The blame game

Economics

In the article of Thomas Sowell entitled, The Blame Game, he presents an interesting theory on the economic crisis and the effects that it has on government. He points out the trend of politicians soon after shuffling their feet and taking to the stands to denounce the acts and plans of previous committees. He points out that one common reaction in Washington whenever there is a crisis is to point fingers and mouth the word " deregulation. " It is this lack of government standards and monitoring that allowed the crisis to happen in the first place.

From a sociological perspective, it is but natural to expect that these politicians try to conform to the times but being flexible with their statements. Citing the example of Congressman Barney Frank who in 2003 lamented the lack of action on the part of government in addressing the housing issue, Thomas Sowell mentioned how they were all clamoring for more subsidized housing and less government regulations to allow the market to work. However, by 2007, his tune had begun to change, citing the lack of government regulations as the cause of the economic slump.

Finally, when the markets started to collapse, he had no choice but to claim that this was caused purely by lack of government regulation and the bad decisions made by the private sector. As such, this shows that the issue here is more of the fact that there is no accountability for the economy in government. When things are hard, everyone is quick to take credit for it but when things turn sour there are as many fingers pointing out somebody to blame. An examination of the basic principles of economics reveals that the current economic crisis is a result of poor financial fundamentals and poor political decision making.

History shows that in order to deal with an economic problem of this magnitude it is important to introduce economic reform in the form of a combination of monetary and fiscal policies. Quick fix solutions such as multi billion dollar bail outs and cash incentives to consumers are definitely the stimulus that economies need but they cannot be sustainable solutions if they are not coupled with long term reforms. These are the real solutions that the politicians on capitol hill must realize that it is not about preying on public sentiment but rather coming up with tangible solutions to real problems.

Oftentimes, what results is that in response to public clamor, senators and congressmen alike all pretend to embody the concerns of the common man. They claim that their solutions are the best but when something goes wrong they are the first to blame others. If one will examine the problem, it is clear that the collapse of the subprime market was a good indicator of the fact that the market was over exposed and had invested heavily in poorly backed securities.

Several investors had packaged these liabilities and sold them off as lucrative investments. This was the bigger problem because when it came to call in the debts there were no funds to pay for them. In fact, the funds that were promised to pay for the liabilities had been used to invest in packaged liabilities as well. Embedded in this article is the lesson that in order to come up with solid monetary and fiscal policies that prevent economic collapse politicians must be made accountable for their actions.

The ease by which they are able to pass the blame demonstrates their lack of responsibility for events and does nothing to assure the public that this will not happen again. People, especially politicians, must be taught that they cannot just pass these measures for percentage points. They must understand that for every action there is a reaction. Passing the bailout now could leave the future generations footing the bill and politicians pointing their fingers once again.