

J. The Mixed Economy Social Contract, Part 2: The Great Society

1. After World War II, when America decided to police the world to stop the spread of communism, a war of ideas was sparked between Russia (which claimed to provide for all the needs of its citizens equally) and America, which championed freedom, but which was troubled by social problems that seemed to discredit a free society.
2. Americans decided to expand the mixed economy to prove that a free society could be, in the words of president Lyndon Johnson, a “great society.”
3. At the same time as the Civil Rights Act and Voting Rights Act were being passed to guarantee civil rights for African-Americans, a series of mixed economy laws and agencies were also created to expand the government’s role in the economy.
4. A “war on poverty” was declared with the creation of the Economic Opportunity Act of 1964. Jobs programs, food stamps, education and health care would be provided to the poorest communities to lift them out of poverty. (Poverty has not gone down since then.)
5. The Social Security Act of 1965 created “Medicare” and “Medicaid,” the first major socialized medicine initiatives in the United States. While in other countries like Canada, the government completely took over health care, in the United States, private health care was still seen as the best basic system, but one which needed to be boosted by a public option for the most needy. The “Great Society” was about creating a mixed economy that was “the best of both worlds.”

K. The End of the Mixed Economy

1. When Communist Russia / the “Soviet Union” collapsed in 1991, the mixed economy was declared the winner in the Cold War. That was thirty years ago. Since then, it is clear that Americans are no longer satisfied with such a system.
2. During the presidency of George W. Bush, a new economic crisis occurred in 2007/8 that threatened to turn into a new Great Depression. This time, the government “rescued” most of the banks and businesses, and nationalized others.
3. The next president, Barack Obama, championed the idea of the “right to health care,” leading the charge to create the Affordable Care Act, or “Obamacare” in 2010. This law gave the government more control of the medical industry, raising the price of health insurance for many, and giving the benefits of lower costs to others.
4. Starting in late 2019, the Covid-19 pandemic struck the world. Presidents Trump and Biden have responded the same way. They have ordered people to stay home, close their businesses, wear masks, avoid socializing, etc., and because these orders have been so hurtful to the economy, they sent out and continue to send out, checks to the citizens to cushion the blow. Many Americans want the government to tell them what to do.
5. By virtue of these events, the American government is now in control of more than half of the American economy. This threshold is one way to identify that a country is no longer a mixed economy; it is a *mostly-controlled economy*, which is synonymous with socialism in modern times.