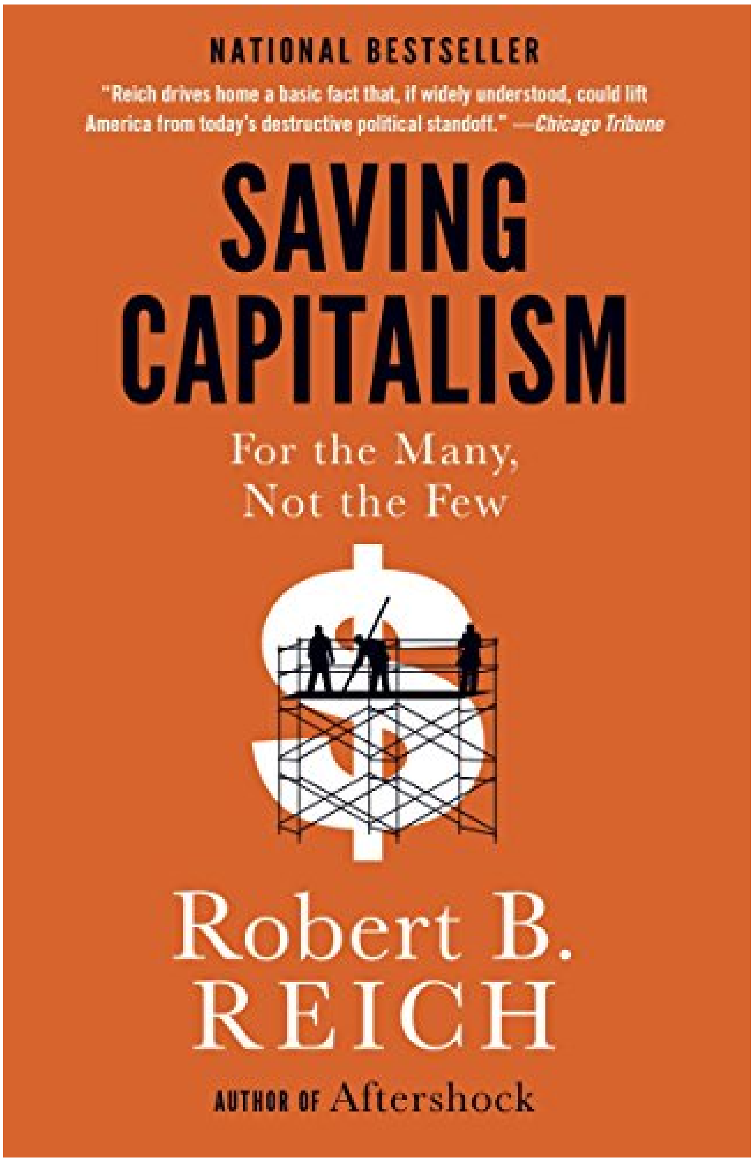
Saving Capitalism: For the Many, Not the Few

Robert B. Reich



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Robert B. Reich : Saving Capitalism: For the Many, Not the Few before purchasing it in order to gage whether or not it would be worth my time, and all praised Saving Capitalism: For the Many, Not the Few:

264 of 275 people found the following review helpful. Please readBy DienneI have been recommending this book far and wide to anyone and everyone who will listen. Not necessarily because I agree with everything in the book, but because of Reichrsquo;s simple, laymen explanation of the building blocks of the ldquo;freerdquo; market ndash; property, monopoly, contract, bankruptcy and enforcement ndash; and how those elements are, in fact, determined by the government. As Reich himself says repeatedly throughout the book, itrsquo;s not a conflict between

ldquo;governmentrdquo; on one hand and the ldquo;free marketrdquo; on the other hand. The government, through laws, regulations and judicial proceedings, actually creates the market. Itrsquo;s not even a matter of the size of the government ndash; ldquo;big governmentrdquo; vs. ldquo;small governmentrdquo;. Itrsquo;s a matter of who controls the government and in whose interests these laws, regulations and judicial proceedings work ndash; the majority of the people/society as a whole? Or a rich and influential few? Furthermore, Reich destroys the notion that those rich and influential few deserve the power and wealth that they control because they have ldquo;earned itrdquo;.After an introductory chapter, Reich spends the first five chapters explaining each of the building blocks of the market and how those can be manipulated to either protect and support the majority of the people or to promote the interests of the powerful few. What types of things can be owned and how is that ownership allocated? Tangible goods may be obvious but what about intangible things like intellectual property, large platforms like the internet or cable, or even labor? Furthermore, what share of any particular market is it okay for any individual or corporation to own? What kinds of contracts can be made, especially in situations in which the parties to a contract may not have equal power? When a party to a contract cannot fulfill it, what protection does such party have? What rights does the creditor have? And when these issues end up in court, how are they decided?In the period after World War II until the 1970s or so, Reich demonstrates how these building blocks were used to protect jobs, health, the environment and the rights and interests of ordinary Americans. But since the 1980s and the rise of ldquo;supply sided economicsrdquo;, and especially since the Citizens United Supreme Court decision earlier this decade, large corporations and powerful individuals have used their influence to encourage elected officials to create laws and policies that favor the interests of the powerful. For instance, he describes at length the patent process and how Big Pharma and others have lobbied to extend patents nearly indefinitely, and how Big Pharma has even paid generic drug companies to delay releasing generic drugs even after the patent has finally expired, which forces Americans to pay very high prices for drugs available much cheaper elsewhere (and Big Pharma has lobbied to restrict Americans from buying such cheaper drugs from foreign pharmacies over the internet). As another example, customers and employees are often forced to sign contracts mandating that disputes be arbitrated by an arbitrator of the companyrsquo;s choosing (which said arbitrator is most likely to favor the company that is paying them over the customer or employee). Reich gives dozens of other examples of how the ldquo;freerdquo; market is rigged against ordinary Americans and itrsquo;s done intentionally by powerful individuals and corporations exerting their influence on the government in order to create the market in their favor. He demonstrates how these rules and policies redistribute wealth upward as the market works. Talk of ldquo;redistributionrdquo; of wealth through taxes (generally thought to be ldquo;socialistrdquo; is a non-starter because the wealth is already redistributed before the fact.Reich goes on to explore and explode the myth of ldquo;meritocracyrdquo; ndash; the idea that we all ldquo;earnrdquo; what we ldquo;deserverdquo; in the market. Reich points out that that is obviously true in a tautological sense. We get what we get because we canrsquo;t get more. But from the working poor to the non-working rich, he demonstrates the fallacies that lie behind such thinking. He looks at how, in the past, the value of labor itself has often been considered to provide a stake in the final output and income of the company itself. After all, no goods or services would be provided without the people who do the work. But over the last few decades, only those providing the capital are viewed as stakeholders, so labor, consumers, and society as a whole loses out.For these reasons I recommend the book to every American to get a clear understanding of the distortion of the ldquo;free marketrdquo; propaganda. But thatrsquo;s not to say that the book doesnrsquo;t have its flaws. For one thing, Reich relies rather heavily on the passive voice. While he does make it clear that these laws and policies have been implemented intentionally at the behest of the powerful few, he denies that these powerful few have any moral culpability. They are just acting on their own self-interest, the same as you and I. Irsquo;m sorry, but no. My taking a job, for instance, in which I know that other candidates lost out because I succeeded, is not at all the same as, for instance, repealing the laws that protected commercial banking funds from risky investment and speculation so that big bankers can gamble with federally-protected savings accounts. Most of us consider the needs of other people as we go about doing the best to provide for ourselves and our families. Most of us donrsquo;t feel the need to reduce food stamps and take money out of poor peoplersquo;s mouths just so that we could make another couple million. In fact, therersquo;s a reason why most of us are not multi-millionaires or billionaires ndash; wersquo;re simply not ruthless enough.Secondly (and relatedly) Reich doesnrsquo;t talk nearly enough about the mechanisms of this influence. He talks a lot about ldquo;lobbyingrdquo;, but he really doesnrsquo;t explore what that word means. When I was in high school civics, we learned that lobbying is simply talking or writing to your elected official to try to convince him or her of your point of view and get his/her vote in your favor. But if thatrsquo;s all it is, why do companies suddenly have so much more influence that ordinary citizens, especially considering how many more of us there are? So the guy from Monsanto is just that much more persuasive than Farmer Joe from Kansas? Or is there something more behind Monsantorsquo;s persuasiveness that Farmer Joe doesnrsquo;t have access to? Sure, Monsanto can afford to hire people to do nothing but talk to Congressmen, while Farmer Joe is busy planting, tilling and harvesting his fields. Reich does talk about campaign contributions and promises of lucrative jobs post-government service, but he really needs to go into much more depth.He could also stand to talk in depth about the media. The major media, including print and broadcast services, are almost entirely owned by six media corporations.

Reich does cover this a tiny bit in his section on monopoly, but the implications are staggering. In addition to the money pouring into politicianrsquo;s campaign coffers, citizens are hampered by a lack of information. There is almost a complete media black-out on certain aspects of how the government is run, unless one spends onersquo;s time scouring blogs and alternate media. The media also control the range of ldquo;acceptablerdquo; opinions ndash; anything outside that range is the lunatic fringe. For example, should we invade XYZ Muslim country with boots on the ground, or should we contain the situation with drones and special ops? Not getting involved at all is crazy talk. Should we bail out the banks or not? Bailing out the people and letting the banks fail is crazy talk.Reichrsquo;s final chapters address his solutions for the ills he lays out in the majority of the book. Most such solutions are simply repealing the bad laws and policies that have been enacted as hersquo;s explained earlier in the book. Get rid of Citizenrsquo;s United. Outlaw the revolving door between government service and the corporate world. Reduce patent lengths. Outlaw pay-for-delay. Etc. Reich seems to believe that such moves are completely possible. Irsquo;d like to believe him. With an informed and energetic citizenry, I think he would be right. But one of the most impressive aspects of the neoliberal takeover has been the containment of the populace. We as a nation are either so busy making ends meet or so distracted by games and gadgets, that wersquo;ve willingly allowed a corporate coup under our very noses. More and more people are waking up and realizing whatrsquo;s happening, but at the same time we have less and less voice. Our survival will depend upon not getting sidetracked by the liberal vs. conservative, Democrat vs. Republican narrative and coming together as citizens of a nation that are all in it together, whether we want to be or not. But the same people who control our government and the media (and, more and more, education) benefit from these false fights and will stir them up as long as they can. Irsquo;m not sure I have faith in the American people to see past the propaganda.I will say again that I salute Reich for writing such a clear and cogent explanation of the fallacies of the ldquo;government vs. free marketrdquo; debate. Again, every American should read this book. My criticisms are just my wishing that hersquo;d taken his arguments just a bit further, and such criticisms are, perhaps, just a bit unfair ndash; like criticizing the receiver who returned a kick-off for ninety yards, but didnrsquo;t quite make it the last couple yards for a touchdown. Reichrsquo;s voice is especially important now as we head into the primaries for the 2016 elections. Reich does list a few criticisms of the Bill Clinton administration in which he served and what he wishes would have been done differently. I hope hersquo;ll loudly raise those same criticisms as Hillary campaigns for the Democratic nomination.121 of 128 people found the following review helpful. Reich is always worth reading, even if you don't agree with his prescriptions.By Narut UjnatI have read a few books by Robert Reich and generally enjoyed them. His book "Locked in the Cabinet" is probably one of the greatest expositions on serving as a secretary (in his case in Secretary of Labor during the first Clinton term) and dealing with a government bureaucracy as exists. Moreover, his book The Work of Nations was also a very interesting book about how the economy was changing on the 1990's. And, a lot of his descriptions have turned out to be accurate. Of course, I also read a book he wrote on the 1980's about how Japan was going to rule the world. That book was a product of it's time and was pretty incorrect in many ways.In that context, I was offered the chance to read through and review an advance copy of the book. If you have an interest in economic issues that is aimed for the general lay-reader, this is a valuable and interesting read. Reich's critique is aimed at showing how the American landscape is changing in ways perceptive people realize or perhaps don't realize. This includes the real implosion of the middle class, the rise of tremendous economic inequality and the changing American economy.In addition, Reich discusses the financial system as benefiting the investment class and the idea of the rigged game. Finally, Reich offers ideas on how to counteract this system that he believes is failing the bulk of Americans, such is raising the minimum wage.Now, personally I would agree with many of Reich's descriptions and I enjoyed the narrative. But, I largely disagree with his prescriptions on addressing these issues. But, I think if you disagree with Reich (and he is often skewered), this is still a worthwhile book. It isn't 800 pages (a very manageable 200 + pages) and I still was challenged and learned things.Overall, this is a valuable read and a good critique of what certainly is affecting the economy and how a large segment of Americans are suffering.6 of 6 people found the following review helpful. Legalized Insider TradingBy migedyReich makes many interesting observations, including:1. Although the free market is very efficient at rewarding people for their behavior, it's the underlying rules of the market that determine what those rewards are going to be; therefore, one should not confuse the statement "the market greatly rewarded so-and-so" with the view "so-and-so deserves their reward because the market rewarded them". For example, in the 1960s CEO pay was 20 times average worker in that CEO's Co. This ratio has steadily risen and today CEO pay is 300 times average Co. worker wages. Reich asks if CEOs are over 15 times (15,000.%) better than past CEOs. A study of 1,500 large cos. from 1994 to 2013 by economists shows that, the higher the CEO compensation, in general the worse their companies did.2. Over the last 35 years there have been many changes to the rules of the free market, involving: property rights, monopoly rights, contracts, bankruptcy, and how the rules are enforced. These changes have resulted in wealth being transferred from the middle class to the upper class. For example, new rules regarding banking has given enormous bonuses to executives at large banks. There were 1,007,000 full-time minimum wage workers in the USA in 2013. Reich states that if those bonuses to bankers had been given, instead, to minimum wage earners, they would have doubled their minimum wages.3. Most interesting is Reich's example of changes to the SEC that have enabled the most egregious form of insider trading to occur legally. SEC rules have changed over time to enable heads of companies to not reveal when their Company does buyback of shares, nor to reveal when they cash out their stock options in their companies. The person who would have the most insider info. about a company would be the CEO and top executives of that co. If their main source of income is stock options, then a CEO can make many millions by doing the following: a. CEO directs his co. to borrow $ in order to buy back shares (leveraged buyback). Large buybacks will cause the value of the his Co. shares to increase in value in the market (and shareholders will not know that buybacks are what is causing this rise in stock price). b. He then uses his insider info. to determine when to privately cash out his stock options.What the CEO/executives have essentially done is legally-sanctioned insider trading.Reich documents the changes in SEC rules regarding stock buybacks and execution of stock options that have resulted in enormous changes in the amount of buybacks going on in the market and the enormous amount of non-salary (i.e. stock option) compensation going to executives.Due to these changes in the rules of the game, the amount of buybacks has gone from very little to $3.6 trillion for SP500 during 2001-2013, according to Reich.4. Reich argues that gov. subsidies to students at private, elite universities are around $54K per student per year while only around $7K to public university students (although public universities educate many more students).The main point he makes is that the debate is usually framed as: conservatives want less regulation and more free market while liberals want more regulation and less free market; instead, the debate should be reframed as: Revealing how the wealthy have been getting enormous subsidies (involving wealth transfer to themselves from the middle and poor classes), in a manner that is largely invisible (because it happens automatically as the rules of the game have become tilted in their favor, due to their increasing political lobbying influence).However, of all the points he made, the buyback/insider-trading scheme was most disturbing to me.

From the author of Aftershock and The Work of Nations, his most important book to datemdash;a myth-shattering breakdown of how the economic system that helped make America so strong is now failing us, and what it will take to fix it. Perhaps no one is better acquainted with the intersection of economics and politics than Robert B. Reich, and now he reveals how power and influence have created a new American oligarchy, a shrinking middle class, and the greatest income inequality and wealth disparity in eighty years. He makes clear how centrally problematic our veneration of the ldquo;free marketrdquo; is, and how it has masked the power of moneyed interests to tilt the market to their benefit. Reich exposes the falsehoods that have been bolstered by the corruption of our democracy by huge corporations and the revolving door between Washington and Wall Street: that all workers are paid what theyrsquo;re ldquo;worth,rdquo; that a higher minimum wage equals fewer jobs, and that corporations must serve shareholders before employees. He shows that the critical choices ahead are not about the size of government but about who government is for: that we must choose not between a free market and ldquo;bigrdquo; government but between a market organized for broadly based prosperity and one designed to deliver the most gains to the top. Ever the pragmatist, ever the optimist, Reich sees hope for reversing our slide toward inequality and diminished opportunity when we shore up the countervailing power of everyone else. Passionate yet practical, sweeping yet exactingly argued, Saving Capitalism is a revelatory indictment of our economic status quo and an empowering call to civic action.From the Hardcover edition.

A Publishers Weekly Business Economics Top 10 selection for Fall 2015"Ambitious... Reich makes a very good case that widening inequality largely reflects political decisions that could have gone in very different directions... Saving Capitalism is a very good guide to the state wersquo;re in." mdash;The New York of Books"One of Reichrsquo;s finest works, and is required reading for anyone who has hope that a capitalist system can indeed work the many, and not just the few." mdash;Salonldquo;Like any good teacher, Robert Reich knows that making a simple yet crucial idea stick often takes much time and many presentations of the concepthellip; In Saving Capitalism, Reich drives home a basic fact that, if widely understood, could lift America from todayrsquo;s destructive political standoff.rdquo; mdash;Chicago Tribuneldquo;Engrossinghellip; [Reich] is calmly articulate, not alarmist; yet a sense of urgency pulses through his unambiguous prosehellip; Informative and necessary.rdquo; mdash;Argonaut"Audacious... Pragmatic... [Reich takes] on the very language used by the business world that perpetuates the myth that the private sector exists as magical sphere entirely unrelated to government." mdash;EcoWatchldquo;Reich has both the stature and eloquence to make a compelling casehellip; Highly recommended to all readershellip; Insightful.rdquo; mdash;Library Journal, starred review"Arresting, thought-provoking... Readily understandable language... Powerful." mdash;Publishers Weekly ldquo;An accessible examination of how the lsquo;apparent arbitrariness and unfairness of the economy [has] undermined the public's faith in its basic tenets.rsquo; The author takes a measured view even as he argues against free market orthodoxieshellip; Reich's overriding message is that we don't have to put up with things as they are.rdquo; mdash;Kirkusldquo;This is an important and provocative book about the erosion of Americarsquo;s middle class by one of the nationrsquo;s most astute and passionate social critics. Reich provides an original and compelling analysis of how the rules governing Americarsquo;s form of capitalism have contributed to growing income inequality and of how these rules have been distorted by the role of money in the U.S. political system.rdquo; mdash;Laura Drsquo;Andrea Tysonldquo;Robert Reich has written a riveting guidenbsp;to how our economic and political system has become so badly flawed, distorted by pervasive rent seeking and monopolies.nbsp; He explains our rising inequality and our poor economic performance.nbsp; Wholesale reform is neededmdash;far beyond the usual prescriptions of raising the minimum wage and spending more money on education.rdquo; mdash;Joseph Stiglitzldquo;Robert Reich sets the terms for new and more productive debates by rediscovering the political roots of the economic arrangements we too often take for granted. Everyone concerned with our economic future will need to grapple with Reichrsquo;s arguments in 2016 and beyond.rdquo; mdash;Lawrence H. SummersAbout the AuthorROBERT B. REICHnbsp;is Chancellorrsquo;s Professor of Public Policy at the Richard and Rhoda Goldman School of Public Policy at the University of California, Berkeley, and senior fellow at the Blum Center for Developing Economies. He has served in three national administrations and has written fourteen books, including The Work of Nations, which has been translated into twenty-two languages, and the best sellers Supercapitalism and Locked in the Cabinet. His articles have appeared in The New Yorker, The Atlantic, The New York Times, The Washington Post, and The Wall Street Journal. He is co-creator of the award-winning 2013 film Inequality for All. He is also chair of the national governing board of Common Cause. He lives in Berkeley.robertreich.orgExcerpt. chapter 1The Prevailing ViewIt usually occurs in a small theater or a lecture hall. Someone introduces me and then introduces a person who is there to debate me. My debate opponent and I then spend five or ten minutes sparring over the chosen topicmdash;shy;education, poverty, income inequality, taxes, executive pay, middle-shy;class wages, climate change, drug trafficking, whatever. It doesnrsquo;t matter. Because, with astounding regularity, the debate soon turns to whether the ldquo;free marketrdquo; is better at doing something than government.I do not invite this. In fact, as Irsquo;ve already said and will soon explain, I view it as a meaningless debate. Worse, itrsquo;s a distraction from what we should be debating. Intentional or not, it deflects the publicrsquo;s attention from whatrsquo;s really at issue.Few ideas have more profoundly poisoned the minds of more people than the notion of a ldquo;free marketrdquo; existing somewhere in the universe, into which government ldquo;intrudes.rdquo; In this view, whatever inequality or insecurity the market generates is assumed to be the natural and inevitable consequence of impersonal ldquo;market forces.rdquo; What yoursquo;re paid is simply a measure of what yoursquo;re worth in the market. If you arenrsquo;t paid enough to live on, so be it. If others rake in billions, they must be worth it. If millions of people are unemployed or their paychecks are shrinking or they have to work two or three jobs and have no idea what theyrsquo;ll be earning next month or even next week, thatrsquo;s unfortunate but itrsquo;s the outcome of ldquo;market forces.rdquo;According to this view, whatever we might do to reduce inequality or economic insecuritymdash;shy;to make the economy work for most of usmdash;shy;runs the risk of distorting the market and causing it to be less efficient, or of producing unintended consequences that may end up harming us. Although market imperfections such as pollution or unsafe workplaces, or the need for public goods such as basic research or even aid to the poor, may require the government to intervene on occasion, these instances are exceptions to the general rule that the market knows best.The prevailing view is so dominant that it is now almost taken for granted. It is taught in almost every course on introductory economics. It has found its way into everyday public discourse. One hears it expressed by politicians on both sides of the aisle.The question typically left to debate is how much intervention is warranted. Conservatives want a smaller government and less intervention; liberals want a larger and more activist government. This has become the interminable debate, the bone of contention that splits left from right in America and in much of the rest of the capitalist world. Onersquo;s response to it typically depends on which you trust most (the least): the government or the ldquo;free market.rdquo;But the prevailing view, as well as the debate it has spawned, is utterly false. There can be no ldquo;free marketrdquo; without government. The ldquo;free marketrdquo; does not exist in the wilds beyond the reach of civilization. Competition in the wild is a contest for survival in which the largest and strongest typically win. Civilization, by contrast, is defined by rules; rules create markets, and governments generate the rules. As the seventeenth-shy;century political philosopher Thomas Hobbes put it in his book Leviathan:[in nature] there is no place for industry, because the fruit thereof is uncertain: and consequently no culture of the earth; no navigation, nor use of the commodities that may be imported by sea; no commodious building; no instruments of moving and removing such things as require much force; no knowledge of the face of the earth; no account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short.A marketmdash;shy;any marketmdash;shy;requires that government make and enforce the rules of the game. In most modern democracies, such rules emanate from legislatures, administrative agencies, and courts. Government doesnrsquo;t ldquo;intruderdquo; on the ldquo;free market.rdquo; It creates the market.The rules are neither neutral nor universal, and they are not permanent. Different societies at different times have adopted different versions. The rules partly mirror a societyrsquo;s evolving norms and values but also reflect who in society has the most power to make or influence them. Yet the interminable debate over whether the ldquo;free marketrdquo; is better than ldquo;governmentrdquo; makes it impossible for us to examine who exercises this power, how they benefit from doing so, and whether such rules need to be altered so that more people benefit from them.The size of government is not unimportant, but the rules for how the free market functions have far greater impact on an economy and a society. Surely it is useful to debate how much government should tax and spend, regulate and subsidize. Yet these issues are at the margin of the economy, while the rules are the economy. It is impossible to have a market system without such rules and without the choices that lie behind them. As the economic historian Karl Polanyi recognized, those who argue for ldquo;less governmentrdquo; are really arguing for a different governmentmdash;shy;often one that favors them or their patrons. ldquo;Deregulationrdquo; of the financial sector in the United States in the 1980s and 1990s, for example, could more appropriately be described as ldquo;reregulation.rdquo; It did not mean less government. It meant a different set of rules, initially allowing Wall Street to speculate on a wide assortment of risky but lucrative bets and permitting banks to push mortgages onto people who couldnrsquo;t afford them. When the bubble burst in 2008, the government issued rules to protect the assets of the largest banks, subsidize them so they would not go under, and induce them to acquire weaker banks. At the same time, the government enforced other rules that caused millions of people to lose their homes. These were followed by additional rules intended to prevent the banks from engaging in new rounds of risky behavior (although in the view of many experts, these new rules are inadequate).The critical things to watch out for arenrsquo;t the rare big events, such as the 2008 bailout of the Street itself, but the ongoing multitude of small rule changes that continuously alter the economic game. Even a big eventrsquo;s most important effects are on how the game is played differently thereafter. The bailout of Wall Street created an implicit guarantee that the government would subsidize the biggest banks if they ever got into trouble. This, as I will show, gave the biggest banks a financial advantage over smaller banks and fueled their subsequent growth and dominance over the entire financial sector, which enhanced their subsequent political power to get rules they wanted and avoid those they did not.The ldquo;free marketrdquo; is a myth that prevents us from examining these rule changes and asking whom they serve. The myth is therefore highly useful to those who do not wish such an examination to be undertaken. It is no accident that those with disproportionate influence over these rules, who are the largest beneficiaries of how the rules have been designed and adapted, are also among the most vehement supporters of the ldquo;free marketrdquo; and the most ardent advocates of the relative superiority of the market over government. But the debate itself also serves their goal of distracting the public from the underlying realities of how the rules are generated and changed, their own power over this process, and the extent to which they gain from the results. In other words, not only do these ldquo;free marketrdquo; advocates want the public to agree with them about the superiority of the market but also about the central importance of this interminable debate.They are helped by the fact that the underlying rules are well hidden in an economy where so much of what is owned and traded is becoming intangible and complex. Rules governing intellectual property, for example, are harder to see than the rules of an older economy in which property took the tangible forms of land, factories, and machinery. Likewise, monopolies and market power were clearer in the days of giant railroads and oil trusts than they are now, when a Google, Apple, Facebook, or Comcast can gain dominance over a network, platform, or communications system. At the same time, contracts were simpler to parse when buyers and sellers were on more or less equal footing and could easily know or discover what the other party was promising. That was before the advent of complex mortgages, consumer agreements, franchise systems, and employment contracts, all of whose terms are now largely dictated by one party. Similarly, financial obligations were clearer when banking was simpler and the savings of some were loaned to others who wanted to buy homes or start businesses. In todayrsquo;s world of elaborate financial instruments, by contrast, it is sometimes difficult to tell who owes what to whom, or when, or why.Before we can understand the consequences of all of this for modern capitalism, it is first necessary to address basic questions about how government has organized and reorganized the market, what interests have had the most influence on this process, and who has gained and who has lost as a result. To do so, we must examine the market mechanism in some detail.2The Five Building Blocks of CapitalismIn order to have a ldquo;free market,rdquo; decisions must be made aboutbull;property: what can be ownedbull;monopoly: what degree of market power is permissiblebull;contract: what can be bought and sold, and on what termsbull;bankruptcy: what happens when purchasers canrsquo;t pay upbull;enforcement: how to make sure no one cheats on any of these rulesYou might think such decisions obvious. Ownership, for ex- ample, is simply a matter of what yoursquo;ve created or bought or invented, whatrsquo;s yours.Think again. What about slaves? The human genome? A nuclear bomb? A recipe? Most contemporary societies have decided you canrsquo;t own these things. You can own land, a car, mobile devices, a home, and all the things that go into a home. But the most important form of property is now intellectual propertymdash;shy;new designs, ideas, and inventions. What exactly counts as intellectual property, and how long can you own it?Decisions also underlie what degree of market power is permissiblemdash;shy;how large and economically potent a company or small group of firms can become, or to what extent dominance over a standard platform or search engine unduly constrains competition.Similarly, you may think buying and selling is simply a matter of agreeing on a pricemdash;shy;just supply and demand. But most societies have decided against buying and selling sex, babies, and votes. Most donrsquo;t allow the sale of dangerous drugs, unsafe foods, or deceptive Ponzi schemes. Similarly, most civilized societies do not allow or enforce contracts that are coerced or that are based on fraud. But what exactly does ldquo;coercionrdquo; mean? Or even ldquo;fraudrdquo;?Other decisions govern unpaid debts: Big corporations can use bankruptcy to rid themselves of burdensome pension obligations to their employees, for example, while homeowners cannot use bankruptcy to reduce burdensome mortgages, and former students cannot use it to reduce burdensome student debts.And we rely on decisions about how all these rules are enforcedmdash;shy;the priorities of police, inspectors, and prosecutors; who can participate in government rule making; who has standing to sue; and the outcomes of judicial proceedings.Many of these decisions are far from obvious and some of them change over time, either because social values change (think of slavery), technologies change (patents on novel arrangements of molecules), or the people with power to influence these decisions change (not just public officials, but the people who got them into their positions).These decisions donrsquo;t ldquo;intruderdquo; on the free market. They constitute the free market. Without them there is no market.What guides these decisions? What do the people who make the rules seek to achieve? The rules can be designed to maximize efficiency (given the current distribution of income and wealth in society), or growth (depending on who benefits from that growth and what a society is willing to sacrifice to achieve it, such as fouling the environment), or fairness (depending on prevailing norms about what constitutes a fair and decent society); or they can be designed to maximized the profits of large corporations and big banks, and the wealth of those already very wealthy. If a democracy is working as it should, elected officials, agency heads, and judges will be making the rules roughly in accordance with the values of most citizens. As philosopher John Rawls has suggested, a fair choice of rule would reflect the views of the typical citizen who did not know how he or she would be affected by its application. Accordingly, the ldquo;free marketrdquo; would generate outcomes that improved the well-shy;being of the vast majority.But if a democracy is failing (or never functioned to begin with), the rules might instead enhance the wealth of a comparative few at the top while keeping almost everyone else relatively poor and economically insecure. Those with sufficient power and resources would have enough influence over politicians, regulatory heads, and judges to ensure that the ldquo;free marketrdquo; worked mostly on their behalf.This is not corruption as commonly understood. In the United States, those with power and resources rarely directly bribe public officials in order to receive specific and visible favors, such as advantageous government contracts. Instead, they make campaign contributions and occasionally hold out the promise of lucrative jobs at the end of government careers. And the most valuable things they get in exchange are market rules that seem to apply to everyone and appear to be neutral, but that systematically and disproportionately benefit them. To state the matter another way, it is not the unique and perceptible government ldquo;intrusionsrdquo; into the market that have the greatest effect on who wins and who loses; it is the way government organizes the market.Power and influence are hidden inside the processes through which market rules are made, and the resulting economic gains and losses are disguised as the ldquo;naturalrdquo; outcomes of ldquo;impersonal market forces.rdquo; Yet as long as we remain obsessed by the debate over the relative merits of the ldquo;free marketrdquo; and ldquo;government,rdquo; we have little hope of seeing through the camouflage.Before examining each of the five building blocks of capitalism separately, it is useful to see how political power shapes all of them and why market freedom cannot be understood apart from how such power is exercised, and by whom.