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## The Free Market Blues

— By [Kevin Drum](#) | Wed Jul. 21, 2010 10:27 AM PDT

James Pethokoukis makes a good argument and a bad one today. [Let's start with the bad one:](#)

To hear many U.S. CEOs tell it the nation's free enterprise system, as they call it, is faltering....The cranky guys in the suits make some good points. As the U.S. Chamber of Commerce pointed out in an open letter to the White House and Congress last week, the U.S. corporate tax rate is the second-highest among advanced economies, Congress has failed to push through key trade agreements and federal spending is on a worrying trajectory.

Actually, the cranky guys in the suits *don't* make any good points here. Effective U.S. corporate tax rates, which are all that matter, [are pretty average](#). The "key" trade agreements in question [are with Panama and Colombia](#) and are virtually unnoticeable. And federal spending in the long term depends almost entirely on healthcare spending, which the cranky guys in suits seem just as unwilling to address as anyone else.

But enough kvetching. Here's Pethokoukis's good argument:

While a pro-business agenda may intersect at points with a pro-market one, they are not the same thing. Pro-market public policies make markets function fairer and more efficiently for everyone. They encourage competition and "creative destruction" and entrepreneurial capitalism. Pro-business policies often shift taxpayer money and other government goodies to favored companies, raise barriers to entry and otherwise defend the status quo.

For instance, the Chamber wants the government to cut spending by reforming the social insurance system. That sounds good — but how about also reducing the \$90 billion a year in subsidies and tax breaks that the Cato Institute reckons businesses get every year? The oil and gas industries alone benefit to the tune of \$4 billion annually. It would be better to eliminate such distorting political blessings and then lower the corporate tax rate for everyone.

....Or take financial reform. While big banks may complain about the tidal wave of new regulation, they also know they got off easy in some respects. They weren't broken up, nor were size limits put in place. In fact, the biggest banks have gotten bigger since the financial crisis and have every incentive to keep doing so since the bigger they are, the more likely Uncle Sam will see them as too big to fail.

The Republican Party has long been pro-business, not pro-free-market, and the same is largely true for the Democratic Party these days. And while liberals are unlikely to ever team up with conservatives on a pro-business agenda, which generally just means handing out goodies to favored patrons, I think a pretty sizeable number would be willing to team up on some aspects of a pro-market agenda if that were actually on the table. There would still be plenty of areas of disagreement (we liberals remain sort of attached to the idea of helping the poor and the middle class), but some areas of constructive correspondence as well. So if there are some non-wild-eyed pro-market conservatives still left alive out there, let's hear your agenda. It might be interesting.

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Kevin Drum is a political blogger for Mother Jones. For more of his stories, click [here](#).

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## COMMENTS



**My agenda**

Submitted by Erik Kain (not verified) on Wed Jul. 21, 2010 10:57 AM PDT.

Here you go, Kevin: <http://www.ordinary-gentlemen.com/2010/07/a-liberal-party-positive-conse...>

I think we can work to end corporate welfare, create better and more legitimate markets, reform social insurance programs and continue to help the poor and working class all at the same time, and I don't think it needs to happen on a partisan basis only. I know the left and right can come to terms on many of these issues, though I'm afraid my rosy glasses are clouded by my realism.

Cheers!

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