the quality of high school they attended. Those at the bottom get nothing from government, again, regardless of what high school they attended. Since governments subsidize higher education to some extent already this could become a stipulation for providing those funds. If every school could hold out this carrot, you would have the opposite effect of a school voucher. Supportive parents would tend to diffuse over time to those schools where they see a higher chance for their children graduating high in their class. In other words, you would have a diversity of competitive choices for schools much like what occurs with real competition in the diversification of resource niches, and unlike what occurs in our market system driven by greed, where supplies of capital are concentrated to business corporations through the assistance of government. Draw enough supportive parents to any public school and the combination of resources, involvement and concern that they bring will improve the quality of education.

We must accept the possibility that Friedman and the Powell Cabal are not ignorant about competition at all; they know exactly what they propose. One of my professors at Cornell advocated school vouchers. In a departure from some of the rhetoric being voiced by school voucher advocates at the time, he freely admitted that vouchers would not improve education. For him that was not the point. He believed that vouchers were about maximizing choice, not improving

7 There are actually many answers to this question. For an overview see "The real promise of public education and the false promise of vouchers" (2002) by Nat LaCour. I found this article on a business web network (www.bnet.com). The Friedman cult must be severely disappointed with these business folks.

education. If some parents wanted to make bad choices, hey, that's their problem. Such honest opinions can be respected—if the same person or group does not staunchly advocate economic mobility as the defense for wealth disparity. In that case, championing policies that make a good education impossible for the lower rungs of the multilevel corporate pyramids stinks of hypocrisy.

Moral Economic Growth Hypocrisy

These essays have explained how maximum growth requires people to buy many things they do not need to be satisfied. One attribute of our society that helps to accomplish this is the “Keep up with the Joneses” syndrome described in Essay 1. Driven by cynicism, vanity and apprehension this motivation for acquiring more stuff can hardly be considered moral. Indeed, as the negative attributes that fuel our greed spills over to other areas they become distinctly immoral. Case in point: some Americans appear to be so vain and apprehensive about our way of life being threatened, and cynical about basic human rights, that they accept the use of torture as a means for achieving our security ends. Corporations actively play upon these negative character attributes to create hype for their products. If they were to justify these dubious actions on the basis of promoting moral consequences from economic growth that would be more corporate hypocrisy.

Let us turn our attention now from Milton to Benjamin Friedman, author of the book *The Moral Consequences of Economic Growth* (2005). Like his namesake, Benjamin Friedman is a renowned economist in his own right, a former chairman of the Economics Department at Harvard and the recipient of awards for his writings on economics. He is not quite an icon in his field—pop economists are not predisposed to treat Benjamin as reverently as Milton—so let us uncover a few more details about Benjamin to keep him distinct in our minds. Benjamin's book does not reveal him to be a slave to a normative economic ideology, as is Milton. Milton feels that by virtue of his *laissez faire* dogma everyone, including the middle class, will benefit. Benjamin feels that observable results of benefiting the middle class are the primary consideration, and this serves as a litmus test for his ideology. Milton might accuse Benjamin of using normative beliefs to guide his interpretations; Benjamin might counter that at least he does so openly. Indeed, grounding evidence in measurable benefits to the middle class represents more of a legitimate empirical norm than any dogma preached by Milton.

The basic thesis of B. Friedman's book is that economic growth has created moral benefits. The biggest problem for B. Friedman is the title he used. If B. Friedman had titled his book *A History of Economic Growth* he might have played the traditional scholar, using his beliefs that economic growth and morality are linked to deduce and cherry-pick historical events that fit his dogma best. Much to his credit, B. Friedman uses the title instead to shout out his belief. Unfortunately