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“Crony Capitalism” and “Corporatism”

True Enough -- As Far As They Go

by KEVIN CARSON

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Recently Mike Konczal (“Corporatism” is the Latest Hysterical Right-Wing Accusation,” The New Republic, December 15) attacked “corporatism” as a pernicious right-wing meme, ostensibly aimed at exposing Obama’s policies for “enriching the well-off” but in reality a “reactionary” agenda freeing big business from accountability.

I think he underestimates the extent to which the “corporatism” and “crony capitalism” critiques reflect a genuine opposition to collusion between big government and big business. For some on the mainstream Right, like Sarah Palin and Newt Gingrich, it’s obviously a facile political maneuver unmistakable apologists for a right-wing, pro-corporate economic agenda. But even in the case of some on the Right, I think opposition to “too big to fail” and bailouts is closer in spirit to those of us on the anti-corporate Left than to those on the Center-Left like Konczal.

Of course even the sincere right-wing critiques of “crony capitalism” are woefully inadequate. Most of them focus mainly on criticism of Obama-era policies like subsidies to Solyndra, or at most take a few shots at George W. Bush’s TARP program and Medicare D as deviations from Reaganite orthodoxy. At best, they see “corporatism” and “crony capitalism” as something fairly recent that started with the Federal Reserve Act or New Deal, as deviations from the purer laissez-faire of previous years.

These conservatives and right-wing libertarians drastically underestimate the extent to which state intervention has been structurally central to capitalism as a historical system since its very beginnings. The enclosure of open fields for sheep pasture in late medieval and early modern times, the Parliamentary Enclosures of common woods, waste and pasture in the 18th century, the colonial enclosure of land in the Third World and eviction of native cultivators, the engrossment of Third World mines and mineral resources, the enslavement of nonwhite populations ... nothing remotely resembling the contemporary concentration of economic power and wealth, or the model of corporate capitalism most people think of as “normal,” would ever have been possible without all these forms of state intervention.

But Konczal himself has a lot in common with the right-wingers in underestimating the sheer statism of pre-20th century capitalism. As a left-wing market anarchist, it turns out I’m actually way more anti-capitalist than Konczal. Many of the things he considers a normal part of the market are things that I consider illegitimate state interventions in the market on behalf of plutocrats and big business: “Intellectual property,” absentee title to vacant and unimproved land and corporate limited liability, for example.

Konczal accepts as self-evident measures to restrain corporate power for the “general welfare” a lot of things from the “populist and progressive eras” that are in fact of central structural importance to corporate capitalism as we know it. Marxists considerably further to the left than Konczal, like Gabriel Kolko (Railroads and Regulation, The Triumph of Conservatism), have argued that the main function of the regulatory state was to cartelize the economy and restrict price and quality competition in order to make stable oligopoly markets possible for the first time.

On the other hand, Konczal points to several forms of statism that right-wing ostensible enemies of “corporatism” ignore. For example, the “hard money” policies that right-wingers support in fact require a state-enforced monopoly on the issue of currency. And while Tim Carney praises Bill Gates and Warren Buffet as non-corporatist (in fact I’ve seen them more often praised by

“Progressives”), as Konczal points out “it’s impossible to imagine their wealth without elaborate systems of intellectual property protection or limited-liability corporate structures.” My main difference from Konczal is that I view “intellectual property” and limited liability as fundamentally illegitimate. My vision of a genuine free market economy is a lot closer to Kropotkin’s Field’s Factories and Workshops than anything the folks at FreedomWorks or the Club for Growth have come up with.

So the Right is entirely correct that big business and big government are in collusion under the Obama administration. Where they go wrong is failing to recognize that they’ve been in such collusion for the past 500 or 600 years.