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Playing by the Rules

During the 1992 presidential campaign, candidate Bill Clinton lyrically and repeatedly praised Americans "who play by the rules." He did so to indicate that under a Clinton presidency, unlike under the Reagan-Bush regime, such people would not be cheated and harmed by people who break the rules.

I was unaware then (as I remain now) of any significant wave of rule-breaking that swept through the U.S. economy during the 1980s and early 1990s. Still, Clinton's stump speeches obviously resonated with voters, I believe in part because he persuaded many whose lives were not ideal that the reason for their less-than-stellar fortune was that they, with moral steadfastness, "played by the rules" while other, less-ethical people did not.

Needless to say, rules are necessary, and breaking agreed-upon rules is wrong. Everyone, even young children, understands this. But those truths don't justify invoking mythical rules in order to achieve improper economic policies, as we have seen lately.

The recent debate over so-called "outsourcing" has reinvigorated the "people who play by the rules" lyric in the speeches of politicians and in the scripts of pundits. High-tech commentator Esther Dyson's remarks are a good example: "U.S. workers who are losing their jobs played by the rules they were given: get a good education, work hard, and you'll have a good job. Now that implicit promise has been broken." Similarly, Harris Miller, president of the Information Technology Association of America, told Congress in October that IT professionals had "played by the rules . . . only to find themselves now unemployed or underemployed."

Proving that you played by the rules does indeed create a powerful case for receiving protection from rule-breakers. But merely asserting that rules have been broken won't do. One of the principles of civil society is that reasoned discourse and evidence count far more than assertions and emotional outbursts. Is the fact that workers lose jobs as a consequence of trade with foreigners evidence that rules have been broken? Not at all.

Put bluntly, there is no rule in a free society that says, "If you are hard-working, honest, well-educated and highly skilled, you will never lose your job." That cannot *possibly* be a rule—and yet such an imaginary "rule" is presumed when it is suggested that something is amiss whenever people lose their jobs as a result of international trade.

Here's something that *is* true: The harder you work, the more education and skills you acquire, and the more integrity you have, the more attractive you are to potential employers. And here's another genuine rule of a free society: Employers are free to hire you, and you to work for them, on almost any terms you both find agreeable.

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Your employer *may*, if he wishes, agree never to fire you. That would be an agreement between you and your employer, not between you and "society" or you and the government. If your employer makes such an agreement with you and nevertheless fires you, *then* you've played by the rules and have been victimized by someone who broke them. You have a legitimate complaint. But if this same employer is put out of business by the competition (be it domestic or foreign) and you lose your job as a result, no rule has been broken. (The law of contract and the principles of ethics do not mandate that people do the impossible. It would be impossible for your defunct employer to continue employing you, and ludicrous for you to expect that he could.)

One response, alluded to in the quotation from Esther Dyson, might be: "But there's an implicit contract between the government and people who play by the rules. The government should protect such people from job loss."

Government is such a heavy-handed, awkward, and legalistic creature that we must be especially wary of claims that it is bound by implicit agreements. Easy acceptance of such claims will attract numberless unverifiable demands for government to redress all manner of hardships and inconveniences.

Overbearing Government

But apart from the problems with the notion of implicit claims on government action is the more fundamental fact that few people would want to live in an America whose government implicitly agrees to protect the jobs of everyone "who plays by the rules."

To see why, recognize that nothing unique distinguishes jobs lost to foreign competitors from jobs lost to more-efficient domestic rivals, to improvements in technology, or to simple changes in consumer tastes. Sustained popularity of the Atkins diet, for example, will cause job losses for many workers in firms that make pasta, doughnuts, chocolate, beer, and other high-carb goodies. Many of these people who lose their jobs will have "played by the rules."

Should government prevent these job losses? If so, how? The most direct way is to legislate against economic change—enforce statutes that prevent consumers from altering their spending patterns. Ignore the tyranny necessarily unleashed by such a policy and understand that such a policy cannot work. Trying to freeze economic activity—to preserve the current complex pattern of consumption and production as if in suspended animation—would be like trying to suddenly stop a jetliner in flight and forever suspend it where it's stopped. The result would be a spectacular crash.

A market economy gets its momentum from consumers seeking and seizing better deals, and from entrepreneurs struggling to make better deals available. Some better deals are small (for example, shaving a few cents off the price of bags of frozen broccoli); others are large (for example, the personal computer replacing the typewriter). Without the urge or the incentive or the ability to seek, seize, and struggle for better deals and higher profits, the economy wouldn't just stop, petrify, fossilize. It would crash.

Of course, in an economy as large as ours, government can shelter any handful of people from the forces of change without the effects being noticed amid the many adjustments and imperfections forever bubbling within the economy. Such sheltering is what tariffs do. They protect a handful of politically potent firms and workers from the need to deal responsibly with consumers' decisions to spend their money differently.

So note: the *real* rule-breakers are those who willingly enjoy the fruits of a market economy but who also seek protection from the changes and dynamism inherent in it.

Precisely because I want everyone who plays by the rules to be assured that everyone else is playing by the rules, I oppose tariffs, subsidies, and any other government policy that breaks the rules of a market economy. □