

Impersonal Market Mechanisms, Hamburgers, and Pyramid Schemes

by Ken West

In a recent *New York Times* book review I read the following statement: "Mr. X does not deny that market systems have been the dynamo of productivity and abundance. The real question is whether the *impersonal mechanisms of the market* can mesh with the ideals of social justice." (Italics mine).

We will take up the "ideals of social justice" at another time. But, exactly what are these "impersonal mechanisms of the market" of which critics of capitalism complain?

The answer begins with everything you do after you get out of bed in the morning. The economy is the sum total of your individual economic actions and those of every productive person in the world.

But what makes these actions "impersonal"? The only thing impersonal about economic action is that, with the exception of your own actions, the actions of everyone else are outside of your control.

And this is exactly what the critics of capitalism can't tolerate—the specter of freely choosing individuals pursuing their own interests. Enemies of the free market want *political* control over these actions; and they couch their demands in terms of *democratic* control over the economy. They want the option to wield power over every productive individual and enterprise.

The "impersonal mechanisms of the market" is merely a convenient catch phrase designed to put a negative twist on economic freedom and provide ideological cover for naked power lust.

A convenient target of those who want to subvert economic freedom is the fast-food industry. Many liberal economists have decried growth in the service economy as merely a multiplication of low-paying jobs, claiming that we are becoming "a nation of hamburger-flippers." Not only is this a false oversimplification, but it also does a disservice to the fast-food industry and those who work in it.

I occasionally go to McDonald's for lunch. (My standard meal is a "Quarter-pounder," vanilla shake, and a cup of tea.) The other day I was in McDonald's chomping away at what I consider to be the best fast-food hamburger anywhere, when I decided to pay attention to what was going on behind the counter.

I was struck by the dozens and dozens of menu items and combinations. I watched with admiration the

coordination displayed by employees waiting on customers, filling orders, cleaning up, etc., etc., etc. And, as always, I enjoyed watching the exceptional employees wearing the headphones who quickly fill orders called in from outside the store by waiting cars. A well-managed fast food restaurant provides a remarkable spectacle of hard work and intelligence—capitalism at its best.

The next time I hear an economics professor or political pundit complain that we are becoming a nation of "hamburger flippers," I'm going to challenge them to work for a day in a McDonald's or another fast-food restaurant and see how adept they are at "flipping hamburgers."

Meanwhile, in Albania, a massive pyramid scheme has hobbled the economy. Almost everyone in Albania, the former hard-line communist country, has "invested" in something called the "Charity Foundation." This and other pyramid schemes promised high guaranteed return for a relatively small investment.

It seemed to work for a while, as people who got into the scheme early were able to see money coming back to them at regular intervals. Word spread and pretty soon the entire country was investing their life savings.

The Albanian Democratic Party had pinned their national election hopes to a thinly concealed message linked with the ever-expanding pyramid. "Vote Democratic Party and everyone wins," was their election credo. And they won.

Unfortunately, this pyramid scheme, as with every such scheme, finally came crashing down. Just about everyone in Albania suffered devastating consequences. But, the Albanian government is promising relief.

There are other pyramid schemes that make the Albanian "Charity Foundation" look like a minuscule blip on the world disaster radar screen. I'm speaking of the modern welfare state. Unlike the Albanian example, these pyramid schemes are directly run by governments.

In the United States, because of our size and the government's ability to manipulate money, the pyramid has not quite reached its breaking point. Our own particular "charity foundation" comprises Social Security and Medicare. These two colossal pyramid schemes, have the potential to destroy us. It is time to stand up, speak out and stop this insane looting of our productive effort.