

Robert Reich recently [posted a critique of big money on his Facebook page](#), in which he listed seven points of criticism. He seems to be focusing on the political right, noting that “a dozen Republican wanna-be’s are already attacking government and lauding the ‘free market.’” Because the post appears to be freely viewable even without a Facebook account I will not re-post the list here.

Regarding point 1:

The point seems strange, almost a throwback to the “state of nature” posits of Hobbes, Rousseau, Locke, and others. Nothing of civil society, including markets, exist as we know them in nature. No one (with perhaps the exception of the most radical anarcho-capitalists) posits a free market as a boundless system of exchange outside a framework of custom, law, and enforcement. The essence of a free market is simply that agents can decide between themselves how to best meet their needs in contracting and exchanging goods and services. Establishing a contract in civil society entails an entire social framework of customs and institutions of enforcement and redress - part of the incentive to perform - and that framework does evolve. That it evolves does not entail *per se* that it is corrupt, as not all changes are the result of monied influence.

Regarding points 2-7:

What he describes is “crony capitalism,” or neomercantilism, in which business seeks politically protected privileges (“rents” in economic terms). Yes, that process is a distortion of markets; with that I agree. What we know today is in many ways not a free market, precisely because it is so deeply corrupted by politically protected privileges acquired in the market for political services. By the mention of Republican candidates in his post he seems to make his argument solely against the political right. However, and crucially, *both right and left play that game*. Furthermore, by focusing unilaterally on big money, the politicians, administrators, and regulators who sell political services are occluded. The problem is not just big money, either right or left; the politicians who participate in such deals, both right and left, are just as involved as big money, both right and left.

He proposes a political solution in 7, to “limit the political power of big money.” One wonders why he left out the the political side of these transactions, which is essential for and integral to influence peddling. Because political power depends on big money’s contributions, there has not been and will not be the political fix he desires. The central issue at stake is power, and both money and politics, right and left, need each other to acquire and retain their respective forms of it. That is why campaign finance reform continually goes nowhere on either side.

As an illustration that big money’s influence is not just on the right, Eric Holder will reportedly leave the US AG slot for a \$77m position with JP Morgan, one of the pivotal banks in the 2008 crisis, which Holder’s office just investigated. [Rolling Stone](#) and [The New Yorker](#) had articles critical of Holder’s role in the post-crash investigation of the banks; I trust it will evade no one’s attention that neither of these publications is particularly friendly to the political right.

None of this is a surprise to anyone versed in James Buchanan’s and Gordon Tullocks’s many writings on Public Choice. Bertrand de Jouvenel, in *Du Pouvoir: Histoire Naturelle de Sa Croissance (On Power: the Natural History of Its Growth)*, also offered a pointed criticism of

power that I find quite cogent in view of Reich's argument.

Book III, *On the Nature of Power*, opens with chapter VI, "*The Dialectic of Command*," in which de Jouvenel carefully develops an argument that power inextricably and irreducibly has two sides, one ego-ist (*égo-ïste*), the other social-ist (*social-ïste*; hyphens are in the original). By "social-ist" he does not mean "socialist"; rather, he is emphasizing that power inextricably has a dual nature, one a concern for the self-interest of power's agents, the other a concern for the social order by those same agents. At the end of the chapter he concluded with a few statements that seem to summarize well a response to an implicit assumption in Reich's argument that if we could just remove or limit the influence of big money, the political system would work correctly.

Enamored of a simplicity that it vainly seeks in nature, the human mind is never convinced that a duality of power [ego-ism and social-ism] is of its essence. Ever since the sublime reveries of Plato, themselves deriving from more ancient Utopias, no one has ever tired of seeking a government that is wholly good, one that at all times and in all places draws its inspiration only from the interests and wishes of those governed. ... No one ever wants to attribute to Power its inherent abuses and vices; rather, one appeals to another infinitely just and beneficent Power. ... the endless hope of eliminating egoist principles from Power only lays an ever-expanding groundwork for the egoism to come. (pp. 148-149, my translation)

If my analysis is correct, Reich has fallen prey to this same sentiment of appealing to a power that single-mindedly pursues only the common good, not understanding, or not accepting, that the corruption of political influence peddling against which he so strongly - and rightly! - protests is inherent in the very nature of that power. This is not to accuse Reich of naïveté; as Secretary of Labor under Clinton, he has had ample opportunity to observe from the inside power at its pinnacle. I don't want to abandon all hope that something of Reich's desired goals might be achieved, but if de Jouvenel is right in his analysis of power, accepting an inherent and irreducible egoist element in power is a necessary first step in attempting to formulate a response to the bilateral market for political services.

Bertrand de Jouvenel. *Du Pouvoir: Histoire Naturelle de Sa Croissance*. (Paris: Hachette, 1972).

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