The good news is that there is at least one area where Gresham’s Law seems not to work - or, at least, not to cause any problems. That area is Academe.

Jack Freeman
Former Chief Writer, NBC News
United States
You might say that Sir Thomas Gresham was only stating the obvious, back in the 16th century, when he laid down his law that “bad money drives out good.” But you could also argue that he was encapsulating a truth that is still applicable today, to many aspects of life on this planet, besides how people react to currency of dubious trustworthiness.

Take journalism. Surely there is no shortage of evidence that good journalism, with its concern for fact-checking and civic responsibility, is being crowded out of the marketplace by self-appointed bloggers and tabloid television “news” filled with celebrity gossip and other forms of sleaze. Good newspapers seem to be going out of business or merging with rivals all over the place. Radio and television newscasts survive, but in the never-ending competition for audience the first casualty is quality, what we used to call “standards.”

Or take diplomacy. Through much of the 1990s and into this decade, starting with the Earth Summit in Rio de Janeiro in 1992, the United Nations sponsored a series of summits and other conferences whose stated objective was to set an agenda for global action to solve critical global problems such as global warming, poverty, overpopulation and gender inequality, among others, in the 21st century. The idea was to take advantage of the end of the Cold War, that hostile stalemate between East and West, to give diplomats a chance to arrive at a new consensus on an action program to solve these problems. Surely that has to qualify as a good
idea — but goodness, as Gresham’s Law makes clear, is no guarantee of long-term success.

The draft documents prepared for those UN conferences — and I had the privilege of covering every one of them for The Earth Times, starting with the Rio Earth Summit and ending with the Sustainable Development Summit in Johannesburg a decade later — were full of ambitious goals and formulas for global cooperation to achieve them, including how to raise the funds needed for their implementation. But by the time those documents arrived at the conferences, after a number of Preparatory Committee meetings known as PrepComs, they were also full of square brackets [like these] which indicated that some country’s delegation had raised an objection to the words inside the brackets. The work of the conferences themselves consisted largely of efforts to water down these bracketed sections to make them less offensive to the objectors — and, not at all coincidentally, less relevant to the stated purpose of the conference. At the end of the conference, any text still bracketed was simply deleted. Another triumph for Gresham’s Law, but in this case perhaps another defeat for the future of the planet.

Once these documents were approved by acclamation at the conferences’ conclusion, they had very little of importance to say, but they still had all the force of international treaties — which is to say they had no force at all. There is no way that anybody can stop any government from participating in the consensus and then proceeding to act as if the document didn’t even exist. Witness, for example, how the United States has acted in the climate-change debate. Or, to see how widespread this problem is, consider the UN’s development-assistance target of 0.7 percent of each donor country’s GDP. That target has been approved and reaffirmed by several UN conferences, perhaps most importantly at the Rio Earth Summit, at which all of the donor countries committed themselves to strive to attain it. After the conference, though, there was no increase in the level of donors’ assistance to the poorer countries;
on the contrary, it shrank steadily and significantly throughout the next decade. The poor countries watched all this in dismay, but there was nothing they could do about it.

In keeping with Gresham’s Law, genuine commitments made to do something about some of the world’s most serious problems were elbowed aside by empty, hollow rhetoric, which, some cynics might say, is all that one could expect from a “talking shop” like the United Nations. But such cynicism is misdirected. It is not the UN that makes those empty promises but rather the governments of its member countries.

Is there any way that this problem can be corrected? At every one of the UN conferences that I covered there were people, mostly from nongovernmental organizations (NGOs), who decried what they called the “lack of political will” on the part of the conference participants — that is, the unwillingness of the national delegations to accept more meaningful commitments. But that is nothing more than sour grapes. “Political will” or its absence is surely a prerogative of sovereign nations; whatever the proposal on the table, any government is surely free to say that it believes otherwise. Gresham’s Law cannot be repealed just because some people find it inconvenient.

The good news is that there is at least one area where Gresham’s Law seems not to work — or, at least, not to cause any problems. That area is Academe. No one can argue that bad students drive out good ones, or bad teachers, or bad researchers drive out the good. There is always room for improvement, of course, and people are free to wax nostalgic about the “good old days” of yore, but success in academic competition perpetuates itself. Far from consigning itself to oblivion, like the dicey currency Gresham wrote about, it exerts a powerful influence shaping the future. Indeed, you could say it’s what makes the future what it will be.

And that’s something you can take to the bank.