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# REMAPPING DEBATE

Asking "Why" and "Why Not"

## Who needs to reassure whom?

**Commentary** | By Craig Gurian | Markets

October 19, 2010 — Everywhere one turns, one reads about the need to reassure markets. On Saturday, for example, Dow Jones Newswires ran a [brief story](#) about the cost of insuring U.S. Treasury securities against default. That cost had just fallen by more than 4 percent “after Federal Reserve Chairman Ben Bernanke gave financial markets the reassurance they needed about forthcoming monetary policy moves.”

Sometimes, the reassurance needed is that government spending will be cut. Other times, the reassurance is that tax loopholes (like that for taxing the income of hedge fund managers at lower rates) will not be closed. More recently, market players have wanted reassurance that neither the President nor members of the Administration will make rude personal remarks about them.

Unlike some actual people who have failed to get desired reassurance, markets and the interests they represent don't simply find themselves adrift and anxious, depressed and uncertain about what to do next. The absence of reassurance, markets and corporations say, will lead us to take very specific and very concrete actions:

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And, from wealthy individuals and those seeking to turn policy in ways that will reassure those individuals: we won't work as much.

Even after everything that has happened over the course of the last two years — or perhaps because of everything that has happened during that time — pronouncements like these are greeted as unexceptional.

“Of course those are the messages that markets and those with aligned interests will send; that's just the way they operate.” Or more specifically: “Of course they're going to try to structure things to remove any and all obstacles to maximizing their profits.”

Yet there was a less sanguine view when unions drew a line in the sand (once upon a time, unions regularly threatened to go on strike, and sometimes actually did). The cry was that unions were being selfish, operating contrary to the public interest.

Today, when we hear individuals expressing reluctance to have health or pension or Social Security benefits cut, that reluctance is often characterized either as a failure to face the inevitable, or as a leading indicator of a decline in public-spiritedness (“why don’t they understand the need for shared sacrifice”).

The double standard can be seen more clearly if one steps back for a moment from what one expects markets and corporations to do “naturally,” and simply characterizes what they are saying. Take away the sugarcoating of how the medicine will really be good for everyone, and one is left with...threats. Very serious threats. Threats that sound a lot like blackmail. Or like the sound of people (or a country) being taken hostage.

It is certainly not the sound of reasoned discourse (“I really think a different policy direction would be better”), but more the sound of ultimatums.

It all brings to mind one of the faux commercials from the earliest days of “Saturday Night Live.” The voice of the oil company was very direct: “Do what we say, and no one gets hurt.”

Now there are some who celebrate the lack of resistance to this kind of threat. Just this past Sunday, hiding in plain sight in a [long piece](#) on Japan’s “Great Deflation,” a New York Times reporter informed us that “many economists” believe that the U.S. will avoid Japan’s fate, both because of the “greater responsiveness of the American political system” (responsiveness to whom is not set forth), and because of “Americans’ greater tolerance for capitalism’s creative destruction.” This tolerance was contrasted with Japan’s heavy spending “on job-creating public works projects that only postponed painful but necessary structural changes.”

In other contexts, “greater tolerance” for destruction might be recognized as a defining feature of Stockholm syndrome. “Painful but necessary” translates fairly easily to, “You drink the castor oil; I need to reassure myself with a martini.”

I’m not a martini drinker myself, but I am feeling a powerful need for reassurance. I’d like the market to take a series of steps — tough steps, credible steps, as the financial press likes to say — to convince me that it is forswearing its radical tactics. Failing that, I’d like my government to tell me: For how long will I have to live with the threat of blackmail? For how long will I be asked to cooperate in acceding to the threats?

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