

Ironic temperament and economic policy

BY: SERGIO M. MARXUACH

In one of his best-known poems, William Butler Yeats wrote that there are times when things fall apart and the center cannot hold; when the best seem to lack all conviction and the worst run about full of passionate intensity. A pithy summary, perhaps, of the times we are living in Puerto Rico.

Commentary

All of a sudden, ideologues from both the left and the right are running around full of passionate intensity, and seem to dominate the current public debate on economic policy; the former want to soak the rich, while the latter advocate for the most unenlightened forms of capitalism possible. Both positions are based on a shallow, cartoonish and superficial understanding of our economic reality and neither provides realistic policy alternatives. High-volume diatribes in favor of shaking down the wealthy or calling for the elimination of all labor regulations make good sound bites and may win accolades from fellow travelers, but they make for poor policy and are no substitute for the hard thinking necessary to restart economic growth in Puerto Rico.

It does not have to be this way. President Kennedy, a hard-nosed realist, made the case well in his Yale University commencement speech in 1962, when he stated, "What is at stake in our economic decisions today is not some grand warfare of rival ideologies which will sweep the country with passion, but the practical management of a modern economy. What we need is not labels and clichés but more basic discussion of the sophisticated and technical questions involved in keeping a great econom-

ic machinery moving forward."

Similarly, we in Puerto Rico today have no use for shouting matches between those who want to abolish private property and those who pay blind lip service to *laissez-faire*. People who ritually regurgitate union propaganda or that mindlessly recite the pedestrian platitudes of the Chamber of Commerce, or who otherwise deal in such clichés and stereotypes, may score cheap rhetorical points, but they often work to obscure, rather than illuminate, the underlying issues. With respect to the substantive disagreements between the left and the right, we agree with Reinhold Niebuhr, the Protestant theologian, who believed it was impossible to resolve the controversy "between those who would 'plan' justice and order and those who trust in freedom to establish both." Consequently, said Niebuhr, "every healthy society will live in the tension of that controversy until the end of history; and will prove its health by preventing either side from gaining complete victory."

What we desperately need, just like President Kennedy said in 1962, is "a more basic discussion of the sophisticated and technical questions" involved in making the Puerto Rican economy grow again. In this we are lucky because the field of development economics has evolved tremendously in the last forty-odd years. And while we may not yet have all the answers, there is an emerging consensus as to what conditions are necessary, if admittedly not sufficient, to sustain economic growth.

First, it is necessary to accumulate capital, in all its forms: financial, human (including cultural and social) and physical. Second, it is necessary to be open to the world to sell our products and buy those we cannot manufacture efficiently, and to obtain access to foreign capital and knowledge developed elsewhere. Third, internally

generated technological development and innovation are necessary for sustaining growth over the long-term. Finally, it is necessary to develop the right institutional structures, because institutions affect the incentives: to innovate and develop new technologies; to reorganize production in order to exploit new opportunities; and to accumulate physical and human capital. Those are the things we should be discussing in Puerto Rico right now, not the ideological hogwash we hear on a daily basis.

However, to fully engage in that debate we need a certain kind of ironic detachment that resists ideological thinking, and which is characterized, again, in the words of Niebuhr, by coming to terms with "the limits of all human striving, the fragmentariness of all human wisdom, the precariousness of all historic configurations of power, and the mixture of good and evil in all human virtue." Thinkers with this realistic temperament are uncomfortable with ideological grand schemes because they understand all too well that "the paths of progress have proved to be more devious and unpredictable than the putative managers of history could understand."

In the same way, we in Puerto Rico need to come to terms with the fact that life tends to be complicated rather than simple, that simple solutions to difficult problems are often wrong, and that the existence of the bad does not make impossible the realization of the good. Until then, we are bound to stagnate, held in thrall to the shiny utopias manufactured by the peddlers of ideology, while all around us the economy and our quality of life continue to crumble as time goes by.

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