



Regulatory Harmonisation: A Dead End For Libertarianism

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The majority of modern “free trade” agreements (FTAs) have one major goal: regulatory harmonisation. Rather than opening up barriers by removing tariffs and costly regulations, which is what free trade actually entails if one follows the ideas of John Bright and Richard Cobden, regulations are harmonised through international product regulation and the creation of one set of regulatory protocols. Increasingly, this is becoming US-centric via FTAs like TTIP and TPP, as well as NAFTA.

The Shift

As a result, free trade begins to morph into stringent intellectual property laws, massive agricultural subsidies and regulatory barriers that benefit established monopolies over smaller competitors. Instead of moving toward regimes and systems of genuine free trade, there is a recreation of mercantile capitalism as particular industries and firms are able to create and dominate winner-take-all markets. Companies such as Apple, Microsoft, Nike and others rely on intellectual property and taxpayer grants to minimise competition and monopolise their position in a rigged global economy.

National tariffs have been replaced by international regulatory regimes which established players can lobby and manipulate. Unfortunately, libertarians have found themselves caught in a trap. A false dichotomy of “pan-continental neoliberal technocracy” versus nationalist protectionism is presented, with many libertarians picking what they see as the lesser of two evils in the form of neoliberalism. In this way, they can supposedly protect the gains that have been made by fake free trade while working to convince states and international regulatory bodies to slowly liberalise and reform toward true free trade.

Trusting the authority of states and organisations such as the IMF and the EU is mistaken if the aim is the creation and maintenance of free markets and actual free trade. Global elites and their networks of power use the guise of free trade and the mysticism of neoclassical economics to allow for the establishment of their economic and political positions. Any free trade that comes from these groupings is an inadvertent side effect of monopoly economies and rigged markets.

The Supremacy Of The Big Players

Fundamentally, due to regulatory convergence through free trade agreements, nation-states still hold the key to trade in the modern world. They effectively pool sovereignty into larger

international organisations, or in the case of the United States use their economic and military power to craft discourses of what free trade and an international economy should be through such things as the Washington Consensus and the use of FTAs.

Mercantilism is alive and well, much as it was after the supersession of the Hanseatic League by European colonialism. But instead of national industries being protected, international conglomerates with significant access to government funds and lobbies are the ones who are able to influence the crafting of legislation and regulation. In this sense, regulatory harmonisation is the capacity for established firms to decide which regulatory frameworks they want to operate within.

The Solution

The only real solution to this problem is for libertarians to stop advocating for short-term solutions which do not contribute to freedom in the long-run. Unfortunately, think tanks like the Cato Institute and the Adam Smith Institute have become mouthpieces for a system crafted by massive state intervention.

When questioned on this, they usually state that neoliberalism is the best system on offer. They fall into the realm of statist politics and then wrap such language in terms of economic efficiency. Instead of accepting the offer on hand, they should be trying to craft realistic alternatives to the current system.

Fortunately, there are real libertarians who are providing such an answer: decentralisation. Via decentralisation, many different regulatory regimes can be crafted and experimented with. New forms of firm and industry can grow and prosper, and new ways of economic governance can be understood rather than made into hegemonies.

Instead of regulatory harmonisation where well-connected networks craft beneficial regulations, larger firms have to compete in multiplicitous regulatory frameworks over different jurisdictions and geographies, while different business structures can grow out of these new frameworks. Experimentation and decentralisation lead to new, more efficient outcomes at a macro level while allowing for particular cultural and social traits to remain at the meso and micro levels.

Conclusion

Policy gets created with different jurisdictions in mind, and the best ideas win out via competition. A market in governance and ideas is freed from the strictures of international and state regulations.

Such an idea is what all libertarians should be striving for irrelevant of their social and economic ideologies. Whether left or right, fighting for decentralisation in all realms of the economy and polity is what allows for an economically dynamic and diverse world to take shape.

Libertarians should not get caught up in the straightjacket that is regulatory harmonisation, for all it does is offer short-term solutions to systemic problems. Rather, free trade, held in the hands of individuals, firms and communities, should be the goal.