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Sean Gabb Gives the Corporatists Nine Kinds of Free Market Hell

Kevin Carson

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From the latest Free Life Commentary. Sean Gabb recently spoke at a debate on “Free Trade vs. Fair Trade” hosted by Ox-fam and Christian Aid. Although he expressed some doubts after the fact about his effectiveness (he is not, he said, a good speaker given such time constraints), Sean packed quite a bit of rhetorical force into his short speech. The ASI’s Alex Singleton (now of the Globalization Institute) used the first half of the free trade side’s time to give a speech that, from Sean’s summary, sounds to me pretty much like what you’d expect from that quarter (although that’s my characterization, and mine alone). Sean, using the other half of the time allotted to his side, proceeded to preach the old-time free trade religion of Cobden and Bright, and to damn the transnational corporatists to hell. Among my favorite parts:

If you think that I came here tonight to defend multinational corporations and the international

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government institutions, you have chosen the wrong person. These are dishonest. They are corrupt. They are incompetent. They have blood on their hands.

But do not suppose for a moment that the world trading order as it actually exists is liberal or more than incidentally connected with free markets. A free market is a place where individuals and groups of individuals come together to transact voluntary exchanges without any backing of government force. To call the actually existing order liberal – or “neo-liberal” – is as taxonomically accurate as calling the old Soviet Communist Party syndicalist. That order is based on tariffs, subsidies and a web of other often invisible regulations. The international institutions are a projection of Western states. The multinational corporations are creatures of these states. They shelter behind the privilege of limited liability. They get their political friends to cartelise markets, and do favours in return.

This is not market liberalism. It is a fraud played on us all by our ruling classes – these being those politicians, bureaucrats, educators, lawyers and media and business people who derive wealth, power and status from an enlarged and activist state.

In his later assessment of the speech in *Free Life Commentary*, he added:

...I grow increasingly convinced that allowing the creation of joint stock limited liability corporations was one of the greatest legislative mistakes of the 19th century. Their existence is

based on a separation of ownership from control. The owners are released from all responsibility. The controllers form a separate class of corporate bureaucrats little different in outlook from civil servants. The usual psychology operates. They will commit immoral acts for their organisations they might not consider committing for themselves. The owners will assent. The legal privileges and unlimited lifespan of these corporations let them grow to enormous size and wealth. The opportunities exist for highly effective immorality. Collectively, they become part of the state apparatus, and work to destroy true, unregulated enterprise.

These corporations could not exist in any natural economic order. I have heard other libertarians argue that they might emerge without legal privilege on some loose contractual basis. But I do not agree. The shareholders would still be liable in tort, and that alone would deter them from any involvement with a business that they did not personally control. As for the utilitarian argument, that large undertakings need large companies, I also disagree. So long as it showed an acceptable return on investment, there is no project too big to be taken on by clusters of sole traders and partnerships. No doubt, things like the Channel Tunnel would not have been built – but I fail to see how not having that would have made the world a poorer place. Even if some highly valuable projects might not be undertaken, their lack would be compensated by the greater general innovation to be expected in an order of small, unregulated firms.

Sean concluded his assessment rather modestly:

On balance, it was worth attending. I waved the flag for the Libertarian Alliance. I handed out several dozen business cards.

He accomplished much more than that. The audience included Martin Khor of the Third World Network, along with a whole gaggle of people from Oxfam. Their agenda for addressing the evils of corporate globalization is, as Sean said in his speech, an ineffectual one of “kumbaya socialism.” But most of the evils they object to, and much of their analysis of those evils, is right on the mark. It’s in their proposed solutions that they go wrong; and I think many in the anti-globalization movement are amenable to rational persuasion, if they ever heard sound economic arguments from a free market advocate they didn’t have good reason to distrust. Sean’s speech was possibly the first free market libertarian argument they ever heard that wasn’t vulgar libertarian boilerplate, nor a disingenuous cloaking of the interests of state capitalist global corporations behind “free market” rhetoric. Perhaps some seeds were planted that night.