

Cronyism vs. Free Markets in 'Stranger Things'

The newest season of Netflix's sci-fi horror series [*Stranger Things*](#) released on July 4, and I'm happy to report that season 3 has a new hero, and her name is Erica.

(This post focuses entirely on episode 4 of the new season, so anyone who hasn't watched up to that point yet should beware of spoilers.)

Erica is the younger sister of Lucas, one of the four D&D-playing boys at the center of the series. This isn't her first appearance in the 1980s-nostalgia-laced show, but in this season she's given a bigger role as the show's undisputed hero, or at least that's my major takeaway from episode 4.

To set the scene, Dustin, Steve, and Robin (new to the series), have uncovered what they believe is a secret Russian plot playing out at Hawkins' own Starcourt Mall, where Steve and Robin work in the ice cream shop and Erica regularly abuses their free tasting policy.

The trio observed a suspicious shipment to a storage room guarded by a (presumably Soviet) man with a rifle, and they want to see what was in the boxes.

They have a plan: They can get there through the ventilation system.

They also have a problem: None of them are small enough to fit through the vents.

Thus, in the scene below, they attempt to enlist Erica's help:

Erica's "You-can't-spell-America-without-Erica" speech, as it will no doubt go down in history, calls back to Adam Smith's famous observation for why people trade in his [Wealth of Nations](#):

Whoever offers to another a bargain of any kind, proposes to do this: Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.

So also, Erica points out, "The problem is, I still haven't heard what's in this for Erica." Dustin later tries to appeal to her humanity and patriotism, then gets a lesson from Erica on what really makes America great, the free market system:

Know what I love most about this country? Capitalism. Do you know what capitalism is? ... It means this is a free market system. Which means people get paid for their services

depending on how valuable their contributions are. And it seems to me, my ability to fit into that little vent is very, very valuable to you all.

Thus, she is teaching them an elementary lesson about economics. As the economist Paul Heyne [put it](#), “if I think you’ll smile at me, I’ll talk a little longer.” Free exchanges are positive-sum endeavors. They work because both parties – in their own estimation – benefit. This is how wealth is increased through production and exchange.

But wait! Not all exchanges are “free.” The United States has enjoyed the benefits of free markets [since its founding](#), but it has also had to deal with the scourge of cronyism at the same time. Not everyone, like Erica, gets to grill the other party about all the risks involved or have the option of just walking away from the deal if they don’t get an offer that is worth it to them. As it turns out, this episode covers that too.

Adam Smith warned of how business interests can collude with governments to close markets and increase their own advantage to the disadvantage of everyone else. In a parallel plot line, we see this cronyistic capitalism – as opposed to the free market system – on display too.

Starcourt, the company that owns the mall whose creative destruction has been shaking up the local economy, has genuinely sinister schemes, the full nature of which are yet to be fully disclosed by episode 4. What we do learn, however, is that in order to expand its property holdings, Starcourt has been lobbying – and perhaps even threatening – the local mayor Larry Kline (played by [Cary Elwes](#) of *Princess Bride* fame).

Joyce Byers and police chief Jim Hopper confront Kline about a suspicious motorcyclist Hopper saw at the mayor’s office the previous day, and Hopper coerces a confession from Kline

through questionable methods after the latter threatens to blackmail him:

I don't know his name, I swear.... He gives me things sometimes ... money, presents, gifts.... Starcourt, he works for Starcourt.... I swear! I swear! Starcourt – they own the mall. They want to expand to east Hawkins. They needed property, some land. People didn't want to sell, so I leaned on them a little.

Today, people see mega-malls in disrepair and get nostalgic about a bygone era, but at the time (the season is set in 1985) the malls – sometimes rightly, sometimes not – were viewed by some as the bad guys, pushing local stores out of business. In *Stranger Things*, it turns out the mall isn't just offering a better deal to consumers, but unjustly striking deals with City Hall in order to ensure their market position through special favors rather than free competition. Furthermore, what might be thought of by some as an iconic picture of capitalism in the 1980s is revealed – so far as viewers know – to be a front for nefarious Soviets!

Who can save Hawkins from these cronyistic fakers and their evil plans? Who can stand for freedom, justice, and the American way?

I don't know the final answer to those questions yet (I'm still watching!), but I know one thing: You can't spell America, without "Erica."

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