Course work on factors contributing to economic change

Business, Marketing

1930s – 1960s: GOVERNMENT INTERVENTION

In the 1930s, there were several things that brought about government intervention, or at least a culture that facilitated it. The first and most important factor would be the Great Depression – mismanaged and poorly run industries all went under at the same time, leading to rampant joblessness and an unforgiving lack of resources. The free market leaders were cutting corners left and right; no one had a concrete set of prices, and there were no standards for quality or conduct of their products or workers. Labor standards were in dire need of regulation, as conditions

In the wake of this, it was clear that the government needed to step in, set precedents for wages and prices, and create jobs. The New Deal helped to facilitate this; it was a large initiative that created an array of new oversight agencies that would make sure all different types of businesses would hold up to code. By creating a standard for these industries that were required, it was made possible for quality products to be made, and more staff was hired to facilitate this oversight.

World War II also created many foreign-exchange issues between countries, as their legal tender values constantly shifted, and there was no regular means for exchange rates. The Bretton Woods Conference remedied this, as the IMF was created to facilitate minimum and maximum limits for these rates. This was yet another Keynesian economic step that placed control of the economy within the hands of the government.

1980s-2000s: FREE MARKET THEORIES

In the 1980s, economic neo-liberalism was rampant – America, as well as other countries, were prosperous, and the US auto industry was taking off. Therefore, many industries saw less of a need to be overseen by the government. The emergence of electronics as a substantial industry in the 1980s led to a large boom in spending and earning, and the policies of Ronald Reagan led to a more hands-off, deregulated economy. His primary policies involved cutting down on government spending and leaving a lot of the policy shift in the hands of private businesses.

The ongoing fight with the USSR made it additionally very popular to eschew socialism and government oversight in favor of protecting private industry. Americans wanted to philosophically distance themselves as much as they could from their Cold War adversaries, and free market economists wanted to be allowed to make as much money as they could.

NAFTA was also a big factor in the free market theories of the 90s; this allowed a larger free market system to be created by creating specific trade pacts with developing countries. What's more, the presence of the German ordoliberals had left an indelible impression on free market economists, providing evidence that free markets would eliminate corruption through competition. In order to succeed, companies would have to work harder to excel, and therefore they would get ahead. As a result, they would not need government regulation.

RECENT RETURN TO GOVERNMENT INTERVENTION

In recent years, there have been a number of things that have contributed to a return to the ideas of government intervention that were pioneered in the 1930s. For one, social change was evident; in the wake of a disastrous and unpopular Republican president in George W. Bush, there was a call for greater governmental regulation in the face of a terrible depression in 2008 and beyond. Downfalls in the auto and housing industries due to negligence in free market policies led to the belief that greater oversight is badly needed. What's more, asking for the government to bail out these businesses was highly suggestive of a call for regulatory assistance from a governing body.

In the wake of economic scandals such as Enron and Bernie Madoff, the public eye has increasingly been distrustful of large corporations to handle their affairs responsibly. A new culture of greed and corruption seemed to rise from the ashes of the Reagan administration and its free market policies. With the insider trading and Ponzi schemes there were brought into the spotlight, there was a clamor for tighter regulation of these businesses as well.

What's more, the healthcare industry is going through a process of slow socialization due to universal health care policies instigated by President Barack Obama. These policies place substantial oversight for the healthcare and insurance industries in the hands of the government, ostensibly in order to grant everyone the ability to have health insurance. A more liberal (or at least less conservative) president has paved the way for these regulatory measures to take place.

Works Cited

Commanding Heights: The Battle for the World Economy. Dir. William Cran. Perf. David Ogden Stiers, Tony Benn, Stephen G. Breyer. PBS, 2002. DVD.