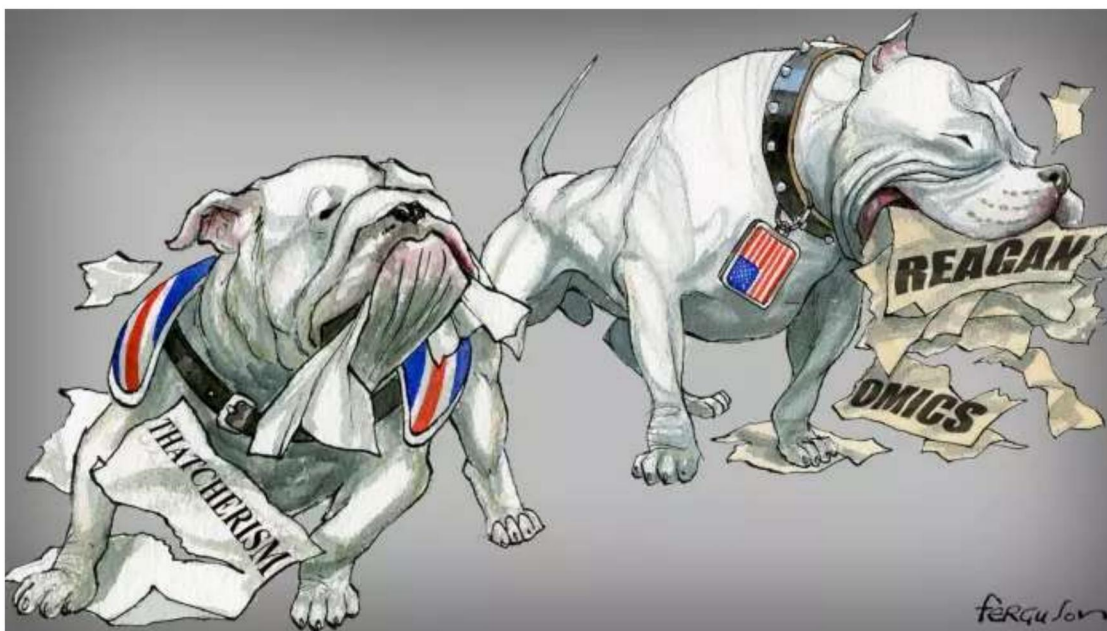


## Letter

## Skewed markets prove case for reforms that benefit citizens

From Daniel Aronoff, Birmingham, MI, US



2 HOURS AGO

Sir, Martin Wolf argues that middle class anxieties have undermined faith in free markets, in consequence of which “it is time for re-thinking along many dimensions” (Comment, May 24). Mr Wolf points to challenges posed by immigration, globalisation and social insurance; the former two were not pressing in the 1980s and the latter reflects a previous underestimation of the benefits of certain state interventions.

I wish to add another dimension deserving of re-examination. When President Ronald Reagan and Prime Minister Margaret Thatcher advocated an increase in the role of markets at the expense of government, they were not thinking of a Hobbesian world with a fixed degree of coercive power. They held a more optimistic view — advanced by their intellectual mentors, Milton Friedman and Friedrich Hayek — that the expansion of markets would increase the scope of voluntary activity and reduce coercion.

In their view, the crucial element that connects capitalism and freedom is competition. It is the abundance of options and the requirement that exchanges are voluntary which gives the average citizen control over his life. It enables him to choose where to work, or whom to hire; what to purchase; and how to live. It penalises discrimination, because exclusion raises costs. It creates a moral basis for wealth, since money is earned by providing things of value to others.

However, when markets are dominated by monopolists or oligopolists and when government subsidises favoured companies or industries, the scope of choice — and, hence freedom — is diminished and power is transferred in Hobbesian fashion to an unelected elite. There has been a marked increase in concentration in key US industries since the 1980s; in some cases — such as banking — abetted by government subsidies. This trend has contributed to inequality and undermined the moral case for free markets.

I suggest conservatives look to the Progressive movement of Theodore Roosevelt as a model of how to confront the perversion of their ideals into crony capitalism. Roosevelt championed market regulations, like antitrust, designed to increase the scope of choice, and thereby legitimise the market. His focus was not state vs market, but rather the maximisation of the autonomy of citizens.

**Daniel Aronoff**

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