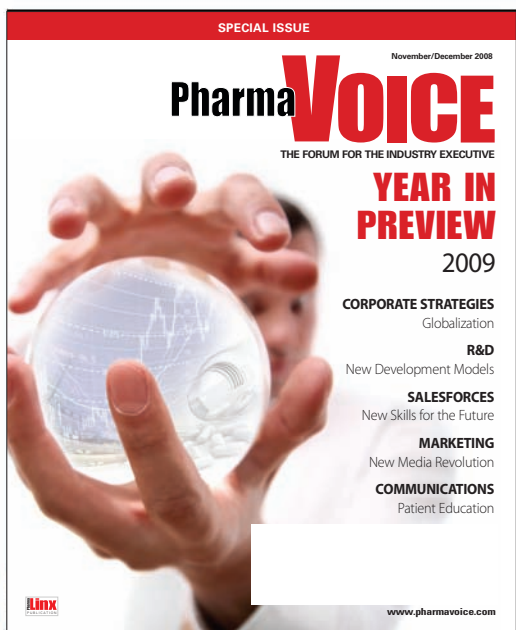


LETTERS



A winter of discontent

Oh, yes, change is in the air. Alan Greenspan is humbled before a congressional committee, forced to admit that perhaps, just perhaps, his faith in the market was misplaced. If this paragon of libertarianism finds himself nonplussed, it is no surprise that lesser lights among us are given cause to pause and re-examine the shaken pillars of our free-market philosophy amid the rubble of what was once the granite edifice of the U.S. economy. Socialists around the world are emboldened by this apparent failure of the market philosophy. Eager regulators and litigators seek to once again shackle the Atlas of free enterprise with rules, inspectors, laws, and restrictions. Redistributionists rush to put limits on what the people can make, both maximums and minimums. The old ways of free enterprise, free markets, and deregulation are relegated, as once was communism, to the ash heap of history by some.

But is this rush to judgment, like all such precipitous shifts from one extreme to another, likely to be yet another mistake? Arguably, it is. The verdict of history up until the fall of 2008 was clear. Centrally planned, overregulated, socialist/communist economies cannot compete with their unfettered peers. Low growth, high taxes, capital flight, and brain drain sap their strength and leave them stagnant mediocrities.

So what lessons are there to be learned in this winter of discontent? The private sector must engage in a profound soul searching. What is clear is that business leadership lost its moral compass, particularly in the finan-

Lessons of the Fall

"Meditations of a free marketer in the aftermath of a disaster."

— *Terry Nugent*, MEDICAL MARKETING SERVICE INC. (MMS)

cial sector. Greed and hubris caused the best and brightest to take unsound risks that led, almost inevitably, to disaster. What was forgotten is that in the post-New Deal world, where the taxpayer is liable to pick up the tab for failed financial institutions, the freedom that is essential to efficient businesses is predicated on responsible behavior. We are now faced with the once-unimaginable prospect of nationalization of our leading financial institutions. Once this Rubicon is crossed, the government will control virtually every major financing decision at the business and consumer level. The inevitable politicization of such decisions is a sure road to the ruin of central planning.

In short, since the 1930s, business exists at the pleasure of government. If the private sector is irresponsible, the public sector picks up the tab and takes control. The only way to prevent this is for businesses to behave responsibly and ethically. The discipline to take this path, to do the right thing for the system, the consumer, and the shareholder, and not just the executive, is difficult. It takes a clear and genuine set of moral principles to resist the temptations to make unsound loans, award unfounded bonuses,

and take advantage of the unsophisticated consumer. But in the end, the alternative is to sacrifice the freedom that is a prerequisite to a successful economy.

What can be done to imbue this discipline in the business community? Our institutions — religious, and secular (e.g., the educational system, trade associations, and the press) — must take a leadership role in teaching the right lessons learned from this crisis. We must use these to indoctrinate current and future businesspeople that unless they act responsibly, doing the right thing in the face of temptation, they will lose their freedom to what is clearly an almighty government that can deprive the private sector of freedom.

To some extent, to his credit, this is one of the themes President Obama set forth at his inauguration: Americans must become more responsible. The alternative is to abdicate responsibility to the government, and trigger a downward spiral of public-sector ascendance difficult, if not impossible, to reverse.

Terry Nugent
VP, MARKETING

MEDICAL MARKETING SERVICE INC. (MMS)



PHARMAVOICE 100

Who has Inspired You?

The fifth annual PharmaVOICE 100 will be determined by the collective participation of you, our readers. This is your opportunity to recognize the people who inspire you and others; who are having the greatest influence on corporate leadership, research and development, technology, creativity, marketing, strategy, and more; and who are impacting the life-sciences industry through their actions.

These individuals should view industry trends as challenges not burdens, as opportunities not obstacles. They should embody panache and conviction. They should be leaders who plan for the future rather than respond to change. They should be innovative, creators of outside-the-box and breakthrough strategies, products, and services. They should be pioneering new paths and lifting their companies to new heights.

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