

# The Free Market Myth

Adam Tugwell | 20 January 2026



For decades, the idea of free trade has been sold as a universal good - a rising tide that lifts all boats. It's a comforting story: remove barriers, unleash competition, and watch innovation flourish while consumers enjoy lower prices.

But like many economic myths, it's built on a partial truth. And when you look closely at what "free trade" actually produces, the picture becomes far less idyllic.

## **The Popular Illusion: Freedom for All Businesses**

Ask most people what free trade means, and you'll hear a version of the same belief: businesses are free to do what they want. No red tape. No meddling. Just pure competition.

But that's not how free trade works in practice. The "freedom" it promises is selective - and it rarely benefits the small, local, or community-focused businesses that form the backbone of healthy economies.

## **What Free Trade Really Removes: Protections That Serve the Public**

Before the era of deregulation and globalisation, many rules existed not to stifle business, but to protect essential services and ensure broad access. These protections supported:

- Local availability of goods and services, even in less profitable regions
- High quality standards that weren't optional
- Customer service expectations that required real human labour
- Small-scale enterprises that employed more people and reinvested in their communities

Free trade reframes these protections as "barriers." Once removed, the businesses that relied on them - often the ones most embedded in local life - are left exposed to global giants with entirely different priorities.

## **The Hidden Costs: Jobs, Communities, and Self-Sufficiency**

The promise of cheaper goods has come with a steep price. As protections fall and markets open, small businesses struggle to compete with multinational corporations that can undercut them on cost alone. The result is a slow erosion of:

- Local jobs, replaced by distant supply chains
- Community cohesion, as local shops and services disappear
- National self-sufficiency, as essential industries move offshore

The economic landscape becomes more efficient on paper, but far more fragile in reality.

## **The Rise of Monopolies Disguised as "Efficiency"**

Free trade champions often point to economies of scale as the ultimate justification: bigger companies can produce goods more cheaply, so everyone wins.

But this logic ignores what happens next.

Large corporations use their size to squeeze out smaller competitors, often selling goods at unsustainably low prices until the competition collapses. Once they dominate the market, prices rise - sometimes repeatedly - because there's no one left to challenge them.

What began as “competition” ends as consolidation.

### Power Begets Power: How Big Business Shapes the Rules

As markets consolidate, the largest players gain not just economic power but political influence. They use it to:

- Lobby for legislation that cements their dominance
- Rewrite rules to disadvantage smaller rivals
- Deploy legal teams to intimidate or exhaust independent businesses through civil courts

The free-market myth suggests that the best business wins. In reality, the biggest business wins - often by shaping the playing field itself.

### **The Myth Exposed**

Free trade is not a neutral force. It is a deliberate restructuring of the economy that privileges scale over community, efficiency over resilience, and corporate power over democratic control.

The partial truth - that removing barriers can increase competition - obscures the deeper reality: without protections, the market doesn't become freer. It becomes captured.

And once captured, it serves the interests of the few, not the many.

## Further Information

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