

Critical Review: The Illusion of Free Markets by Bernard Harcourt

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Critical Review: The Illusion of Free Markets: Punishment and The Myth of Natural Order

Overview

Bernard Harcourt, the native American theorist, has analyzed and criticized the American economic sphere in the context of natural order and policing. Accessing two continents, he traces the market through 18th to the 20th century and deconstructs the idea of free markets.

Writer says that, the 18th century people believed in natural orderliness, but at the same time they also thought that the only place for the state was to police and punish those who are unnatural and out of order. For this, he presents an example of a policing dictionary of Paris in 1758 “Dictionnaire ou traité de la police”, in which, on one hand, the market section was entirely referenced as the police and, on the other hand, the French Physiocrats had separated the market completely from government policing and introduced a free unregulated system (“The Illusion of Free Markets: Punishment and the Myth of Natural Order. By Bernard E. Harcourt. Cambridge, MA: Harvard University Press, 2011”, 2011). So these two ideas of natural order and the need of policing and punishing were joined to run the economy.

Bernard argues that as there is no such thing as unregulated space and that is why this concept of free markets is illusionary. He proves his point by taking an example of the Chicago Board of Trade and claims that it was only made possible by criminalization of bucket shops in the 19th century. He explains that when you look at the free exchanges for a second, they seem to be free but there is a whole back story of criminalization and closing calls to make them look like that.

The author points towards the growth of neoliberalism in the 20th century and discusses the bizarre rise of incarceration rate in the 1970s. Through an exponential curve, he shows that how the prison rate increased so dramatically in 1973, after being at a constant level for 50 years

i.e., between 1926 and 1973. He argues that the logic of prison rate going so high is that the government has a legitimate and competent role in the area of criminalization and punishment and so again, the notion of free markets is delusional because it has all been regulated by the government and that's how the prison sphere got so big and today we have an essentially carceral state.

Then the book talks about the running 21st century and how the privatization of prisons is being promoted more and more and how the economy is getting dependent on the prison complex. Harcourt objects the fact that the economic activity of almost all the employment is now related to incarcerating people. He emphasizes on the need of federal government that can provide some federal dollars to shift people away from state incarceration and put them into treatment programs that would significantly reduce the prison population. He quotes the example of John F. Kennedy's government in 1963. But, he also notifies that the major resistance to this is going to be the "myth" of natural order i.e., the idea that federal government should not be allowed to regulate this area because that's not where its competence lies. That is how the author builds this whole situation to actually eliminate this myth and make the people face the fact that government regulation is everywhere and there cannot be free markets because of punishment and criminalization. He confidently directs the readers towards the actual question: how to regulate and what are the distributional consequences?

So, the writer's main argument remains that while believing in the space of economics as a realm free of governance, at the same time, we are pushing the government order in an area where we think it's good at i.e., policing. How can there be a free market when we are confiding in government assistance for punishment and regulation of economy? Hence, "free" markets do not exist, have never existed and will never exist. All markets are regulated through and through

("Book review: Bernard E. Harcourt, *The Illusion of Free Markets: Punishment and the Myth of Natural Order* - Philip Goodman, 2012", 2012).

Theme of the Book

Mass Incarcerations

The writer is mainly concerned about this one point in the whole book. He seems to think that the mass incarceration happened from 1970s to today, and as it is going to expand even more in the future, is the major element in destroying the idea of free markets.

Bernard is highly concerned about "American carceral state", a term he developed based on a few facts. First, he shows a graph of exponential growth of the number of persons incarcerated in prisons and jails in the state and in federal facilities and compares it with the rising curves of a virus or parasitical phenomenon i.e., indirectly declaring that these number of incarcerations are actually growing like a virus. Then, he talks about the 20th century trend of racialization of prisons and carceral sphere. He displays a prison population by race chart which shows that there has a continuous increase in the percentage of prison population of non-whites, African-Americans and Hispanics. So, he concludes that the post 1970's period or what we tend to call neoliberalism is the time of promotion of penitentiary and the revolution of market, both.

Then, he gives the readers a hint of the prisons being privatized and how the economy is leaning on it. He also mentions the idea of getting the prisoners into hospitals and institutions.

The author's concern about these prison rates going higher day by day is that as the people are believing more in the concepts of natural order and free markets, the same people are silently watching and letting the government authorities take over the state's penal sphere and making legal regulations. How can a market be free when there are government forces handling the punishment affairs? So, he focuses on this link between mass incarceration and the economic

ideas, arguing that our contemporary notion of a free market itself is facilitating and sustaining the push of the government into the policing area ("The Illusion of Free Markets", 2011).

Problem Analysis

The problem statement identified by Harcourt's book is that the nation has to free itself from the very language of "free" markets ("Harmful illusions bedevil ideas about free markets and imprisonment: professor", 2011). The claim of making the modern market "self-regulatory" is false because, in one way or another, it is government driven after all.

The whole situation described and portrayed by Professor Harcourt is a case of The Correspondence Theory of Truth. The theory draws a relationship between people's thoughts and the actual facts i.e., truth or reality of a matter is somewhere in between the facts and beliefs. That's right for this scenario of contemporary economic ideas of people and the actual involved legal regulations of government.

Book concludes with the idea of free markets being illusory and natural order called a myth because there are things and facts supporting the argument that government is, in the background somehow, controlling and regulating the economical legal affairs. Well, on the other side of the picture, people's beliefs are that today's economy or market is under natural order and free of government power. So, the reality must lie in some sort of correspondence between these beliefs and those facts ("Correspondence Theory of Truth | Encyclopedia.com", n.d.).

In the end, we may end the discussion by saying that, government authorities will take charge of state's legal matters and punishment policies because this is the area where they are good at (people's belief), but in this way market would not remain under self-regulations because, according to prior acknowledgment, government is controlling the penal sphere and providing legal regulations (Harcourt's facts).

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