The recent imbroglio arising from corporate affairs of late has sparked some controversy. Several large, multinational corporations (e.g. Enron, Tyco, WorldCom) have been found to have engaged in questionable accounting practices. The facts are well known: these revelations precipitated massive layoffs, bankruptcy filings, and, via declines in stock prices, the destruction of billions of dollars of wealth. The controversy surrounds the economic conditions of those employees who not only were laid off but who witnessed the loss of their retirement savings.

There are some who have little sympathy for those employees/stockholders that held significant positions in their company’s stock. These employees violated the first and most primary rule of finance, “Do NOT put all your eggs in one basket.” One missive declared: “An employee that holds a significant amount of their 401K in the company that they work for is being just foolish.”

Against this view it may be argued that due to various constraints, many have little choice but to invest in company stock. Testimony surfaced from the Enron debacle detailing management pressures to hold one’s entire 401-K in Enron stock as a sign of loyalty and commitment.

However, it was pointed out, those employees so constrained were always free to leave and seek other employment. Freedom, came the response, does not guarantee success. Owing to various sociological constraints such as discrimination by age, race, or gender many are not as free to seek alternatives as suggested.

Claiming that freedom was lacking was taken as the removal of personal responsibility and falling back to blaming the system and making victims of the employees who, by the way, never complained when the company stock was rising. To this the retort came that free will and personal responsibility were not removed by the limitations of freedom. What had to be acknowledged was that individuals existed not as atomistic agents independent of others, but as inter-dependant social creatures living in relation to others. Further, it was argued, many of those relationships were “power” relationships were one party had the ability to control the outcomes of another’s choices.

“Fatalistic and pessimistic,” came the reply.

And so the debate continued between some who would blame the recently impoverished for their own ruin and others who see individuals as being caught in a social web of power from which are few opportunities to escape. To my way of thinking, this urge to blame the recently laid-off for their downfall is too easy and reflective of an attitude that separates privileged from the downcast. If one is successful, it must be due to the wise choices and hard work one engaged in. If one is a failure, it must be due to a lack of will or deficiency of character. After all this is America, the land of opportunity, the land where hard work will obtain rewards beyond measure. Such attitudes are reflective of that “rugged individualism” with which we so often described ourselves. Such attitudes are an outgrowth of the economic framework commonly accepted and
taught throughout the western world. Such attitudes, simply put, are wrong in that they ignore the interdependency which binds us into a society.

In the early 1700’s, the poor of Ireland were creating a burden upon English society. There were many who blamed the Irish for their own problems – lack of education, having more babies than they could reasonably support, as well as being lazy drunkards unwilling to work to earn a living. Writing in 1729, Jonathan Swift proposed a “rational” proposal to end the Irish problem. While Swift lived long before the neoclassical economic way of thinking was fully developed, his proposal represents the kind of result that could logically follow from viewing individuals as atomistic economic actors in an environment where the maximization of social welfare was the rational choice.

With all due respect to Jonathan Swift, this re-working of his 1729 solution to the Irish problem is offered to demonstrate where we might end up if orthodox economic thought ever comes to completely capture not only our economists but our politicians and citizenry.

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A MODEST PROPOSAL
For preventing the recently impoverished people in the United States from being a burden to those workers who were smart enough to not invest their 401k’s in the company for which they worked, and for making them beneficial to the public.

It is a melancholy object to those who walk through this great land, or travel in the country, when they see the streets, the roads, and the cabin doors crowded with beggars of the formerly employed followed by three, four, or six children, all in rags and importuning every passenger for an alms. These foolish former employees, instead of being able to work for their honest livelihood because the companies for which they worked are now bankrupt due to the criminal actions of their corporate leaders, are forced to employ all their time in strolling, to beg sustenance for their helpless infants, who, as they grow up, either turn thieves for want of work or become similarly unemployed for lack of a society in which full employment was valued more than the pocketbook of the titans of industry.

I think it is agreed by all parties that this prodigious number of unemployed is in the present deplorable state of the land a very great additional grievance, and therefore whoever could find a fair, cheap, and easy method of making these unemployed sound and useful members of the commonwealth would deserve so well of the public as to have his statue set up for a preserver of the nation.

But my intention is very far from being confined to provide only for the unemployed of those recently bankrupted multinational firms; it is of a much greater extent, and shall take in the whole number of unemployed who demand our charity in the streets.
As to my own part, having realized that the only viable economic system is that which permits a complete laissez-faire attitude toward business so that those born to the boardroom may conduct their affairs in such a manner as to take advantage of the working class, have realized that those of the working class deserve what they get for reason of their ignorance. That they often have inadequate education, that they place their trust in management, that they would rather work than starve and so enter into a relationship where all the power is vested with those corporate titans that run our government and markets, is of little consequence. After all, if they did not like working for large international corporations where their retirement options are limited and where they are often required to invest in the company stock as a sign of loyalty, they could always move to Ireland. I have thus turned my thoughts for many years upon this important subject and maturely weighed the several schemes of other projectors. I have always found them grossly mistaken in their computation. It is true, a person recently discharged because the company has been brought to its knees by those who don’t understand that insiders on a board of directors gives the CEO and other executive officers the freedom to do what they think is best or that crony capitalism is for the ultimate good of the country, is costly to society due to their unreasoning demand for unemployment compensation, healthcare, and food stamps. To calculate only those costs is miss the externalities imposed by these unemployed, externalities such as the fall in government revenue because they no longer pay taxes, such as the blight on neighborhoods caused by the drop in property tax collections, such as the unsightly cardboard they use in building their windbreaks under the bridges of our highways, and the emotional stress caused by having to listen to them complain and clutter the newspapers and six o’clock news with their "sad" stories. After all, as any thinking individual will admit, people are free to choose their occupations. With very few exceptions individual are free to choose what education they earn and what they choose as their preferred occupations. People voluntarily choose to work for a particular corporation or perhaps even choose to become an entrepreneur. One decides on education, occupation, and no government official nor corporate entity makes that choice for them. In today’s society, there is no longer any reason to refer to race, gender, or socioeconomic standing as preventing one from exercising personal choice in the quest to achieve ones desires. Each will reap the rewards or suffer the consequences of their own choices, the power that society, industry, and economic standing may hold over individuals is, in the final analysis, illusory. This is the freest capitalistic system in the world. And it has been acknowledged by everyone who rationally evaluates the facts, from Nobel laureates to high school students, that unfettered democratic capitalism is the only system that allows the individual to flourish. That one may make choices which are subsequently negated by those with more economic power is of not important – this being America we are, when faced with failure, simply to try, try, try again. Not everyone in America owns a Porsche and a sailboat, but that is only because not everyone so chooses. Those individuals who whine about losing their retirement savings when their company goes bankrupt are getting what they deserve. As educated individuals, they never should have invested in their company stock. As individuals in a market economy, they were free to change employers. Little matter that they were over forty years old, there are laws against age discrimination. Little matter that they may have had others in the community who depended upon them, when they got the first hint that the management was criminal, they made the choice to stay and care for those others and in so doing rightly deserve to be out of a job. After all, they had the opportunity to change jobs. It cannot be said that they had grown used to making
$60,000 a year and the only alternatives were service sector jobs for $20,000 a year. As any educated man would realize, these millions are, in the final analysis, unemployed by their own choice because they refused to accept lower wages, hence their now miserable existence is doubly a burden on society for the extent of their greed in demanding a living wage has brought about their own ruin and created a burden upon society. It is for exactly these reasons that I propose to provide for them in such a manner as, instead of being a charge upon the working neighbors or the community or wanting food and raiment for the rest of their lives, they shall on the contrary contribute to the feeding, and partly to the clothing, of many thousands.

There is likewise another great advantage in my scheme, that it will prevent those voluntary suicides brought on by despair and that horrid practice of people demanding change, alas! too frequent among us, of the noble system of capitalism to avoid the discomfort of economic insecurity in the midst of plenty and the shame of their having been ignorant of how to make wise investment decisions, which would move tears and pity in the most savage and inhuman breast.

The number of unemployed in this land being usually reckoned eight million one hundred forty-two thousand, of which two million seven hundred eighty-three thousand have burdened our society for greater than fifteen weeks, (not including the one million four hundred thousand who have dropped out of the labor force for lack of job opportunities), of these I calculate there may be about six million who are women with children, from which number I subtract two million who are able to maintain their own children by means of prostitution (although I apprehend there cannot be so many, under the present distresses of the fear of STD’s); but this being granted, there will remain about six hundred sixteen thousand two hundred and fifty of independent means who were working only because they were bored staying at home managing the household staff. I again subtract two million three hundred forty-one thousand seven hundred fifty for those who accept positions in the local fast food restaurant or other service industry at a 50% to 80% cut in hourly pay. Lastly, I subtract another two hundred eighty-one thousand ten who die within the year due to old age, exposure, or starvation. There only remain nine million eighty-five thousand nine hundred ninety who refuse to lower their wage demands so as to clear the markets. The question therefore is how this number shall be provided for, which, as I have already said, under the present situation of affairs is utterly impossible by all methods hitherto proposed. For, due to their unbending demands for a living wage, we can neither employ them in handicraft or agriculture; we neither build houses (I mean in the country) nor cultivate land; they can very seldom pick up a livelihood by stealing, for being too lazy to work they are likewise to slothful to steal, although I confess they learn the rudiments much quicker when the welfare checks stop.

I am assured by our merchants that an adult who did not learn their lessons in their former employment is no saleable commodity, and even when they come to this state they will not yield to accepting less than the prevailing wage as judged by local union scales (of which serious study should be addressed, given how such organizations distort the free flow of exchange between well meaning firms).
I shall now, therefore, humbly propose my own thoughts, which I hope will not be liable to the least objection.

I have been assured by a knowing academic of my acquaintance in Chicago that if one undertakes a cost-benefit analysis of the situation, those who refuse to lower their wage demands and who are either so un-educated or out-rightly speculative as to invest their retirement savings in one stock are best rendered into crop fertilizer. The resultant increase in fertilizer to the farm sector will bring about an increase in the supply of feed grains thus lowering the price of same. With the prices of feed grains thus lower, feed lot owners will be able to lower the cost of beef, pork, and poultry brought to market thus lowering the price to the consumer. The decrease in the price of feed grains may well be enough to allow for a lower price to the consumer and a higher profit margin for both feed lot operator and farmer. The fall in the price of food to the consumer will change the relative price of all other goods and the resulting income effect of the change in relative prices will, by conservative econometric estimates, result in GDP rising as much as 50 basis points. The increases in consumption thus derived has been shown to be pareto-optimal in that all remaining members of society are at least as well as before and some members (especially those who are members of boards of directors of large multinational firms) are better off.

I do therefore humbly offer it to public consideration that of the nine million eighty-five thousand nine hundred ninety already computed, twenty thousand be reserved for breed, whereof only one fourth part to be males, which is more than we allow to sheep, black cattle, or swine; and my reason is that such children are seldom the fruits of marriage, a circumstance not much regarded by our savages; therefore one male will be sufficient to serve four females. That the remaining nine million sixty-five thousand nine hundred ninety may, at a time determined by the lobbyists of the five hundred largest companies in the land, be offered in sale to the fertilizer plants throughout the land. In time, I am told, science will also be able to convert these willingly unemployed into food suitable for human consumption.

I grant this food may be somewhat dear, and therefore very proper for the Nobel laureates and economists who espouse the neoclassical cause, who, as they have already devoured most of the brilliant minds, seem to have the best title to the remainder.

New bodies will be in season throughout the year, but more plentifully in May and a little before and after; for we are told by a grave author, an eminent logical positivist physician, that hope being a prolific emotion in May when thousands are released from schools, there are more children born about nine months after gradations and proms than at any other season; therefore, reckoning a year after May, the markets will be more glutted than usual, because the number of working class to executive level infants is at least three to one in this land; and therefore it will have one collateral advantage, by lessening the number of union workers and non-managerial employees among us. I have already computed that the charge of supporting these who refuse to breed responsibly and who choose unemployment rather than accepting whatever wage is deemed just by the managers of multinational corporations is less than what their bodies will bring in an unfettered competitive market; and I believe no gentleman or lady of proper education would repine to pay at that level where the marginal cost of maintaining these bodies is just equal to the marginal revenue derived therefrom. It should be noted that positivists’
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estimates of the nutritional value of these willingly unemployed workers, will make a dish of excellent nutritive meat, when one has only some particular friend or their own family to dine with them. Thus those properly educated in the ways of the market place and of diversified investing will learn to be a good capitalist and grow popular among their neighbors; the unemployed breeding stock will have what society through the market mechanism deems to be adequate net profit and be fit until they produce another child.

Those who are more thrifty (as I confess the times require) may flay the carcass left after rendering the body, the skin of which, artificially dressed, will make admirable gloves for ladies and summer boots for fine gentlemen.

As to the city of Chicago, the area around the local university may be appointed for this purpose in the most convenient parts of it; and butchers, we may be assured, will not be wanting.

I think the advantages by the proposal which I have are obvious and many, as well as of the highest importance.

For first, as I have already observed, it would greatly lessen the number of union members and working class, with whom we are yearly overrun, being the principal breeders of the nation as well as our most dangerous enemies, and who stay at home on purpose to deliver the country to heterodox thinkers who would incur fiscal deficits so as to create employment.

Secondly, the poorer workers who were not principled enough to leave the employ of dishonest men and take up residence in other countries, will have something valuable of their own, their bodies, which by law may be liable to distress and help to pay their landlord's rent, their livelihood being already seized by bankruptcy court and money a thing unknown.

Thirdly, whereas the maintenance of those who voluntarily accept unemployment rather than lowering their wage demands is high, the nation's stock of consumable bodies will thereby be increased significantly, besides the profit of a new dish introduced to the tables of all capitalists and entrepreneurs of fortune, not to mention all right thinking economists, in the land who have any refinement in taste. And the money will circulate among ourselves, the goods being entirely of our own growth and manufacture.

Fourthly, the constant breeders, beside the gain of subsidence by the sale of their children, will be rid of the charge of maintaining them after the first year.

Fifthly, this food would likewise bring great custom to taverns, where the vintners will certainly be so prudent as to procure the best recipes for dressing it to perfection and consequently have their houses frequented by all the fine people who justly value themselves upon their knowledge in good eating; and a skillful cook who understands how to oblige his guests will contrive to make it as expensive as they please.

Sixthly, this would be a great inducement to marriage, which all wise nations have either encouraged by rewards or enforced by laws and penalties. It would increase the care and tenderness of mothers toward their children when they were sure of a settlement for life to the poor babes, provided in some sort by the public, to their annual profit or expense. We would see an honest emulation among the married women, which of them would bring the finest bodies of
their children to market. Men would become as fond of their wives during the time of their pregnancy as they are now of their mares in foal, their cows in calf, or sows when they are ready to farrow, nor offer to beat or kick them (as is too frequent a practice) for fear of miscarriage.

I can think of no objection that will possibly be raised against this proposal unless it should be urged that the number of people will be thereby much lessened in the land. This I freely own, and it was indeed one principal design in offering it to the world. I desire the reader will observe that I calculated my remedy for this one capitalistic land and for no other that ever was, is, or I think can ever be, upon earth. Therefore let no man talk to me of other expedients: of taxing our corporations; of using fiscal policy or deficit spending; of utterly rejecting the economic schema based upon *homo oeconomicus*; of curing the expensiveness of pride, vanity, idleness, and gaming in our corporate executive; of introducing a vein of parsimony, prudence, and temperance; of learning to love our country, in the want of which we differ even from the French; of quitting our animosities and factions; of being a little cautious not to sell our country and conscience for nothing; of teaching landlords to have at least one degree of mercy toward their tenants; lastly, of putting a spirit of honesty, industry, and skill into our corporate titans, who, if a resolution could now be taken to earn no more than ten times the average wage, would immediately unite us in the first steps towards a fair proposal of just dealing, though often and earnestly invited to it.

Therefore, I repeat, let no man talk to me of these and the like expedients till he has at least some glimpse of hope that there will be ever some hearty and sincere attempt to put them in practice.

I profess in the sincerity of my heart that I have not the least personal interest in endeavoring to promote this necessary work having no other motive than the public good of my country and the advancement of those practical and universal tenants of neoclassical economics which all reasonable souls know to be logically true.