

## Acton University 2024

### The Next American Economy: Free Markets, Economic Nationalism, and the Commercial Republic

#### END OF A CONSENSUS

Free markets were the consensus position from 1980 to 2008.

Revival of Economic Nationalism on the Right and the Left following the Financial Crisis

#### A BETTER CASE FOR MARKETS

Free marketers are good at policy, not so good at normative arguments.

Normative arguments about markets must be attentive to contemporary conditions.

#### THE PROBLEMS OF ECONOMIC NATIONALISM

Economic nationalism takes on many forms: protectionism, industrial policy etc. Free marketers are good at policy, not so good at normative arguments.

Focus on *industrial policy* because it illustrates the problems of economic nationalism.

What is industrial policy? *“Any type of selective intervention or government policy that attempts to alter the sectoral structure of production toward sectors that are expected to offer better prospects for economic growth than would occur in the absence of such intervention, i.e., in markets.”*

Why industrial policy does not work.

1. The Knowledge Problem
2. Opportunity Costs
3. Lack of Accountability
4. Cronyism and Rent-Seeking
5. Distorting Information
6. Disguising Government Failure
7. Absence of Proof

#### DEFERRED QUESTIONS . . . FOR THE MOMENT

China

Arguments about what is happening in the American economy.  
 Arguments about what is happening to sectors of American society.

### **THE NORMATIVE CASE FOR MARKETS**

American Identity  
 Legitimacy  
 The Founding  
 Economic disputes during the Founding

### **MICHAEL NOVAK AND THE SPIRIT OF DEMOCRATIC CAPITALISM**

A Commercial Civilization  
 Market Economies and a Commercial Ethic  
 Commercial Virtues

### ***THE FEDERALIST PAPERS***

Commerce as central to that Republic's identity  
 Commercial virtues and Republican virtues as mutually reinforcing.  
 A basic disposition in favor of Trade and against Interventionism.  
 Realism about the Human Condition

### **THE FAREWELL ADDRESS**

Positive view of markets.  
 Commerce is part of the path to greatness.  
 Commerce and Realism

### **THE FAREWELL ADDRESS**

"Our commercial policy should hold an equal and impartial hand, neither seeking nor granting exclusive favors or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the Government to support them, conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary and liable to be from time to time abandoned or varied as experience and circumstances shall dictate . . . ."

- George Washington, 1796

### **THE FAREWELL ADDRESS**

"Religion and morality" as indispensable supports  
 "Refined Education"  
 Anglo-American Enlightenment, Hebrew and Christian Scriptures, Natural Law and Natural Rights

## **CONCLUSION**

Today's America is utterly different from the Founding.  
Major Geopolitical and Economic Challenge from China.  
An Age of the American Commercial Republic.