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Selective “Market Reform”

Kevin Carson

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Sheldon Richman at Free Association has a great quote on free trade from Albert Nock:

It must be observed, however, that free trade is impractical so long as land is kept out of free competition with industry in the labour-market. Discussions of the rival policies of free trade and protection invariably leave this limitation out of account, and are therefore nugatory. Holland and England, commonly spoken of as free-trade countries, were never really such; they had only so much freedom of trade as was consistent with their special economic requirements. American free-traders of the last century, such as Sumner and Godkin, were not really free-traders; they were never able – or willing – to entertain the crucial question why, if free trade is a good thing, the conditions of labour were no better in free-trade England than, for instance, in protectionist Germany, but were in fact worse. The answer is, of course, that England had no unpreempted

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land to absorb displaced labour, or to stand in continuous competition with industry for labour.

That one part, “they had only so much freedom of trade as was consistent with their special economic requirements,” is especially on the mark. As Sheldon says,

Nock regarded the tariff as “robbery,” but understood the systemic advantage that the history state capitalism has bestowed on “capital” at the expense of the rest of us.

That reminds me of something Chomsky wrote a while back:

Concentrated private power strongly resists exposure to market forces, unless it’s confident it can win in the competition. That goes back centuries... Protectionist devices, such as those of NAFTA and the WTO, are only a fraction of the means by which the wealthy and powerful protect themselves from market forces. In fact, the core of the “new economy” is based on the principle that cost and risk should be socialized, and profit privatized (often after decades in the dynamic state sector).

In other words, most of what passes for “privatization” and “market reform” in the political mainstream is really just liquidating statist policies after corporate interests have squeezed all the benefit out of them. The legacy beneficiaries of all that statism decide it’s finally safe to change the rules and compete with the non-beneficiaries on a “level playing field.” That’s pretty much what was involved in the British adoption of “free trade” in the nineteenth century: after they’d built a global commercial empire through mercantilism, forcibly unified world commerce in British bottoms, suppressed foreign textile trade, committed holocausts in

Ireland and India, and exported enclosures to half the world, they decided it was time for the lion and the lamb to compete under a single law. “OK, no more government intervention, starting... NOW!”

Of course, even then, the statism isn’t uniformly abandoned. The most successful industries in the global economy—information/entertainment and agribusiness—are also the most heavily subsidized and the most protected through IP laws. So what it really amounts to is a selective abandonment of statism, combined with a selective augmentation of it in other areas—with big business choosing the ground according to its own structural needs.

Or, as P.M. Lawrence said in the comments,

...consider that the result isn’t free trade but a selected halfway move. Then you see that the lobbies pressing to remove their particular restrictions are just as much rent seeking as their predecessor protectionists ever were.