



## Putting Freedom Back into Enterprise

A LETTER recently appeared in the *Financial Times* from a well known London businessman, in which "the adherents and practitioners" of capitalism were invited to explain to the uninitiated the many advantages of the market economy. The writer ended his peroration on behalf of free enterprise with a quote from the late Joseph Schumpeter who was quoted as saying that "capitalism will die because there is no-one left to defend it."

We would give this gentleman our whole-hearted support if we were a little better informed what it is he wishes us to espouse as being in the nature of a truly free enterprise system.

It is with dismay that we have observed over these past fifty years or so the spectacle of large numbers of businessmen busily conniving at cutting their own throats — and for good measure a few other throats as well, namely those of consumers. It was, after all, due to the lobbying of businessmen prior to 1931 which led to the U.K. abandoning free trade, a free market policy which had served our people so well in the past; in its place a system of protective tariffs was introduced, which masked the beginnings of the rot which has bedevilled our nation's economy ever since. From then onwards it has been a sad spectacle to see successive governments embracing quotas, subsidies, tariffs wrapped up in the name of a managed economy and an orgy of deficit financing, whereby unlimited largesse has been handed out to both private and public enterprise. As we write, the *Financial Times* (July 16) carries a headline saying "Building Industry Wants State

Help." The request does not come from a group of Marxists but from representatives of the National Federation of Building Trades Employers — presumably a group whose support the correspondent would wish to solicit on behalf of his campaign to sell capitalism to its potential supporters.

The Government Piper is, these days, very much calling the tune, while businessmen, understandably, are reacting with outraged indignation. Those who have sought government protection in the form of tariffs, subsidies and tax concessions may be likened to businessmen who try operating their affairs on ever increasing bank overdrafts, and are surprised when their bank manager takes a correspondingly greater interest in their business affairs; politics being what it is, governments are apt to react in similar manner.

With dismay we observe year after year the lobbyists touting governments for protection of domestic producers against the alleged "predatory" commercial activities of foreigners wishing to sell us their cheap cars, low priced textiles, cheaper electrical goods, low-cost tools, etc. It is interesting to note how, on such occasions, unions and business make common cause on the issue of protection. It recalls to mind Adam Smith's well known passages from the *Wealth of Nations* where he states:—

"In every country it always is and must be the interest of the great body of people to buy whatever they want of those who sell it cheapest. The proposition is so very manifest that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question had not the interested sophistry of merchants and manufacturers confused the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of people."

And when we hear that yet again there is to be a "joint consultation" of Government, C.B.I. and T.U.C. we are reminded of the Sage of Kirkcaldy's shrewd observation:—

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed, to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary."

Yes, indeed, let us have a campaign on behalf of freedom, capitalism, free enterprise and a market economy. A good starting point might be to ask its protagonists to familiarise themselves with the wisdom of Smith, Ricardo, Mill and George and to

refrain from the platitudes which ask us to explain how "free enterprise in a mixed economy works". It does no such thing, any more than free movement in a prison camp does. To paraphrase the aforementioned quotation from Schumpeter, we would argue that capitalism will die because of the socialistic antics of many of its leading practitioners.

Freedom of enterprise will work where the rule of just laws prevail and where governments refrain from granting privileges to sectional combines who are forever touting for Parliamentary favours.

N.A.B.