

Delusions of Free Trade Capitalism



I am sitting at Charles De Gaulle airport in Paris after I spent the week talking to innovation mavens in the European Union (E.U.) about the state of innovation, and I am wondering what we are going to do, both in the U.S. and the E.U., to keep out of the jaws of the Asian economy.

The Asian countries in question are those in the Far East, specifically China, South Korea, Japan and Taiwan, whose governments have moved them into a position of economic dominance with a combination of central planning, government funding and finagling; in collusion and in full cooperation with our American corporations.

It seems as though we have been overtaken by a series of self-delusions, either lying to ourselves or, frankly, being lied to by those in power in order to make this massive shift in our fortunes seem inevitable. The list of these self-delusions is fairly extensive, but let's walk through mine, one at a time.

The Fair Trade Delusion

We say our borders should open up to every world market, with no job or industry technology protected, because everything should be produced by the lowest bidder.

We have proceeded down this path unwilling to enforce the concept of "fair" and unable to make our trading partners adhere to our standards.

The Chinese play this game with real zeal. While the Chinese economy grew by 8.7 percent last year, the rate of U.S. imports grew by 0 percent. The rest of the Asian countries are in the same boat, selling us as much as possible while suppressing demand, either by forcing a high saving rate or putting up barriers to our goods.

The Level Playing Field Delusion

If you believe that any of those Asian countries enforce the same manufacturing safety, work rules or environmental laws that U.S. manufacturers must follow, I suggest you stop your heavy drug use and start paying attention.

Most Chinese workers don't have health care, retirement or any protection that is

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liable to cost their company money — so much for the “worker’s paradise.”

The Too Big To Compete Delusion

Throughout the 1980s, 1990s and even today, the Federal Trade Commission (FTC) — an agency designed to protect the U.S. from any one company becoming a monopoly — turned a blind eye as companies in many industries accumulated great power. The FTC excused the snowballing power, stating that each company needed to be big enough to compete in the world market.

From toymakers to big oil, pharmaceuticals to banks, and including my most favorite monopoly, the health insurance industry, we have seen wave after wave of consolidation, all in the name of efficiency and international competition.

We have become a country run by big business with big clout and we are all better off for it, right?

The Benevolence Delusion

I have an acquaintance, a marketing director for an automotive aftermarket company who swears that corporations are run by the cream of the crop in this country; God-fearing, decent people who make the best decisions, motivated by fairness, decency, what is best for their mothers, apple pie and the American way.

Let’s look at the decency from some of our fellow citizens: Union Carbide in Bhopal (industrial disaster, pesticides), United Brands Company in Central America (Bananagate, bribery to reduce export taxes), the Ford Pinto (rear-end collisions, deadly fires), General Motors (side saddle fuel tanks in trucks), Bridgestone/Firestone (tire tread separation), Nestle in Africa (breast milk substitute debacle), Enron, AIG, Goldman Sachs, etc. Shall I go on?

Let’s face this delusion head on; American law gives the status of an individual to a corporation as though it is a living entity. A corporation may act, create, exercise controls and behave like an entity, but it has no conscience. It has only the lowest common denominator of a sense of decency, and too often that lowest common denominator is to maximize profit at all costs.

A corporation even has all of the rights and privileges of an individual, but it cannot be punished like an individual. If it commits a crime it may be fined, but rarely does any individual in the corporation go to jail for bad behavior. A corporation can make decisions that kill people, but can’t be prosecuted for murder.

The Laissez Faire Capitalism Delusion

I know I will receive some nasty e-mail from the laissez-faire-capitalism, free-trade, market-fixes-all-problems zealots out there, but before you darken my inbox, I want you to dig into the roots of this unfettered, uncontrolled capitalism nonsense.

First, know that I do not condemn all of capitalism. In fact, I was a great believer in

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our controlled capitalistic system, before it was corrupted by Milton Friedman, Alan Greenspan and the “Chicago School.”

I am simply tired of those who believe this is the only model of capitalism that has any relevance. If you doubt me, investigate the failures of the “Chicago School” in places like Chile and Russia, after the fall of Wall Street, and take a close look at what they and the neoconservatives of the last two administrations have been up to.

The Misery is Inevitable Delusion

Perhaps the saddest delusion of all. Looking at our great country from a vantage point outside of one of the most beautiful cities in the world, I see us as lemmings running off of the cliff together, meeting our doom with resignation and self-delusion.

Why can't we instead insist that our government (it is ours after all) force markets to open? We need to force the Chinese to devalue their currency and require foreign corporations (including the ones we operate overseas) to adhere to the same environmental, workplace and safety standards that we abide by in the U.S. Why can't we reinstate the market protections that served our country so well from the 1930s to 1999? I refer to the protections that helped to keep the natural human inclination toward greed in check.

With a refocus on science, math and engineering education, we can restock the technical resource that helped us lead the world for the past 60 years.

We don't have to devolve into a third world country with a massive lower class slinging burgers for the wealthy few. We can save ourselves and we can save our middle class — this country's producers. We simply need to stop deluding ourselves.

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