

(美) FRANK J. BONELLO  
ISOBEL LOBO 编

# TAKING SIDES 立场

辩证思维训练

外语教学与研究出版社  
SCHOOL LINGUISTICS, TEACHING AND RESEARCH PRESS

## 经济篇

CLASHING VIEWS ON  
ECONOMIC ISSUES

15<sup>TH</sup> 第15版  
EDITION

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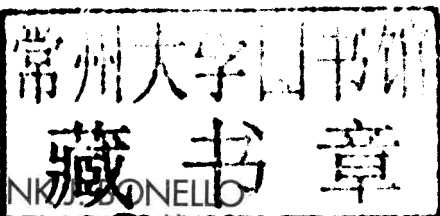
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(美) FRANK J. CONELLO  
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Members of the Academic Advisory Board are instrumental in the final selection of articles for each edition of TAKING SIDES. Their review of articles for content, level, and appropriateness provides critical direction to the editors and staff. We think that you will find their careful consideration well reflected in this volume.

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## TAKING SIDES: Clashing Views on

### Economic Issues

Fifteenth Edition

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# 英语思辨，攻错他山

朱绩崧

学界奉为圭臬的《牛津英语大词典》(*The Oxford English Dictionary*)在side (n.)<sup>1</sup>条目的18.a.义项里，把18.b.所收词组“to take a (or one's) side, take sides. Also to hold side (with one)”里的side解释为[t]he position or interests of one person, party, etc., in contrast to that of an opposing one，个人立场相反、党派利益对立之意，了然无疑。

惜我愚钝，近年才明白，take sides不仅仅是英语词典里的一个词组，甚至可说是英国议会制度的根本；而议会制度，实在是英国对人类文明进步最大的贡献之一：通过take sides，把思辨，而非独断专行，尊奉为国事决策那不可撼动的核心机制。我们不会忘记，电影《铁娘子》(*The Iron Lady*)里梅里尔·斯特里普(Meryl Streep)新学一口英国腔就来西敏寺宫滔滔激辩的场景，那不是骂街，虽然嘘声迭起，那是两股思想在龙争虎斗，最终推进历史。

谈到西方好争论、善思辨的传统，古希腊已臻化境，垂范千古。但这并不意味着我国真如某些评论家所言，为定于一尊的儒学所戕害，使得读书人唯服从传承是务，从不挑战权威。

《古文观止》读到最后几卷，便会看到编注者吴楚材、吴调侯叔侄鼓励读者对古时定论大胆质疑的用心。如建文忠臣方孝孺的名篇《豫让论》，标新立异，一反古说，直指春秋时代为主雪仇的刺客豫让“不能扶危于未乱，而捐躯于既败者”，不配“国士”之誉。

甚至，在我们历史课本一向蔑之为“埋头故纸”、“皓首穷经”的乾嘉学派里，多数学者的考据也都具有很高的思辨性。从王念孙的《读书杂志》、刘宝楠的《论语正义》，到戴震“由字义以明经义”的治学方法和段玉裁《东原先生年谱》所载的戴氏札记——“仆生平著述最大者为《孟子字义疏证》一书，此正人心之要。今人无论正邪，尽以意见误名之曰理，而祸斯民，故《疏证》不得不作”——从文本到现实，立场鲜明，无不指向对真理的上下求索。

读书为求真。这句话，是儿时由老师灌输给我的，我不曾怀疑过。可也正是老师告诉我“乾嘉学派在历史上的作用是反动的”、“高考答题时，如遇到岳飞，不能勾选为民族英雄，他打的仗是人民内部矛盾”等等当年不容我怀疑辩驳的“事实”。

往事固不可追，令我大失所望的却是“寓教于乐”、“反对应试教育”了不知凡几年，中小学生在变本加厉地背记历史、语文的“标准答案”，到了易只字则为错的地步。有人甚至把中小学生语文水平的普遍降低归咎于英语课太多，视母语、外语修习为零和博弈，全然不去审视、拷问、批判当下严重阻碍思辨与创造的文科教育体制本身。试问这样的教育，又如何能培养出活泼泼的人来？如何能引导他们求真？

求真，真真何其不易也。有时，权威发声，莫敢深究。有时，缺乏条件，无从寻觅。信息爆炸、思路开阔的今天，更多情况下是众说纷纭，莫衷一是，乃至有时在“是”与“非”这两者之间，都不知何从矣。

而相对综合型、重意合（parataxis）的汉语，英语是分析型语言，重形合（hypotaxis），语法规则更明确，对指代、性数格一致等形式要求更高，且有强烈的时态观。不能不说，这在很大程度上避免了汉语常见的因文害意：把一些站不住脚的歪理，用华丽辞藻一包装，就算是“美文佳构”了。（这方面，韩愈的个别名作，如为名教张目的《原道》，可算反面教材，远逊柳宗元的《驳复仇议》。后者的论理，简朴而流畅，本质上与今天英美法院经典判词如出一辙，堪称我国古代taking sides的典范。）加之英美学者好辩的传统在当代通过课堂教育、学术论文等形式得以强化，思辨的局面委实优于我国。

我素为古罗马倾倒，曾读国人编著的几种罗马史，又看了英国剑桥大学克里斯托弗·凯利（Christopher Kelly）教授写的《罗马帝国简史》（*The Roman Empire: A Very Short Introduction*），后者末章呈现的学者思辨生动别致，过目难忘，非我国传统重介绍“史实”的史书可比：20世纪初，英国历史学家、律师、自由党政治家詹姆斯·布赖斯（James Bryce）认为罗马帝国与大英帝国非常相似，都能维持高水平的内部和平与秩序，民人深谙工程技术，勇猛活跃，不畏困苦；牛津古代史教授弗朗西斯·哈弗菲尔德（Francis Haverfield）进一步说明，罗马帝国的成功，在于把行省居民同化为一个秩序井然、富有凝聚力的文明；曾奉职印度的英国古典学会会长埃弗林·巴林（Evelyn Baring）持不同看法，在“同化”问题上，大英帝国与罗马帝国有不可弥合的区别，单论印度语言、宗教、种族的多样性，就和罗马人征服的任何地区不同；哈弗菲尔德不同意巴林，认为英国之所以有印度问题，是因为征服印度时，印度已经发展成发达社会，文明形态稳固；牛津的古代史专家、考古学家D. G. 霍加斯（D. G. Hogarth）也反对巴林，认为罗马帝国有三个阶段，即“尚未同化”、“有意同化”、“积极同化”，大英帝国对印度犹处“尚未同化”的第一阶段。

把学者taking sides过程中的各种观点陈列出来，供读者思辨，是我国各阶段教材的短板。同时，也应注意，为提高我国学生的思辨水平以及英语能力，taking sides的内容不宜学科专业化程度过高（上述关于罗马帝国与大英帝国的争辩即有此虞），还是具有一定社会影响力、为民众熟知的话题更宜为组织教材的出发点。

美国著名的Taking Sides丛书，其宗旨正在于满足成长中的思考者兼英语学习者的需要。这套书系，诞生于20世纪80年代，迄今出版52种专题分册，多数一版再版，其中传媒凡12版，经济、环境达15版，社会、教育更已有17版之多。畅销程度，不劳赘言。

从题材看，外研社首批批择取的七册分别覆盖了社会、教育、经济、环境、科技、大众传媒与全球性问题，无一不是当下公众话题的焦点。但呈现的手法却很“单一”，即先提出问题，再摆出正反双方最典型、最具说服力的论证，最后引导读者作进一步的阅读与思考：

问：计算机对学生成长是否有副作用？

正：有。学校对电脑技术的迷信与滥用，导致学生心智发育与创造力受损。

反：无。如对电脑善加利用，能促进教学革新，从而使学生获益。

后记：“学校”或许正在由“地点”转变为“概念”，随着计算机技术的进步，许多教育手段都不必在课堂实施，但随之而来有许多新问题，需要探讨。多媒体能让学生与更多的信息产生互动，但往往也减少了学生与学生、学生与所在环境之间的互动。相关研究请见……（扩展阅读涉及三十余处学术资源）

（《教育篇》第10话题）

目录并不冗长，但当读者学完全书，必会惊喜地发现，自己在这一领域的知识结构已搭建得初具规模。摆在面前的问题往往庞大空疏，报章常见，迄无公断。从这个角度思考，有这样的道理可知；从那个方面切入，有那样的结论可得。读者的任务，就是跟着两派的思路各走一遍，最终判定哪派有理。当然，结果也可能是两派皆不尽善，或者需要修正调和之后才能获得正解。但无论如何，这一过程本身，实在是智力上的一次奥德修斯式的旅行（an intellectual odyssey）。

之所以要用荷马史诗的隐喻，是因为读*Taking Sides*与看街边吵架或中学生议论文最根本的差别，就是需要调用的思想、学术资源极多。以《社会篇》第8话题为例，菲利普·迪瓦恩（Philip E. Devine）在得出“酷刑不可保留”的结论之前，将自由主义政治学、康德学说、功利主义、自然法等一一引出，要言不烦。对迪瓦恩这位哲学学者而言，这些理论或许早已熟烂于胸。但对一般读者而言，为了确证作者没有断章取义，至少得就上述内容再读通几本导论、简介之类的书。顺便一提，酷刑当否的问题，我在近年畅销的一部法律通俗读物《法治》（*The Rule of Law*）论恐怖主义的一章中，也曾读到评论。作者、已故英国前首席大法官汤姆·宾厄姆（Tom Bingham）反对向恐怖主义犯罪嫌疑人施以酷刑的理由本质上与孔子的“己所不欲，勿施于人”无异，认为这是对法治原则的破坏。与迪瓦恩相较，其说直指人心，唯于学理微缺然。

事实上，*Taking Sides*书系所选文章，无论篇幅修短，莫不观点鲜明，针锋相对，而每一方都有强大的理据支撑，乍看难以撼动。由此，我们也不得不感叹，人类文明在今天呈现出的多样性，自有其道理，无论是同一文明内还是不同文明间发生的碰撞冲突，其背后都有复杂的理性动因，绝非皂白可以分明，需要我们全面观察，深度分析，最终选定立场。

我出身英文系，工作后常应媒体之邀，写些时事评论。落笔之前，现已养成习惯，会去新浪微博、知乎、Quora等网站，浏览各方的理性评论，在争议极大的问题上，熟悉*Taking Sides*封面上印的那两个词：Clashing Views（对立观点）。这是我在“后大学”时期补上的一堂课。

回想本科求学时，这方面所受教育几乎为零。教育的重点是背同义词、反义词



与词形变化。文章，读通便好，却读不透，因为读通之后，总觉所言有理，不会想着去倾听“不同的声音”。这个弊端，到写毕业论文时曝露无疑：说明文还凑合，议论文就写不好了。名虽论文，连核心的论点都渺不可寻。这几年，本专业内，我还常常看到号称博士论文的研究综述，或者连文献回顾都没有的论文。

为了矫正这一通病，不少学校从编教材上下功夫，课文引入争议性话题，意在以此激发学生的critical thinking——“批判性思维”遂成高校英语教师培训班级极为青睐的广告亮点。可惜，在我有限的学术视野内，能一变风气的作品，尚阙如焉。我看到过浅尝辄止者，其内一篇课文，取自美国某小报，讲一对夫妻人工受孕后离婚，胚胎留在医院冰箱里，不知如何处置，遂对簿公堂。最终，作者只是提出问题，没能向学生指出解决的途径。如果有至少两种具备一定思想深度与差异性的观点呈现在教材里，附上扩展研读的书目、提要，教育的效果定会面目一新，我们也会真正地开始在语言教育中培养思想者，而不只是机械的记忆者、复制者。这一任务，如前所示，*Taking Sides*完全胜任。

我乐于推荐该书系作精读教材的另一项理由在于语言质量。就量而言，目前的精读课（Intensive Reading），阅读量普遍过低，一两千词的文章，一读就是十天半月，课程设计者不明白唯有大量与短时间的结合，方成就intensive之效。与此相比，以本书系一卷之量，读一学期，日均1500词左右，恰到好处。以质而论，本书系符合我的外语习得理念：中高阶学生，应以非虚构作品（non-fiction）为“主食”。例如，本书系中有大量美国国会证言（congressional testimony），思维严谨，语言地道，学习西方法律、外交以及高等翻译等专业的学生如能熟读成诵，其英语学习的眼界势必更上层楼。从实用的角度看，有理、有力、有节的明快文风才是日常工作、生活所需，是语言的“常态”；文学作品中因作者意图而创造出的丰富表达，只是语言的“变态”。由常入变，初地坚固，发展空间亦大。反是，恐事倍功半。

至于“泛读”，也有一个基于*Taking Sides*的策略可行：各个话题牵涉到的著作，一学期可读上三五本。如读《环境篇》，可辅读雷切尔·卡森（Rachel Carson）的《寂静的春天》（*Silent Spring*）；读《科技与社会篇》，可辅读阿道司·赫胥黎（Aldous Huxley）的《美丽新世界》（*Brave New World*）。此时，不妨多些文学作品，加深对“精读”义理的体悟思辨，可全“文以载道”之功。

此外，*Taking Sides*对如今各高校流行的英语辩论也有直接的指导作用，无论其辩题还是论据，都可在模拟阶段直接取用。我更相信，认真研读过本书系的学生，其论文一定不会沦为简介、综述，不会抄袭维基、百度，因为他们掌握了论文写作的核心技术：如何灵巧运用事实与逻辑来作严肃的学术之论，而非执着于印象、习惯、偏见的意气之争。

总之，希望*Taking Sides*书系的引进，能综合我国英语学生的语言习得与思维训练，既提升交流的效率，更开启求真的法门，在乱云飞渡的当今时代，帮助读者迅速达成思想之质与辞藻之文的兼美共谐。



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**YES:** **Milton Friedman**, from "The Social Responsibility of Business Is to Increase Its Profits," (September 13, 1970)

**NO:** **Robert Almeder**, from "Morality in the Marketplace: Reflections on the Friedman Doctrine," in Milton Snoeyenbos, Robert Almeder, and James Humber, eds., *Business Ethics*, rev. ed. (Prometheus Press, 1998)

Free-market economist and Nobel Laureate Milton Friedman contends that the sole responsibility of business is to increase its profits. Philosopher Robert Almeder maintains that if capitalism is to survive, it must act in socially responsible ways that go beyond profit making.

### Issue 2. Should the Compensation of Executives Be Subject to Government Regulation? 23

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**NO:** **Kevin J. Murphy**, from "Testimony Before the U.S. House of Representatives Committee on Financial Services" (June 11, 2009)

Joseph E. Stiglitz, the winner of the Nobel Prize in economics, argues that flawed incentive compensation systems played an important role in the financial crisis. He believes that better regulation including regulations that affect incentive structures are likely to produce a better alignment of private rewards and social returns and better innovation. University of Southern California professor Kevin J. Murphy argues that "there is nothing inherent in the current structure of compensation in financial service firms that leads to obvious incentives to take excessive risk." He believes that government-imposed regulations are "highly unlikely" to improve compensation policies of these firms.

### Issue 3. Should the United States Stop All New Offshore Drilling for Oil? 43

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**NO:** **Michelle Michot Foss**, from "Testimony Before the U.S. House of Representatives Committee on Natural Resources" (May 27, 2010)

Michael F. Hirshfield, the Oceana vice president and chief scientist, believes that offshore drilling is a "dirty and dangerous business." He argues that the *Deepwater Horizon* drilling disaster is not a one-time occurrence: in 2007 alone there were 39 blowouts worldwide. Among other things, he calls on Congress to "suspend all approvals, activities, and processes—other than current production—related to offshore drilling." Michelle Michot Foss, the University of Texas energy economist, provides estimates of the consequences of stopping oil and gas exploration and production. Among other things, such a ban would increase energy costs to consumers by an annual average rate of 5 percent and lead to a decrease in jobs in energy-intensive industries by 13 million by the year 2030. She believes there are "outstanding and almost immeasurable benefits associated with the discovery and utilization of oil and natural gas resources in our deep water provinces in the U.S. and around the world."

#### Issue 4. Should NBC and Comcast Be Allowed to Merge? 63

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**NO:** Mark Cooper, from "Testimony Before the U.S. Senate Judiciary Committee, Subcommittee on Antitrust, Competition Policy, and Consumer Rights" (February 4, 2010)

Company presidents Brian L. Roberts (Comcast) and Jeff Zucker (NBC) support the merger of their companies; they believe the merged firm "will benefit consumers and will encourage much needed investment and innovation in the important media sector." Consumer Federation of America Research Director Mark Cooper opposes the merger because it will give the merging firms "the incentive and ability to not only preserve and exploit the worse aspects of the current market, but to extend them to the future market."

#### Issue 5. Did the American Recovery and Reinvestment Act of 2009 Create Jobs? 82

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**NO:** Veronique de Rugy, from "Testimony Before the U.S. House of Representatives Budget Committee" (July 14, 2010)

Josh Bivens of the Economic Policy Institute argues that the American Recovery and Reinvestment Act (ARRA) was badly needed, it worked, it was cheap, and that another similar effort is needed. Veronique de Rugy of George Mason University believes that ARRA, in spite of claims made on its behalf, "appears to have lost money by destroying growth."

#### Issue 6. Do American Consumers Need a Financial Protection Agency? 109

**YES:** Janis Bowdler, from "Testimony Before the U.S. House of Representatives Committee on Financial Services" (September 30, 2009)

**NO:** **Bill Himpler**, from "Testimony Before the U.S. House of Representatives Committee on Financial Services" (September 30, 2009)

Janis Bowdler, the deputy director, Wealth-Building Policy Project, National Council of La Raza, supports the creation of a Consumer Financial Protection Agency (CFPA). She identifies three specific ways in which existing regulatory agencies have failed consumers, including the failure to create and promote tools that will allow consumers to make "true apples-to-apples comparisons" of credit products. She and her organization believe a new agency is needed to redress these failures, and it would be a strong vehicle for improving the way financial markets serve their Latino clients. Bill Himpler, the executive vice president of the American Financial Services Association, opposes the creation of a CFPA. His argument takes several forms, including the fact that finance companies are already heavily regulated at the state level. He also believes that the creation of a CFPA is likely to mean "higher prices and reduced product choice for financial services customers."

## **Issue 7. Should Minimum Wage and Living Wage Laws Be Eliminated? 128**

**YES:** **D. W. MacKenzie**, from "Mythology of the Minimum Wage," Ludwig von Mises Institute, <http://www.mises.org/story/2130> (May 3, 2006)

**NO:** **Jeannette Wicks-Lim**, from "Measuring the Full Impact of Minimum and Living Wage Laws," *Dollars & Sense* (May/June 2006)

Economics instructor D. W. MacKenzie believes that eliminating minimum wage laws would "reduce unemployment and improve the efficiency of markets for low productivity labor." He also believes that the "economic case for a living wage is unfounded." Economist Jeannette Wicks-Lim stresses the ripple effects of minimum and living wage laws; these effects increase the "effectiveness" of minimum and living wage laws as "antipoverty strategies."

## **Issue 8. Is a Fair Trade Policy Superior to a Free Trade Policy? 144**

**YES:** **Joseph E. Stiglitz**, from "Fair Trade," *The National Interest* (May/June 2008)

**NO:** **Gary Hufbauer**, from "Free Trade," *The National Interest* (May/June 2008)

Former chief economist of the World Bank Joseph E. Stiglitz argues that trade liberalization can make everyone worse off when markets are not perfect. Furthermore, "free trade" agreements protect special interests in the advanced industrial countries. Stiglitz maintains that the United States should move toward fairer trade and should manage trade liberalization better so that the rich and the poor in all countries share the benefits of trade. Gary Hufbauer, senior fellow at the Peterson Institute for International Economics, claims that free trade, when properly implemented with market reforms, "can lift the lives of hundreds of millions of people." Free trade "pays off" for the United States and "is not some sort of 'gift' to foreign countries." He is critical of political rhetoric in the United States on halting or opting out of trade agreements, including NAFTA.

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Chris Edwards, the director of tax policy at the Cato Institute, believes that "unless massive deficit spending is reduced, the nation is headed for fiscal calamity." He proposes four types of reform that will make significant cuts in government spending. These include the restructuring of entitlements and the elimination of unneeded programs. Robert Greenstein, the executive director of the Center on Budget and Policy Priorities, and Jim Horney, the director of federal fiscal policy at the Center on Budget and Policy Priorities, believe that deficits need to be reduced and this requires tax increases as well as spending cuts. They support increases in corporate taxes and taxes on high-income taxpayers. They suggest that tax increases on taxpayers with incomes less than \$250,000 per year will also be necessary.

**Issue 10. Is the Inequality in U.S. Income Distribution Surging? 176**

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**NO:** **Diana Furchtgott-Roth**, from "Testimony Before the Subcommittee on Workforce Protections of the House Committee on Education and Labor" (July 31, 2008)

Economist James M. Cypher believes that the U.S. economy is currently experiencing the largest shift in the distribution of income and wealth since the late nineteenth century with the share of income of the poorest 90 percent of the population falling from 67 percent in 1970 to 52 percent in 2000. Hudson Institute Scholar Diana Furchtgott-Roth does not deny that income inequality is rising but argues that by considering alternative measures of income and recognizing demographic changes, the shifts in income distribution are not a cause for alarm.

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# Introduction

## Economics and Economists: The Basis for Controversy

"I think that Capitalism, wisely managed, can probably be more efficient for attaining economic ends than any alternative system yet in sight, but that in itself it is in many ways extremely objectionable."

—Lord John Maynard Keynes, *The End of Laissez-Faire* (1926)

Although more than 80 years have passed since Lord Keynes penned these lines, many economists still struggle with the basic dilemma he outlined. The paradox rests in the fact that a free-market system is extremely efficient. It is purported to produce more at a lower cost than any other economic system. But in producing this wide array of low-cost goods and services, problems arise. These problems—most notably a lack of economic equity and economic stability—concern some economists.

If the problems raised and analyzed in this book were merely the product of intellectual gymnastics undertaken by "egg-headed" economists, then we could sit back and enjoy these confrontations as theoretical exercises. Unfortunately, we are not afforded that luxury. The essays contained in this book touch each and every one of us in tangible ways. They are real-world issues. One set of issues deals with "microeconomic" topics. (We refer to these issues as "micro" problems not because they are small problems, but because they deal with small economic units, such as households, firms, or individual industries). An example here is the merger of two companies, NBC and Comcast. Another set focuses on "macroeconomic" topics, such as the minimum and living wages, topics that impact on the whole economy, or many industries. A third set of issues deals with matters that do not fall neatly into the macroeconomic or microeconomic classifications, including two issues relating to the international aspects of economic activity.

The range of issues and disagreements raises a fundamental question. Why do economists disagree? One explanation is suggested by Lord Keynes' 1926 remark. How various economists will react to the strengths and weaknesses found in an economic system will depend on how they view the relative importance of efficiency, equity, and stability. These are central terms, and we will define them in detail in the following pages. For now the important point is that some economists may view efficiency as overriding. In

other cases, the same economists may be willing to sacrifice the efficiency generated by the market in order to ensure increased economic equity and/or increased economic stability.

Given this discussion of conflict, controversy, and diversity, it might appear that economists rarely, if ever, agree on any economic issue. We would be most misleading if we left the reader with this impression. Economists rarely challenge the internal logic of the theoretical models that have been developed and articulated by their colleagues. Rather, they will challenge either the validity of the assumptions used in these models or the value of the ends these models seek to achieve. For example, it is most difficult to discredit the internal logic of the microeconomic models employed by the "free-market economist." These models are elegant and their logical development is most persuasive. However, these models are challenged. The challenges typically focus on such issues as the assumption of functioning, competitive markets and the desirability of perpetuating the existing distribution of income. In this case, those who support and those who challenge the operation of the market agree on a large number of issues. But they disagree most assuredly on a few issues that have dramatic implications.

This same phenomenon of agreeing more often than disagreeing is also true in the area of economic policy. In this area, where the public is most acutely aware of differences among economists, these differences are not generally over the kinds of changes that will be brought about by a particular policy. Again, the differences more typically concern the timing of the change, the specific characteristics of the policy, and the size of the resulting effect or effects. For example, a recent survey found that 85 percent of economists agree that the United States should eliminate tariffs and other trade restrictions (see "Do Economists Agree on Anything? Yes!" by Robert Whaples, *Economists Voice*, <http://www.bwepress.com/ev>, November 2006).

## Economists: What Do They Represent?

Newspapers, magazines, TV commentators, and bloggers all use handy labels to describe certain members of the economics profession. What do the headlines mean when they refer to the "Chicago School," the "Keynesians," the "Institutional Economists," or the "Radical Economists"? What do these individuals stand for? Since these labels are used throughout this book, we feel obliged to identify the principal groups or camps in our profession. Let us warn you that this can be a misleading venture. Some economists, perhaps most economists, defy classification. They drift from one camp to another, selecting a gem of wisdom here and another there. These are practical men and women who believe that no one camp has all the answers to all the economic problems confronting society.

Recognizing this limitation, four major groups of economists can be identified. These groups are differentiated on the basis of two criteria: how they view efficiency relative to equity and stability, and what significance they attach to imperfectly competitive market structures. Before describing the views of the four groups on these criteria, it is essential to understand the meaning of certain terms to be used in this description.

Efficiency, equity, and stability represent goals for an economic system. An economy is efficient when it produces those goods and services that people want and does so without wasting scarce resources. Equity in an economic sense has several dimensions. It means that income and wealth are distributed according to accepted principles of fairness, that those who are unable to care for themselves receive adequate care, and that mainstream economic activity is open to all persons. Stability is viewed as the absence of sharp ups and downs in business activity, in prices, and in employment. In other words, stability is marked by steady increases in output, little inflation, and low unemployment while the recent Great Recession was a clear manifestation of undesirable economic instability.

When the term market structures is used, it refers to the number of buyers and sellers in the market and the amount of control they exercise over price. At one extreme is a perfectly competitive market where there are so many buyers and sellers that no one has any ability to influence market price. One seller or buyer obviously could have great control over price. This extreme market structure, which we call pure monopoly, and other market structures that result in some control over price are grouped under the broad label of imperfectly competitive markets. That is, imperfect competition is a situation where the number of market participants is limited and, as a consequence, the participants have the ability to influence price. With these terms in mind, we can begin to examine the various schools of economic thought.

## **Free-Market Economists**

One of the most visible groups of economists and perhaps the easiest group to identify and classify is the “free-market economists.” In general, this is also the group of economists that persons have in mind when they speak of conservative economists. These economists believe that the market operating freely without interference from government or labor unions will generate the greatest amount of well-being for the greatest number of people.

Economic efficiency is one of the priorities for free-market economists. In their well-developed models, consumer sovereignty—consumer demand for goods and services—guides the system by directly influencing



market prices. The distribution of economic resources caused by these market prices not only results in the production of an array of goods and services that are demanded by consumers, but also this production is undertaken in the most cost-effective fashion. The free-market economists claim that at any point, some individuals must earn incomes that are substantially greater than other individuals. They contend that these higher incomes are a reward for greater efficiency or productivity and that this reward-induced efficiency will result in rapid economic growth that will benefit all persons in the society. They might also admit that a system driven by these freely operating markets will be subject to occasional bouts of instability (slow growth, inflation, and unemployment). However, they maintain that government action to eliminate or reduce this periodic instability will be of little value and may only make matters worse. Consequently, government, according to the free-market or conservative economist, should play a minor role in the economic affairs of society.

Although the models of free-market economists are dependent upon functioning, competitive markets, the lack of these competitive markets in the real world does not seriously jeopardize their position. First, they assert that large firms are necessary to achieve low per-unit costs; that is, a single large firm may be able to produce a given level of output with fewer scarce resources than a large number of small firms. Second, they suggest that the benefits associated with the free operation of markets are so great compared to government intervention that even a "second best solution" of imperfectly competitive markets still yields benefits far in excess of government intervention.

These advocates of the free market have been given various labels over time. The oldest and most persistent label is "classical economists." This is because the classical economists of the eighteenth century, particularly Adam Smith, were the first to point out the virtues of the market. Smith captured the essence of the system with the following words:

Every individual endeavors to employ his capital so that its produce may be of greatest value. He generally neither intends to promote the public interest nor knows how much he is promoting it. He intends only his own security, only his own gain. And he is in this led by an invisible hand to promote an end that was no part of his intention. By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it.

—Adam Smith, *The Wealth of Nations* (1776)