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Retrieved on 4th September 2021 from mutualist.blogspot.com

theanarchistlibrary.org

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Logan Ferree, in "The Role of the State in the Rise of the Corporation," links to a debate he's engaged in on that topic. Markos Moulitsas, in a widely read post proposing a libertarian-Democratic alliance, suggested that the power of large corporations had arisen from the free market, and that the twentieth century regulatory state had been imposed on big business to restrain it against its will.

In his own post at Daily Kos, Ferree linked to this challenge at Catallarchy blog:

> Persuade me that corporate (coercive) power, to the extent that it exists, does not rest on governmental power at its foundation.

Ferree comments on liberals' failure

> to offer up a response to [the libertarian] critique of the assumption that government protects us from corporations, instead of enabling them…

> …If you can’t defeat libertarianism on this issue, perhaps it’s time to switch sides.

The worst historical idiocy in response, hands down, was this comment by massive not passive:

> The only time Government empowers corporations at the expense of the people is when it allows them to avoid compliance of the laws put into place to protect us from the corporations. Also when the governments provide financial favors to certain companies. Only by ignoring the laws do governments aid the corps.
>
> The truth — only under conservative governments are laws created to benefit corps — under an integrty-based progressive administration, laws will help people from the overreach of corporate power. If you want it done right, elect Democrats.
>
> When corporations threatened our safety at work, government stepped in to create worker safety provisions, rights to collectively bargain and the ability to receive overtime pay after 40 hours of labor.
>
> Government knew that the free market would not offer these protections.
>
> When corporations sold unsafe products, such as meat (read Upton Sinclair’s “The Jungle” for details), government intervened to assure that corporations could not fool the consumer with lies to push unhealthy and possibly toxic consumables.
>
> Once again, the free market was little help here.
>
> When corporations threatened the cleanliness of our air and water, government stepped in to preserve the integrity of our natural resources. Because the free market was not going to do so.

> Governments, largely under conservative administrations, have been manipulated into providing favors for certain corporations, via tax abatements, or the "look the other way" approach in regards to disobeying safety/pollution/labor laws. But the reality is a removal of government oversight from corporations would leave this country in far worse shape than the current state.

Sigh. There you have it. Just about every single cliche from the Art Schlesinger historical mythology, condensed into one short passage for your convenience.

Ahem. The problem is not unequal enforcement of the laws. The problem is unequal laws. The goo-goo myth that government regulation is idealistically motivated, in order to protect us from the big bad corporations, is the work of court historians; and the people who repeat those myths are useful idiots for big business. The fucking laws were *written by* big corporations. Hell, if you look at the interlocking elites that have run the state and the large corporations since the large corporation first came into existence, the large corporations *are* the government, in the same way the big landowners *were* the government under feudalism. The state is, as libertarians say, the ruling class; but conversely, the ruling class is the state.

It's telling that massive not passive cites the Meat Inspection Act. In fact the big meat-packers were the *main lobbyists* for the Meat Inspection Act. The large packers had already been regulated for years under an earlier piece of regulatory legislation which applied only to those engaged in the export industry. They had, as a matter of fact, backed that earlier legislation as a way of putting a government seal of approval on U.S. meats and thereby overcoming perceptions in the European export market that it was tainted and unsafe. The problem with the earlier legislation was that it didn't apply to the little guys, who produced only for the domestic market. The purpose of the 1906 legislation under Roosevelt was to expand the inspection regime to cover *the little guys*, as well, so as to equalize costs across the industry and increase the competitive advantage of the big guys. In short, the large meat-packers acted through the government to create a state-enforced cartel for determining quality standards; it was exactly the same kind of cartel an industry would have created for itself privately by establishing a code of "voluntary standards," except that the inability to defect removed the prisoner's dilemma problem of individual firms undercutting the long-term interests of the cartel for short-term advantage.

That was, essentially, the same objective behind the entire "Progressive" regulatory agenda: to achieve the goals of the failed private sector trust movement by creating the trusts under government auspices. The final brick was laid with the Clayton Antitrust Act, whose provisions against "unfair competition" effectively outlawed price wars and thus made oligopoly control of markets stable for the first time in history. Read the New Left historian Gabriel Kolko's treatment of the legislation in *The Triumph of Conservatism*.

The same general principle, big business acting through government to create the kinds of trusts they couldn't establish through private action, applies in spades to FDR's National Industrial Recovery Act. The Act created an industrial cartel administered by big business itself, to set output quotas and enable them to charge high enough prices to guarantee profits through cost-plus markup, even when there wasn't sufficient demand to operate at full capacity. That's what the private trusts had attempted, and failed, to do under Rockefeller and J.P. Morgan: allow monopolists to set levels of output and use administered prices to guarantee profit, without price competition upsetting the apple cart. Anyone who believes the New Deal's economic legislation was motivated by an idealistic desire to restrain big business should do some looking into the figures involved in designing that legislation: specifically, Gerard Swope and the Business Advisory Council.

How can anyone take such a jaundiced view of the way his sausages are made, and yet be so blythely accepting of the official mythology of where the laws come from? The publik skools certainly did their job in this case.