

# **Freedom 101**

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Dr Madsen Pirie, 2008

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## Introduction

There are many erroneous claims and statements about economics, politics and society. At least some of them will be uttered publicly every day. Some of them have the status of truisms, in that it never occurs to those who utter them that they might be incorrect. Some have the character of mantras, with the users more concerned about the effect than the content. People tell us in all seriousness that, “the rich are getting richer, the poor poorer, and that the gap is widening”. It isn't. They tell us that, “the world is running out of scarce resources”. It isn't. Some of these misconceptions derive from simple errors of fact. In some the mistake comes from an erroneous view of how institutions function and, very often, of how economics works.

Some of them represent value judgments such as, “capitalism is based on greed” which analysis and argument show to be incorrect. Some of them derive from a sort of paranoia in which it is imagined that mere men and women are helpless in a world run by dark forces aspiring to crush them. Some of these refer to, “big business”, “multi-nationals”, “the West”, and of course, “the rich”.

Some derive from an almost religious conviction that, “we all have to live more simply”. These express perhaps unconsciously a yearning for more simpler times, for as fast as one argument for this is exposed as erroneous, another slips into its place without change to the user's beliefs. Many of these errors are routinely propagated by Non-Governmental Organizations in order to attract attention, support and funding.

From the numbers of the misconceptions that I have encountered I have made a selection of 101 of them, and in each case presented a personal refutation. In many cases there will undoubtedly be more persuasive arguments to be made, but I tried to keep them brief, aiming to make the case against them within about 300 words.

My hope is that my case will give people the resolve to stand up against these errors and to point out the falsehoods they propagate. Not only might they help people to clarify their own thoughts, they might also help people put the case for sound, un-muddled thinking to other people in discussion and debate.

To make the arguments easier to dip into, the table of contents groups them into broad themes. Even though this is not the order in which they appear in the book, it is designed to make it easy for the reader to locate those which cover particular subjects, while making the book itself more interesting and entertaining to read.

## **Equality is more important than freedom.**

No. Freedom is more important. It is not a value which competes with others, but the source and condition of all values. Freedom gives people the chance to express themselves and their individuality. It is what makes them human. Animals can be cared for, fed and sheltered. Human beings are not pets or domestic livestock to be protected. They make moral decisions and act on them. They face the consequences of their actions and acquire responsibility and moral growth. All of this requires freedom.

People are not equal and never will be. Life would be dull if they were. They differ in strength, size and intellectual power. They differ in looks and in character. They differ in talent, and in athletic prowess and musical ability. They differ in the value of the services they can render to their fellow humans. If we pay them equally for services of unequal value, we lose the signals which tell people where to direct their efforts.

We can and should choose to make people equal before the law, and to say that they should all be treated equally by it. This expresses not a fact of life, but a determination on our part to create a just society and to respect the rights of all who respect the rights of others. The law looks at the criminal abuse of people's rights, rather than at the criminal, and prohibits it no matter who does it.

Some point to what they claim is a trade-off between people's freedom to live as they wish and their health and well being. This is completely false, for without freedom there is nothing to trade. We might choose immediate pleasure at risk of long-term consequences, but that is not a choice between freedom and other things; it is a choice only made possible by freedom. Without that choice we are no longer autonomous beings.

## **When the state gives us rights, we have responsibilities to it in return.**

The state doesn't give us any rights; we give the state some powers. The rights we enjoy are not political ones given to us by some gracious authority; they are ones we owe to each other as human beings. Each right has its corresponding duty. One person's right to life corresponds to the obligation upon others not to take that life. One's right to property translates into another's duty not to steal.

We choose governments for our convenience, although some less fortunate people have them imposed by violence. They derive from our rights rather than constituting the source of them. In a free society, for our convenience we might choose to delegate our right to justice to an impartial authority of our peers. We might choose to band together for our joint defence against hostile intrusion. This is how the powers which government wields come about.

We owe responsibilities to each other. Most importantly we owe to others the obligation to respect their rights. But we do not owe responsibilities to the state; it owes to us the responsibility to carry out fairly and properly the tasks we have assigned to it. Government is not our master, to keep us in line and occasionally give us some rights for ourselves. It is our servant, employed by us to perform as instructed.

The English common law tradition recognizes that people can do whatever the law does not specifically forbid, but in the continental Napoleonic Code tradition, people can only do what the law specifically allows. This leads people falsely to suppose that the state is giving them these rights, when it would be more accurate to say that the state is recognizing those rights. Our responsibility to behave fairly and decently is something we owe to other people, not to government.

## **True socialism has never been tried.**

Neither has 'true' capitalism. If it was capitalism that has been tried in capitalist countries, then it was socialism that was tried in socialist ones. We compare like with like. Either we talk about the record of both capitalism and socialism in the real world, with all its compromises and imperfections, or we talk about some theoretical ideal of what each might be, if only the world and the people in it were different.

Too often would-be socialists want to compare capitalism in practice with some idea they have of what a socialist utopia might be like. The truth is that socialism was tried in many countries in different forms and had a deplorable record in all of them. It was characterized by suffering, shortages and the suppression of human freedom. In most cases it was accompanied by mass murder.

This is no accident of a revolution betrayed, but an inherent flaw in the idea itself. It seeks to make men and women into something they are not and do not want to be. It seeks to make them conform to the socialist's vision of what he or she thinks they ought to be. Since real men and women are self-motivated and have their own desires and preferences, in a socialist state they must be forced to behave differently. Compulsion is thus at the very core of socialism.

Capitalism, with its free markets and free choices has, for all its warts, proved more successful, more efficient and more humane. It delivers the goods far better than do socialist economies, and it manages to do so while allowing a far greater range of freedoms. It goes with political freedoms, free media and freedom of association, employment and travel, all of which are denied in socialist countries.

## **It is wrong that so few people should own so much of the nation's wealth.**

The wealth in no sense belongs to the nation, since we are talking about wealth which belongs to individuals. The statement comes down to saying that it is wrong for some people to own vastly more than others. This is not self-evidently true, and there are many advantages to people in society if concentrations of wealth are possible.

Firstly, estimates of the distribution of wealth in society are often wrong. They conveniently count shares and landed property, while often neglecting the entitlements which constitute the main source of wealth for ordinary people. Pension rights are often treated as if they did not exist or had no value to them, while other estimates deliberately omit wealth vested in housing, which is most people's main item of value.

That said, there is nothing wrong with an uneven ownership of wealth. Some people are more prudent, some more successful than others. Some show enterprise and initiative, and the accumulation of wealth represents the reward for their activities. In a free society, even if people started with an equal amount of wealth, there would soon be wide variation.

Possible accumulation of wealth not only stimulates entrepreneurs into socially useful activity; it often provides the means. Wealth can be put to work by investment in creative enterprises. It can create employment, and can lead to the creation of more wealth. Pools of capital are necessary to most economic enterprises; they are a vital tool by which societies become richer.

Of course we want decent living standards for those who cannot make it on their own, but we also want opportunities for those who wish to advance themselves and who can benefit society in doing so. Inequalities of wealth are not important; what counts are the opportunities for people to create the wealth that enables society to improve its services.

## **The industrial revolution brought poverty and misery for the masses.**

The masses already had quite enough poverty and misery. The mediaeval myth of rosy-cheeked and carefree villagers dancing around the maypole before returning home to dine on roast beef is a later construction of romantic conservatives. The reality was squalor and unremitting toil. People worked the entire day, and lived on a poor, basic diet of which there was often not enough. Death from disease or childbirth was common, as were malnutrition and starvation. A more real impression of what life was like can be gained by looking at agricultural economies in poor countries today.

The industrial revolution created employment opportunities and gave the chance of advancement. True, women and children worked long hours. They had always done so. True, working conditions were poor and often dangerous. They had always been so. The working class housing that characterized Northern and Midlands industrial cities was an improvement on the squalid and primitive hovels which the agricultural poor inhabited.

Industrialization enabled labour to be more efficient, and to add more value to goods, enabling workers to be paid more. With the spread of mechanized production, the wage labourers were gradually able to afford better food, better clothing, better household goods such as china, and luxuries such as tea. It was the industrial revolution that made it possible for people to become richer by creating wealth and to move away from mere subsistence.

The wealth-creating process gradually made society able to afford better public health and social amenities. It enabled society to afford higher standards of safety at work. It was the wealth generated that made families rich enough to educate children instead of needing them to work.

It is only natural that we compare the conditions of early industrialization with our own, and call them "Dickensian". We should really compare them with what prevailed before then. Capitalism was a step up.

## **We should create public sector jobs to boost employment.**

There are no public resources, except those which government takes away from its citizens. If government is to spend money on projects, this means that private citizens are deprived of those funds.

Government can appear to create jobs by means of public spending. They can enter the market as purchaser for certain projects, and see new jobs apparently created in response. These new jobs owe their existence to that government demand, and many depend on it for their continuation, in that unless the spending continues at that level, the new jobs may disappear.

Government funds such projects by taking funds from the private sector, either by open taxation, by stealth taxes, by borrowing, or even through inflation. Either way, it takes away the funds which sustained jobs in the private sector. People have less to spend on the goods and services of private business; they have less available to invest in it. This means that temporary, government-created jobs are at the expense of real, lasting jobs in the private sector.

Furthermore, government commands goods and services inefficiently. It costs more for government to perform many deeds than it does for private business to do the same. This is because government bureaucracy is often more cumbersome and more costly. Lacking competition, there is no pressure to make it efficient.

Government-created jobs are often capital intensive, such as infrastructure jobs in road or bridge-building, and use a great deal of costly equipment for each person employed. By contrast, the luxuries foregone when the private sector is subjected to extra taxation tend to be in labour-intensive service areas such as dining out, hairdressing, etc.

The effect is to ensure that more jobs are destroyed than can be created. The problem is that political leaders are usually praised for the visible new jobs, without being blamed for those which quietly disappear from the private sector.



## **Freedom is all very well for the strong, but the poor and the weak come off worse without the state services.**

In fact the poor and weak usually get the short end of the stick within the state services. With limited resources and many claims on them, the best of the state service tends to go to the articulate and self-confident middle classes who know how to use the system. Under a system which allows these people the freedom to provide for themselves, the state can concentrate its scarce resources on those who really do need them. Universal services and benefits have to spread their resources thinly to everyone.

It is not just the “strong” who benefit from freedom. Most people benefit by giving effect to preferences and having competitors struggling to supply them. Everyone benefits by the improvement which innovations and new types of service bring when the service is private. It might be the strong who take the lead in demanding better services, but the improvements made as a result usually spread down to benefit others. It is the discriminating customers who improve the product, but everyone gains from the improvement. Even those who know nothing about electronics have their products improved by the actions of those who do.

There is good reason to suppose that if the poor and weak were given the same type of choices that others have, they would get better services than those doled out to them under universal state provision. Choice of schools, as in Sweden, leads to improvement in education and in parental satisfaction. Choice in healthcare would achieve similar improvement.

The weak can receive more support if resources are not dissipated among those who could do without it. It might be better simply to allocate money directly to the poor to enable them to command adequate services. The freedom to choose is as valuable to those in the lower economic strata as it is to the strong, for it gives them access to the better services they need.

## **Even though people are richer on average, they are no happier, so we should stop pursuing economic growth.**

Surveys show roughly the same proportion of happy people as there were 20 years ago when standards of living were lower. From this Lord Layard and others conclude that economic growth does not bring happiness and that we should aim for a simpler, more equal society rather than for a wealthier one.

There are things that can be said about wealth brought by economic growth. It makes more opportunities available. At some levels it can remove unnecessary sources of unhappiness such as disease and starvation. It can make it easier to achieve goals, or to lead a more varied and fulfilling life.

Surveys about happiness also show that people say they are happier when they feel their circumstances are improving. They are less likely to profess happiness in a wealthy society that is static than in a less rich society which is advancing. It is the improvement which counts, not the actual level. Jefferson rightly pointed to, "the pursuit of happiness" rather than to any given level of it.

Humans are not the sort to enjoy static contentment. They seek challenges and the thrill of achievement. The peaceful calm of the Lotus Eaters is not for them, and neither are the sheep-pen and the secure pasture. Those who think of happiness as, needs satisfied fail to spot that those needs include challenge and change. Humans are aspirational, seeking much more than the provision of necessities. Better a human dissatisfied than a pig satisfied.

It is not up to economic commentators to say what levels of wealth and achievement people are to be allowed to make them happy enough. People themselves will determine the limits, if any. To achieve a society in which more people are happy, far from curbing economic growth, we will aim at one which affords its citizens opportunities for advancement.

## **It is important for us to understand the causes of poverty.**

No. There are no causes of poverty. It is the rest state, that which happens when you don't do anything. If you want to experience poverty, just do nothing and it will come. To ask what causes poverty is like asking what causes cold in the universe; it is the absence of energy. Similarly poverty is the absence of wealth. For most of humanity's existence on this planet, poverty has been the norm, the natural condition. People hunted to survive or lived by subsistence farming, and they were poor. In some parts of the world this is still the case.

The unusual condition is wealth. This is what changes things. We should ask what are the causes of wealth and try to recreate and reproduce them. When you ask the wrong question, "what causes poverty?" you end up with wrong answers. People fall into the trap of thinking that the wealth of some causes the poverty in others, as if there were a fixed amount of wealth in the world and that rich people had seized too large a share of it.

In fact wealth is created, and it is only during the last 250 years or so that we have found how to do this on the grand scale. Wealth is created by production and enterprise, by the specialization of labour, and most of all it is created by exchange. Instead of trying to take wealth away from rich people and redistribute it, we should be seeking to implement the conditions in which as many people as possible can join in the wealth-creating process for themselves.

Poor countries will not become wealthier because we give them some of our riches. They will climb out of poverty the same way we did, by producing and selling goods and services and by creating wealth in the process.

## **The state is right to protect people from themselves.**

People? That means you. Would you like to be protected from yourself? In the first case this means that the state has to take the decisions about what we do or do not need to be protected from. One step down this road and you are lost. The state might decide you need to be protected from smoking. If its scientists tell it that refined white sugar and salt are bad for people's health, it might protect people from those too. Maybe saturated fats, such as butter, as well. Maybe it should protect people from the physical inactivity which might harm them?

After deciding what it considers injurious to us, the state then takes the decision to protect us. It does this by preventing us from doing what we would otherwise have done. It can only do this by force, sanction, or the threat of the same. So the state takes away our freedom to do what we decide to do, and then uses force to make us do what it wants us to.

John Stuart Mill thought that only if someone causes or seriously risks physical harm to others should the state stop them. Should it prevent them using a dangerous bridge? No, he said. It can provide them with information, put up a sign and even urge them not to cross. But it is up to people themselves to assess the risks and take the decision. Some claim that the state knows better than we do. Unlikely, since there is no shortage of media sources telling us about what dangers we face.

And what about non-physical harm? People might be deeply distressed by your non-attendance at prayers, but that does not give them the right to constrain you into worship. The only safe rule is to listen to advice, make your own decisions and take the consequences.

## **Only the guilty have anything to fear from surveillance or police searches.**

The cry of oppressive and intrusive authority has always been that, "only the guilty have anything to fear". It isn't true. Even the innocent have to fear an over-mighty and intrusive state. It has always been the case in free societies that each individual has a private domain. It's not that it holds guilty secrets, but that it holds private things that are no-one else's business.

Why should the state be allowed to open our mail, to snoop on our electronic communications, to tap our phones and to spy on us with its cameras? We are right to wonder why an innocent state would want such information about us. The mere possession of such information poses, in itself, the risk of abuse. Those with access to it are put in positions of power over others; the information could be used to blackmail or intimidate. It need not be about illegal activity, merely that which would cause embarrassment if it were known.

In free societies we put limits on the law. We deny it the right to snoop on the off chance of finding guilt, but require it to show good cause for its investigation. We demand that it states what crime is suspected, rather than allowing it general warrants to see what it might find. We are not servants and underlings to be ordered about and kept in place by a mighty state: rather we are free citizens who sustain that state to serve us. It has no right to powers beyond those we accord it, and we do not choose to give it the right to know more about us than it needs to know in order to serve and protect us.

## **Great inequalities of income cannot be justified.**

Inequalities of income do not need to be justified. The economic rewards in market-oriented societies are not supposed to be just. They reflect the economic worth of the goods and services provided, and in no sense correspond to our notion of justice or moral worth.

It might not be “fair” that a dedicated nurse earns so little, when a popular entertainer can pocket millions by recording a few songs. It is not supposed to be fair. The point is that, vital and worthwhile though the nurse’s services are, they are performed to few people. The popular entertainer, on the other hand, performs a service which millions of people are prepared to pay for. The economic reward is greater because he or she satisfies greater numbers. There is nothing fair or unfair about it.

Attempts to replace the rewards given dispassionately by the market with ones corresponding to our scale of values lead to disruptions and shortages. If we pay social workers more than truck drivers because we think they are “worth” more, this will cause a surplus of social workers and a shortage of truck drivers. The wages of truck drivers will no longer attract sufficient numbers of ambitious youngsters into the profession, whereas more will go into social work than are needed.

Wages tell us what certain jobs are worth and if we try to set them arbitrarily we lose the spontaneity and self-correcting mechanisms of the marketplace. The prospect of high incomes attracts people into certain types of economic activity which bring widespread benefits, and rewards usually come to those who provide popular services. Income inequalities, far from being bad, are what encourage more people to undertake activities there is a demand for. The prospect of high incomes spurs people to ambition and achievement, and to bring benefit and satisfaction to other members of society in the process of attaining them.

## **Prices of essential goods should be controlled so that the poor can afford them.**

Price caps are one of those things that sound fine in theory but are disastrous in practice. Prices are signals which tell about supply and demand, like the markings on a thermometer tell about temperature. And just as you can't control temperature by bunging up a thermometer, you can't control supply or demand by fixing prices.

When the price rises for scarce goods, it tells people to consume less and maybe switch to alternatives. It tells others to produce more of them because there are profits to be made. The combination of less consumption and greater production acts to redress the scarcity. But it only works if prices can send their signals. If they are fixed by law to shield poorer people from their effects, there is no disincentive to consume, nor any reason to switch to alternatives. Nor is there any incentive for producers to bring more of the goods to market.

If the price of bread is fixed because of rising prices in a shortage, there is no incentive for people to turn to alternatives like other grains or potatoes. Nor is there any incentive for farmers to bring more wheat to market, or for foreign merchants to bring in their wheat to take advantage of the greater returns. There is no signal telling farmers they could profit by planting more wheat next year.

All that happens when prices are fixed by law is that the supply dries up, usually because no one can make money by selling at the fixed price. Then the state steps in again to ration the scarce goods "fairly", and passes new laws to stop black market dealing in them. We see this happen for bread, fuel, and rented accommodation. Ultimately, the outcome is clear: if you fix the price, you only succeed in choking off the supply and making the shortage even worse.

## **A small rise in inflation is a legitimate price to pay for reducing or eliminating unemployment.**

There is no trade-off between the two. A “small” rise in inflation means that the government is creating false demand, and sending false signals about the real cost of investment. Making more money available pushes down the cost of borrowing. It also steals from people by making money worth less than it was, reducing the real value of their savings, and it therefore discourages thrift.

There is over-investment in producer goods as a result of the false demand. This does indeed create temporary jobs, jobs which will be lost as soon as the money which sustains them stops being pumped in. Furthermore, the loss in everyone's purchasing power which results from the inflation means that jobs are lost in the wider private sector because people can afford fewer of its goods and services.

Governments tried in the past to sustain the job expansion by increasing the rate of inflation. All this did was to postpone the day of reckoning for a little while. The “small” rise in inflation does not lead to a reduction in unemployment on any permanent basis. What it does lead to is a larger and larger rate of inflation as government struggles to ride the tiger.

When hyperinflation comes and the squeeze is applied, all of the “new” jobs are lost, together with many more as the economy plunges into recession. It actually happened in Britain, as in other countries.

The point is that inflation, even at modest rates, distorts the economic process with false signals, and leads to investment in areas where there is not the genuine demand to justify it. The real way to reduce unemployment is to achieve honest money that holds its value and the right conditions for enterprise. Then genuine economic growth will create the new jobs.



## **Government investment is vital to protect industry and jobs.**

It's a matter of historical record that government investment is reasonably fatal to industry and jobs. What government does is to take taxation from those industries which are successful, and redistribute some to those which are not. In doing so, it takes away resources which would otherwise be available for investment in expansion or the purchase of goods and services.

It puts these resources into industries for whose goods and services there is not enough private demand. Government tends to choose industries for political, not economic reasons, and to make bad choices. "Picking winners", means picking losers. For all of the public jobs created by public investment, rather more jobs will quietly disappear from the private sector in consequence.

Government investment in industry involves spending other people's money on somebody else. Since it is not their own money, the politicians and bureaucrats do not have the same incentive to make good and wise decisions as do those whose livelihood or reward depends on success. They do not have the same drive to ensure that the goods produced will be of the quality and price to hold their own in the marketplace.

Furthermore, government investment is usually called for when private investment has failed to materialize in support of certain industries. There is a very good reason why it did not appear; it is because private investors had low expectation of any returns to be made by doing so. When government does invest, the industries concerned become dependent on continual state handouts and unable to attract private funds in its place. The graveyard of Britain's industrial history is littered with the corpses of failed state investments, whether in steel, ships or motorcycles. Government investment in an industry is the kiss of death.

## **Rich people should not be able to buy better health care and education.**

Rich people buy better versions of most things. They buy smarter cars, better houses, higher quality music systems and more expensive food and clothes. This is one reason why people want to earn more – wealth brings better goods and services and more choices, too.

Some claim that education and health are different, and that we should all have the same quality, with no one able to buy better. Few say this about other essentials such as food, or urge a state monopoly of food production, with no-one allowed to buy better than whatever standard supply the state was able to deliver.

When people are allowed to buy better things, more money enters the market, and what starts as a luxury for the rich gradually becomes affordable to most buyers. Today's common flat screen colour TVs were previously affordable only by the wealthy. In many markets product improvement and innovation start at the top end – it is often where producers earn greater rewards – and work downwards.

If people are allowed to buy better health and education, this brings more money into health and education. It also allows the state to divert the money it would have spent on meeting their needs toward those less able to provide for themselves, and to give them access to better services.

Some feel that equality of opportunity is fairer, but nature knows no such equality, equipping some people with more intelligence, better looks, or more caring parents. Similarly in health the accident of inheritance puts some at an advantage over others. What we can seek, rather than an unobtainable equality, is a society in which everyone has access to an education which can develop their potential, and a healthcare system which will provide essential treatment for those who need it.

## **Private sector health and education cream off the very best in resources and personnel from the state sector.**

When people pay for private health and education, they save the state money because it no longer has to provide facilities for them. Furthermore, the money they spend for themselves means that the total expenditure on health and education is increased. And because the private sector has to be responsive to what consumers seek, it gives the public sector some idea of what it is that people want. It is not true that it drains away state service personnel; only a tiny fraction of those going to work in private healthcare come from the state sector.

Private health and education do not take resources away from the public sector; they give it more to spend per head. They may, by providing more flexible conditions, attract some of the most talented personnel. But they also improve conditions in the state sector by taking away some of its workload; and there may always be those who prefer to work in the state sector. Machines bought for use in private medicine increase the total supply of health equipment and the supply of equipment per head for the population. Their use enables waiting times for NHS equipment to be cut.

The private sector often acts as pacemaker for the public sector, making advances in services and techniques which the public sector can follow. Some of the innovative treatments are available first in the private sector, and spread over into the state sector once their value and efficacy have been established. In both health and education it is not so much the financial rewards which draw people to the private sector; it is the attitudes and conditions they find there. The weight of bureaucratic compliance and the endless form filling are absent, and personnel have more time to interact with those they are serving. The parallel private services do not undermine the state services; they bring about their improvement.

## **A market economy offers people no more than a crass, materialistic life.**

What market economies offer are choices and opportunities. They allow people to acquire the wealth that brings new things within reach. In some cases these will indeed be material things. If a person can become sufficiently well off to afford decent housing, enough to eat, adequate clothing and shoes, these are all better than their absence.

But a market economy brings more. It allows people to buy the things that make life more rewarding. They can enjoy music, communicate more readily with each other and travel to places previously out of reach. These, too, are the result of material things. They do not represent a crass materialism, however, because they give the chance to improve life's social interactions and its mind-broadening opportunities. It might take material objects to enjoy music and to visit exotic places, but a person with access to them does not lead a crass life in consequence.

Even beyond the personal possessions that can add to life's experiences, the wealth created by a market economy enables people to afford better services such as health and education. It enables them to enrich their surroundings with fine architecture. Better education opens doors to life's opportunities, and good health brings the possibility of activities such as sports and hobbies. They require material goods to become possible, but the opportunities they offer are far from materialistic.

Wealth is a tool. It enables the holder to trade it for the things they value. Some might indeed use it to acquire more possessions; it is their choice. For others it might be for enjoyment of the arts, the theatre and the concert hall. Some might seek satisfaction in beautiful objects such as antiques or works of art. The wealth created by economic growth gives access to all of these, and it allows us to express our personality by the choices we make.

## **The gap between rich and poor countries is growing larger, meaning that global poverty is growing worse.**

This is usually recited parrot-fashion as a mantra: “The rich are getting richer, the poor are getting poorer, and the gap is widening.” In fact the rich are indeed growing richer, and in most places outside Africa, the poor are growing richer too. Historically the gap has never been narrower, though civil wars have held back progress in Africa.

Prof Paul Ormerod has measured the Gini coefficients which reveal income disparities, and shown that since World War II the world has become more equal, not less. Common observation shows the same. After the Second World War there was a handful of rich countries, mainly in Europe, the US, and the former dominions. The rest of the world was dirt poor, with most of their populations struggling to survive on subsistence farming.

Since then Japan joined the rich club, followed by the Asian quartet of South Korea, Singapore, Taiwan and Hong Kong. Then came the little tigers, including countries such as Thailand and Malaysia. Then economic growth came to some of the countries of South and Central America. Most recently and most spectacularly, China and India have surged ahead.

Last year saw more people lifted out of poverty than in any previous year in human history. Fundamentally we now know how to do it, by enterprise and trade. Instead of trying to implement socialist-style 5-year plans, with governments directing aid-assisted industrial growth, most countries now try to get the conditions right for their businesses to get ahead on their own.

Poor countries can turn their low wages to economic advantage by producing lower cost goods to sell to the rest of the world. The money thus gained can be re-invested in expansion and development, and the wages gradually rise. This roughly mirrors the way in which the rich countries did it.

## **We must increase the foreign aid we give if less developed countries are to escape from poverty.**

Foreign aid does not lift countries out of poverty; trade does. No poor country has ever become rich from foreign aid, and no poor country which has become rich achieved it without trade. The notion that poor countries will become richer by a more equal sharing of the world's wealth is wrong; they will become richer by creating additional wealth for themselves, just as the rich ones did.

It's all very well for people in rich countries to feel good by increasing foreign aid perhaps from 1 percent to 2 percent, but it will make negligible difference. If they at the same time ban the import of goods from poorer countries or impose punitive tariffs on them, they are preventing people in those countries from pursuing the surest path out of poverty.

The EU waxes pious about the few crumbs of foreign aid it hands out, and then sets tariffs against the goods the poorer countries produce in order to protect its own producers. Its Common Agricultural Policy is little short of criminal, subsidizing its domestic agriculture so foreigners can't compete, then dumping surplus goods onto world markets so they can't sell there either.

Humanitarian aid to combat disease and starvation and to bring relief after natural disasters is a good thing which we perhaps could and should do more of. But development aid is not. Instead we should open our markets to their produce and buy as much as we can. With the money that trade brings they will be able to invest more in developing and upgrading their industries.

Many once poor nations are now set on the upward path that trade makes possible. On our part we can buy their stuff and switch our own economies to produce different things. This, not aid, will help them out of poverty.

## **We should allow the police to hold suspected terrorists for a long period while the evidence is assembled.**

When the law holds people in custody it has them as prisoners. Since they have not been before a court and convicted of a crime, we must be careful that this custody does not constitute a sentence without trial. If the authorities can hold people indefinitely to question them and gather evidence, they will not need a trial to sustain what is, in effect, a prison sentence. This is why the law forbids them to do so for long periods. They are required to produce the accused in person before a court of law. It is called *habeas corpus* and is one of the cornerstones of our liberties. The law cannot hold us incommunicado; it must produce us in the body.

The period is short, typically 48 hours, and can be briefly extended only by asking the permission of a magistrate. This cannot be repeated indefinitely; at some point the accused must either be released or charged and go to trial.

Government has attempted to extend this period of confinement to many weeks in cases of suspected terrorist crimes, but produced no good reasons to support its case. Neither Parliament nor people were told why so long a period was deemed useful or necessary.

The problem is that when police are given powers, they have used them for cases they were never intended to cover. US laws designed to stop mafia-style racketeering have been routinely used on business transgressions. A UK anti-terrorist law enabled police to detain an 80 year-old who dared heckle a government minister, and a Scottish pedestrian who walked along what was marked as a cycle track.

The law which prevents long confinement without trial is important for our liberties. Nothing has emerged to suggest that it should be over-ridden when the police wish it to be.

## **Getting everyone's DNA on file would allow us to track down criminals and protect society.**

If we wanted simply to track down criminals and protect society in the most efficient way, we would watch everyone all the time, listen in on their every conversation, constantly record all their movements, and know everything about them it was possible to know. Criminal activity would be difficult, given this approach, but no doubt clever criminals would find news ways of concealing their activities.

Even though it would undoubtedly be efficient, we don't allow it because we don't want to live in that kind of society. We want a private domain in which we have space that is only for ourselves and those we choose to share it with. The state has no business in that domain.

We treat people as innocent until proven guilty. We do not start with the assumption that all people are criminals, if only we had enough information on which to convict them. Only those who transgress the law, or who give grounds for reasonable suspicion, forfeit the right to that private space and prompt the state to enter it to protect the rest of us.

Our DNA is private information. It not only tells uniquely who we are, it can be used to tell where we have been, and in some cases what we have been doing. The state has no right to such information without good grounds for suspicion. It is more information than it can be trusted with. DNA tells even more than that, however, it tells of our genetic traits, something of our abilities and potential, and the conditions and diseases to which we might be prone. There is no way we want this information in the hands of a body we put in place to serve our interests. It would give it more power than any authority can be trusted with.



## **Scarce resources should be allocated on the basis of need, instead of going to the highest bidder.**

If scarce resources are allocated on the basis of need, they stay scarce. When allocation is other than by price for goods in short supply, nothing is done to relieve the scarcity. When allocation is by price, it does act on the shortfall.

In a market situation, goods in short supply command high prices. This means that producers and dealers make good profits, and others are attracted to do the same. The high prices bring new sources of supply to the market, and the price falls gradually as the scarcity is relieved.

When allocation is on the basis of need, there are no high prices and profits to attract new supplies, so the shortage goes on. Consider the case of a new product such as computers or DVDs. At first they are for the very rich, but the profits attract competitors, and the increased supply brings prices within reach of ordinary people.

Consider, more revealingly, the case of two villages in a famine. Village Bigthorpe allocates the scarce food on the basis of need, and all starve together. Village Littlethorpe lets food prices rise. The high prices attract produce from all around and far away. People have to sell their rings and go into debt, and lots of merchants get very rich. But Littlethorpe survives.

Poorer people can be helped not by rationing, but by being given the resources to buy their necessities. Ultimately they are better served by a wealth-generating society in which supply can be brought to meet demand, and in which the market responds to changing circumstances. Such a society will improve their living standard and their command of resources faster than any which tries to allocate according to perceived needs, and which prevents prices from sending their signals and eliciting a response.

**It is more rational to plan for the satisfaction of our future wants and needs than to expect blind chance to do it.**

This is true, but often the statement is used to claim superiority for a centrally planned society and for government intervention in the economy. Neither of which it is true. We all plan individually for the satisfaction of our wants, and imperfect though we are, we tend to do it more accurately than government does, and in less costly ways. We are not leaving it to blind chance if we fail to plan collectively; we are planning individually. We know more about our circumstances than any government can, we know more about our needs and preferences, and we have a bigger stake in the outcome than any bureaucrat can ever have. We plan for ourselves; they do not.

The free society produces an overall order out of all of these millions of inputs. It directs towards the satisfaction of our wants the activities of distant people we will never meet, and has us helping to meet the needs of strangers.

This spontaneous society is better at meeting our needs than any alternative which can be dreamed up by a single human mind, or by a small elite. The larger society contains information from all of us, and produces an ordered outcome not sought deliberately by any of us, but more rational than blind chance could produce, and certainly more rational than anything government could ever achieve.

It meets our needs efficiently and continually directs resources to those who produce the most from them. It enables millions of us to pursue different goals at the same time. Any attempt to plan what society as a whole shall do, or what it shall produce, forfeits that versatility, that spontaneity and that problem-solving ability. It substitutes the priorities of the few for the needs and aspirations of the many.

## **Government must “prime the pump” by stimulating demand through increased public spending.**

Some urge that when the economy slows, and people are not spending or investing as much, government should step in with projects of its own to boost demand with public spending. In fact when government does this it destroys private sector jobs by taking away the resources which would have sustained them. Taxes are higher than they might otherwise be, leaving less to be invested in private business and to spend on its products.

Moreover, government uses those resources inefficiently. The administrative costs of sustaining each job are higher in the public sector, and the funds themselves are used less effectively. “Priming the pump” often means spending on infrastructure and civil engineering projects, all capital-intensive and less productive of jobs.

Even in labour-intensive areas, such as the public services, most of the extra money it puts in is swallowed up by increases in the public sector rate of inflation. It simply puts in more cash for public employees to bid for. This happened with the huge sums pumped into UK public services in the post-2000 budgets. All of the money was swallowed, but service improvements were not remotely commensurate with the enormous increases in spending. Indeed, some things became worse.

Private money goes where economic factors signal it should, but government cash follows political demands which are not as commercially viable or as sensible.

It takes a lot of money to sustain each public sector job. The private sector employs more people for the money. “Priming the pump” is a now discredited notion from Keynesian days. It creates a temporary and artificially high demand in certain sectors at the expense of others, followed thereafter by massive dislocation and unemployment when that artificial demand ceases. It tempts government to create artificial short-term 'booms' ahead of elections, with the consequences coming after they have been safely re-elected.

## **Regional aid is necessary to bring jobs to depressed areas.**

This notion assumes that the present distribution of population and industry is the optimum, and that we should stop it changing. It further assumes that government can move factories and jobs about like pieces on a chessboard. Neither assumption is valid.

The patterns of population and economic activity are constantly changing. Some new product or process can create a localized boom, and changes in fashion and habits can diminish once thriving industries. Towns once famous for hats, gloves and cigarettes have seen those industries shrink, along with the jobs they sustained.

A similar outlook early into our industrial revolution might have sent regional aid to keep people on farms. Our economic development involved a change from an agricultural economy to one featuring various types of industry. People moved and the economy prospered.

Our economy has changed recently from one dominated by manufacturing into one with a much larger service sector. Governments have tried to move jobs to where people are, rather than helping people to move to where the jobs are. There are barriers to mobility of both jobs and people, barriers which include housing shortages and an insistence on uniform national wage rates.

Regional aid makes some areas more attractive by selectively lowering costs. Grants for new equipment, lower rates, tax holidays and the like, all try to tempt firms to where they would otherwise not have gone. They attract marginal firms, unviable without their help, and easily moved. When the subsidies end, we still find uneconomic firms in depressed areas, while those easily moved go off to where production costs are lower.

We should let depressed areas trade on their lower costs, including wages, and if there are economic changes, we should concentrate on mitigating their social costs, rather than trying to prevent them.

## **Some things, such as health, should not be provided for gain.**

Why not? If gain will motivate people to supply necessary goods and services, then it can be a useful way of ensuring supply. All goods and services cost something, and the prospect of gain is a good way of encouraging people to produce them. Price, as an indicator, tells them where to direct their activities. Where prices are high, people produce because profits can be made; and in producing, they alleviate the shortage which caused those high prices.

A genuine market in such things as health would put resources where they were needed. Enough people would go into health care to meet the demand for it. It would settle at a level that people were freely prepared to pay for. For decades Britain has spent less per head through its NHS than have its partners with larger private health sectors. People spend more themselves than they will do through taxation.

This is not because the British NHS gives better value. On the contrary, it achieves poorer results overall. Britain has less scanners per 1,000 of population, less renal dialysis units, less kidney transplants, and less of almost every objective measure. It also has higher early death rates on many major illnesses.

Food might be thought even more important, but imagine what the food situation might be if most people were dependent on government supplied food, financed out of taxation, run by the bureaucracy, and available only from approved supply outlets. Even though food is important, the private market is much more capable of guaranteeing us the appropriate supply than would a state-planned system.

If we want a society in which even poor people have adequate healthcare, there is a better way than mass state provision. It is to ensure that quality healthcare is widely available, and that resources are provided to give poorer people access to it.

## **The market cannot protect the environment.**

The Stern Report described climate change as, “the greatest case of market failure” the world has seen. In fact the market has not failed – there is no market at all. There is no market in war, either, which some think more devastating than climate change. Markets deal with transactions, not with human behaviour in general. Where there are no exchanges, there are no markets.

Markets can prompt and regulate human activity by signals they send about scarcity and prices. They allocate scarce resources in ways that encourage people to consume less of them and produce more of them. When some resources, such as air, water, and ocean fish stocks have no price on them, there are few restraints on their use. Sometimes production causes 'externalities', such as pollution and noise disturbance, and the depletion of resources.

The way to have markets protect the environment is to put markets into place. If some activities contribute to climate change, there should be a price to pay for doing them. The habit of environmental campaigners of picking out relatively trivial symbolic targets such as “food miles” or budget air travel obscures the fact that agriculture, industry, and power production are among the greatest emitters of “greenhouse gases”.

Markets can be introduced by putting a price on previously unowned resources. Fish quotas can be set and then traded, giving the buyer ownership of the fish and an incentive to conserve them. Tradable emission permits can discourage emission by raising the price of doing it. They raise production costs to those who emit more, and reward efficient, cleaner producers.

Markets can be used to promote the development of clean technologies by giving them a price advantage, encouraging people to produce more cleanly by making it more attractive financially to do so. Markets can protect the environment if they're properly introduced.

## **Developed countries have grabbed too large a share of the world's wealth.**

In fact the developed countries have created most of the world's wealth. They have been responsible for the discovery and development of many of the world's resources, and have created the economies which use them. Without those advanced economies, many of the materials in question would not even be resources at all.

This is the 'zero sum game' fallacy again, which assumes a fixed supply of wealth distributed 'unfairly.' In fact most of the world's wealth was created by people from the rich countries. They turned previously inert resources into wealth.

The world does not own resources, nor do they belong equally to the world's peoples, to be shared out fairly to all. Resources are developed by technical skill and investment in response to market opportunities. Oil would be no more of a resource than sand if people did not wish to use it in advanced machinery. It would be a useless resource unless people had the skill to extract it and the wealth with which to do so.

Rich Western countries consume many of the world's resources, but are responsible for a large part of the world's production and wealth creation. China is well on the path to development, consuming more resources every year and producing more goods with them. China is creating the wealth to lift its people out of poverty. It is not taking a larger share of the world's wealth, but creating its own.

Far from grabbing "too large a share" of the world's wealth, the advanced countries have made opportunities for others. Their need for resources has given poorer nations something of value, something they can trade. Poor countries will not become rich by receiving a 'fair share' of the wealth created by others; they will do by creating their own wealth just as the rich ones did, by trade and enterprise.

## **When people are accused of serious crimes, they should have no right to remain silent.**

The reason why people were allowed to remain silent was that one of the law's principles maintained that no person could be forced to testify against themselves. It is a defendant's choice whether to go into the witness box and face cross-examination; they cannot be forced to. The right to silence is part of that principle, and no jury was allowed to count it against an accused if that right were exercised.

The principle is a serious disincentive to torture. If people cannot be forced to make statements or to give evidence, the authorities have much less reason to use torture to make them incriminate themselves. The police in many countries, including ones where torture is banned, have used bullying, intimidating techniques, and what amounts to psychological warfare to secure 'confessions' of dubious value – people will do anything to stop the oppression. The right to silence was an important part of protection against that kind of treatment. If people cannot be required to testify against themselves, it throws suspicion on 'confessions' which might have been extracted under duress.

This right to silence has now been modified to allow prosecutors to invite juries to draw inferences about it. In other words, if people choose to remain silent, it may count against them in court. It crucially modifies the presumption of innocence which has been a cornerstone of justice. By remaining silent, an accused could demand that the prosecution must prove their guilt. Now a jury might be asked to hold it against an accused that they did not choose to prove their innocence.

It also increases police powers to subject innocent people to questioning. Even if they have done nothing, a refusal to answer police questions might subsequently be used against them in some future charge laid against them.



## **It's right that acquitted people should be re-tried when new evidence comes up.**

It never used to be, and in enabling it, government has abandoned an important principle in law. The principle, known as 'double jeopardy', is that a person should not be tried twice for the same offence. Once acquitted, they should be clear. The reason is to prevent the law playing cat and mouse with an accused, trying and re-trying them in the hope of a conviction, maybe with a different jury. If the prosecution has only one go at it, they must take care to prepare their case properly, and only take an accused to trial if there is a strong and convincing case.

If they can come back subsequently for another go, there is not the incentive for the prosecution to prepare their case assiduously, or to demand an overwhelming body of evidence before they proceed. They might be encouraged to try on the off chance, knowing they can always come back and try later if they fail.

The principle of double jeopardy has already been weakened in the US by allowing federal courts to retry someone already acquitted in a state court on the same evidence. It has been weakened by allowing civil actions to follow a criminal acquittal, which should itself be a complete defence against subsequent actions. To allow retrial of those acquitted in criminal actions dangerously undermines our protection from oppressive authority.

Peoples' sense of justice is outraged if new evidence emerges against an accused that has been acquitted, particularly if for a shocking crime. But the principles of law should override the merits of individual cases. We must accept that some guilty individuals will go free in order to maintain the principles which protect and preserve a free society. People's fate must not be at the whim of the authorities, but protected by the rule of law.

## **A sensibly planned economy is more efficient than random chaos.**

But who advocates random chaos? The market economy is not random disorder; it is a spontaneous and unplanned order. The so-called “planned” society means one which is planned at the centre by one mind or a few. The free society is one in which planning by individuals of their own lives and circumstances cumulatively produces an overall order not planned by a few, but emerging from the actions of the many.

The free economy is more rational than the planned society. First of all, it contains far more information than can be held by one human mind. Secondly, that information is continually being updated by individuals. Thirdly, it is constantly changing and adapting to new circumstances, and modifying itself, learning from errors and improving itself. The planned society has none of these improving characteristics. It makes one giant forecast and attempts to fulfil it, where the spontaneous society makes millions of small-scale forecasts and constantly modifies them.

The planned society responds imperfectly to the priorities of the planners. The spontaneous society responds constantly to the needs and desires of its citizens. Its overall order is at once more efficient and more moral. It converges on consumer satisfaction and directs resources to those who are successful at achieving it. At the same time, it allows individuals to nominate their priorities and to freely pursue them, instead of making them live as the planners decide is appropriate.

So a free society is more organized than random chaos, and cleverer than any centrally planned alternative. It meets our needs efficiently and continually directs resources to those who are good at doing so. It enables millions of us to pursue different goals at the same time, while inadvertently aiding each other. Central planning forfeits that spontaneity and that problem-solving ability. It substitutes the priorities of the few for the needs and aspirations of the many.

## **The free market does not work in practice because there is no such thing as perfect competition or perfect information.**

The free market needs neither perfect competition nor perfect information. It works on the basis of what there is. Textbooks might talk of such things, and they might be used to make pretty equations and graphs, but they have nothing to do with the real world.

In the market place there is competition all the time. Sellers are competing to sell products at different prices, and buyers are bidding to buy them. When supply is abundant, sellers might have to undercut each other to get their goods sold. When goods are in short supply, customers might find themselves bidding against each other to obtain them. This goes on constantly, changing from day to day and even from moment to moment as new information emerges. None of this has anything to do with perfection. It is a continual process in which available information is acted upon. It does not have to be perfect; all it has to be is better.

Textbook economists might talk of 'equilibrium prices' at which supply matches demand, but no one has ever seen such a thing in the real world. On the contrary, prices are changing constantly and vary at different times between different types of seller and between different locations.

Some people take the 'imperfection' of markets as a signal to advocate central planning and state direction. They want intelligent minds to supersede the confusing jumble of market interactions and impose a rational order on things. But there is no such thing as perfect planning either, and attempts to plan economies have proved laughably inferior. They have less information, less motivation, and are less responsive. Comparing the record of free markets, imperfect as they are, with planned economies and their imperfections, one sees the market economies winning hand over fist.

## **Big business only cares about profit.**

The implication of this is that everything else is ignored or overridden in their reckless and immoral pursuit of profit. It's not even close to the truth. The fact is that business is carried out by business-people who have the same moral constraints on them that other people do. Indeed, because of the nature of their activity, they have rather more.

Business isn't about swindling people or tricking them into parting with what they can ill afford for something they don't want. On the contrary, the businessperson gives them goods and services they'd rather have than the money. In return they give up something the businessperson would rather have – the money. Both parties gain from the transaction.

The overwhelming majority of business-people engage in honest, even honourable activities. Business activity is based on trust, in that the buyer trusts the seller to deliver the goods, and that they will be of the expected quality, while the seller trusts the buyer to pay for them as agreed.

Of course business seeks profits; that's the point of it. But if it seeks to maximize short-term gains by sacrificing quality and integrity, it's in trouble, and it knows it. Businesses gain new customers and repeat customers by their reputation for fair dealing. It's a long-term strategy to build up and sustain trust. It's against a firm's interest to short-change its customers or fob them off with shoddy goods. Its reputation and its trade will soon suffer.

Big business cannot meet its customers face to face as a small trader can to build up a relationship of trust. This is why it is more important for big businesses to protect their reputation and their brands; it stands in the place of the personal knowledge that characterizes small firms. Business cares not just about profit, but also about keeping its good name.

## **Business should be forced to be socially responsible.**

People in business have moral obligations to others, just as teachers and lift operators and everyone else does. Nothing about the activity excuses them from these, which include behaving in a responsible way to others, and respecting their rights, too.

Business people have the additional burden which trust imposes. They engage in transactions and contracts, and have a moral duty to keep their side of the bargain. Of course they have a legal duty as well, but that is not why they behave honourably.

They already perform services to society by making goods and services available, by creating employment, and by contributing to society's maintenance by paying the taxes and levies it imposes. Some suggest that they have the additional obligation of contributing to charities and the arts, to funding neighbourhood community schemes, and to supporting causes they deem worthwhile.

Some businesses engage in such activity to boost their public relations and their reputation. If being seen to do such things makes them sell more of their product, these are legitimate business actions, calculated to improve the financial position of the company. It can be good business practice to maintain excellent employee and community relationships.

People invest in companies, lending them money in order to generate a yield from it. It is a company's duty to use that money with due diligence for the purposes for which it was lent to them. If they misapply it to themselves, we rightly castigate and even prosecute them. If they apply that money to causes they approve of, perhaps because it makes them feel good, this can be a misuse of funds lent to them in good faith. It was not lent to them to support good causes, however noble. The lenders could have done that themselves. If it aids the business it is a valid use, otherwise it is not.

## **Education is a right, not something to be bought and sold.**

Education is bought and sold. It costs money to produce, because resources and personnel have to be allocated to its supply. The question is not whether it should be bought and sold, but whether government should have a monopoly on the transaction.

Education has to be paid for, and people have to be directed to the production of it. This can be done, albeit inefficiently, by having government decide on the appropriate level, and by levying sufficient taxation to pay for it. Education then takes its place in the queue of demands on public funds. Extra allocation depends on political pressure, and what level of taxation the government thinks will be tolerated. It also depends on the level of public outcry at the standards which the state manages to achieve.

Alternatively it can be provided in a market way, with people spending on it what they think it is worth, and to the level which they think is advantageous. People engage in supply activity to meet, and even profit from, that demand. A wide range of choices are available for a range of widely different personal circumstances. In both cases it is a commodity, not a right. People have a scale of priorities; they have to balance how much they care to spend on housing, how much to other things such as consumer goods and holidays, and how much to personal services such as health and education. This is done very diffusely and imperfectly through the political process, where individual preferences have to be averaged.

People may decide that in a humane society, everyone capable of benefiting from education should have access to it at appropriate levels. Instead of being done through mass state provision, this can be achieved by ensuring that affordable school places are widely available, and by helping where necessary through vouchers or assisted places.

## **A university or college education is a public good that society should pay for.**

There's truth in the first part of this. Most of us prefer a society with educated people in it, and benefit from it. Educated people can provide services for us, and create the jobs and wealth for the future. They often also add a certain civility which enhances the lives of others.

But they already have access to the rewards of their own education. The main beneficiary of education is the recipient, directly and in measurable ways. The university or college graduate has access to a greater range of fulfilling career opportunities, and has access to much better paying jobs than their uneducated or untrained counterpart. Those who pay towards their education make one of life's very best investments – it repays them many times over in money as well as opportunity.

Someone has to pay for tertiary education. Lecturers have to be paid, buildings and facilities maintained. If this is paid out of taxation, it means that taxpayers in general pay for it, rather than just the beneficiaries of it. It means that the person who leaves school to become a casual labourer is paying higher taxes so that someone who is already better intellectually endowed will have access to better jobs and a higher income for life.

UK university education used to be “free”. No tuition was charged and students were given a living allowance to support them. It was a luxury product that could only be given to one in twenty of the age group. Now students have to support themselves with the help of loans, and contribute to the costs of their education. It is much less of a luxury, and one that nearly half the age group can have access to. Education is indeed a good, and should be as widely available as possible.

## **We are using up resources for the future; we should all learn to live more simply.**

Although it might seem obvious that the supply of resources is limited, and that they grow more scarce as we use them up, this is not in fact true. It costs money to locate reserves of scarce resources, so we tend to search for more as the price rises. In other words, as they grow scarce, we can often establish more supplies.

Furthermore, as materials grow scarce, the price rises and it becomes more economic to mine marginal reserves. Not only that, it becomes cheaper in some cases to use or develop substitutes. As supplies appear to dwindle, so does the rate of use. Instead of the world suddenly waking up one morning to find the last ounce of aluminium gone, it turns gradually to glass filaments and to carbon fibre as substitutes. New methods of extraction and reclamation become economically viable. The question is whether our development of new sources and substitutes is faster than our use of resources.

There is one reliable indicator. No one knows what new sources will be developed, or how fast our use will be. We do know, however, that price is a guide to the ability of supply to meet demand. Over many years the real price of most commodities (excluding oil) has been going down. This means that they have been becoming progressively more available, and that our relative supply has been increasing rather than diminishing.

We do not have to live more simply. On the contrary, we have to keep on developing new technology to make better use of our resources and to extract from more difficult locations. In this way our relative supply of them will continue to increase. If we start to “live more simply” we may lose the ability to economize on them and replace them.



## **We should help third world producers by buying Fair Trade goods.**

Actually, we should help third world producers by buying more of everything they produce. 'Fair Trade' aims to give higher prices to approved producers in the developing world, inevitably at the expense of others. It tries to manage trade, setting the price it thinks more appropriate than the market price, and giving some of the extra money paid to producers who have signed up to its organization.

But only a small proportion of the price differential finds its way back to people in poorer countries. The movement is big on heart-warming individual anecdotes, but scores low on the overall statistics. Only a tiny proportion of goods are designated as 'fair trade,' and most of the higher prices paid are swallowed up before they reach the original third world producer.

It might make a few people feel good, but it is not going to be a significant factor in the drive of poor countries to become richer. They do that by selling goods that the world wants. Often this starts with primary products, but real development can come when they gradually add value to their products by such things as refining and marketing, and take more of the value back to their own country.

Countries do not stay poor because we all pay too little for our coffee. Coffee responds to market forces, and some of these countries over-expanded production, with an increased supply that caused a price fall. Some have sensibly moved into added value, doing the processing, packaging and branding themselves for greater returns. If 'fair trade' keeps more basic coffee-growers in business, it contributes to that over-supply and depressed price.

We could help poor countries most not by trying to manage a small part of the market at inflated prices, but by removing our tariffs and subsidies, and buying as many of their goods as we can.

## **We should all boycott multinationals which have children and women working long shifts for low pay in sweatshops.**

It is true that conditions in developing world manufacture include those which would not be tolerated in advanced economies. People work long hours in conditions we would not accept, and the labour force sometimes includes children. However, the conditions should not really be compared with those which took a couple of centuries or more to achieve in the developed world, but with the alternatives available in their own countries.

In poor countries children work as a matter of economic necessity. They work mostly in agriculture, or sometimes as scavengers on rubbish dumps. They work long hours for little pay in unsanitary conditions. Some work as child prostitutes. Those who have jobs with multinationals are in many ways the lucky ones, even if the conditions could be described as sweatshops. They get much higher pay than the average in their countries, and have jobs where most of their peer group do not. There are long waiting lists for such jobs, and those already employed there try to gain similar jobs for other members of the family.

The pay is very low by Western standards, but very high compared with what they might make elsewhere in their own countries. For them it is a chance to advance themselves and their families. It is that cheap labour which makes them attractive to multinationals. Without it, they would have no reason to establish factories and create jobs there. If we forced them to have the same pay and conditions we are used to, it would take that opportunity from them.

It took us decades into our industrial development before we could afford to improve pay and conditions. Our aim now should be not to deny opportunities to developing countries, but to shorten the time in which wealth can lead to improved pay and conditions.

## **We should extradite any citizen accused of crimes by overseas prosecutors.**

The readiness of British governments to act at the behest of overseas prosecutors has been a disturbing development. It has included extradition to face trial abroad for actions done in the UK which are not criminal here. Countries have very different approaches to law and legal rights. US prosecutors, some seeking popularity to boost political careers, have a habit of using criminal law in what would be civil actions in Britain, especially in relation to business actions. Their habit of parading those accused in chains in order to influence future jurors is not one that sits well with the presumption of innocence. Their regular use of plea-bargains to allow some of those accused to buy immunity by testifying against others is not conducive to honest testimony.

Even more disturbing is the British government's decision to allow UK citizens to be extradited to other EU countries, possibly ones they have never even visited, to face trial for actions which are not illegal in this country. Under this procedure, a person appearing on a local radio station might be extradited to Malta to face trial there because some prosecutor there regarded what was said as a breach of some obscure Maltese law.

The pretence is that the EU is now a unit with a common standard of law. This is simply not true. Each member state has had its own approach to law, and many have widely different practices and different degrees of respect for people's rights. The trial of UK plane spotters in Greece for espionage illustrated some of these radical differences. UK citizens should not be at the mercy of capricious foreign prosecutors.

Many fought for their rights under law in the UK, and some died. It is entirely wrong that these rights should now be so carelessly given away in the name of cementing international relationships.

## **We must bring in tougher laws and sentences against drug dealers and users.**

We tried that. We already know it does not work. Each new dramatic case, each tragic death, each new set of statistics brings on the tabloid editorials. More laws, tougher laws, better enforcement. We tried this last time and the time before. Anyone who suggests that we might try a different approach meets a hail of press vilification, with tearfully bereaved parents demanding that the evil men who led Johnny or Jill astray be locked up, or perhaps executed.

Narcotics are evil, and sensible people should not go down that road. However, they are out there, and young people will be exposed to them. To some their very illegality adds the spice of defiance, giving them an allure that conceals some of their tawdriness.

By criminalizing them we turn them into a profitable industry. Because there are risks of criminal penalties, the price is high, and the rewards of dealing are raised. This leads to a steady supply. Because illegality increases the price, some people turn to crime to fund their habit. Violent street crime and burglary are heavily reinforced by the drug trade, as is embezzlement and fraud. Desperate people take desperate measures.

Police crackdowns sometimes temporarily curtail the supply, raising the price and the profitability of the trade even further. The different solution is to make drugs freely available to be consumed on the premises at high street clinics in towns and cities. They could be under medical supervision, and users might have to agree to medical assessment and perhaps have to view information videos about the health hazards which addicts face. No one would want to consume recreational drugs like ecstasy, cocaine or cannabis under such conditions, but these might be legalized generally.

Such a policy would break the link between narcotics and crime, guarantee the safe quality of drugs, and bring their addiction within manageable limits.

## **Competition is wasteful.**

Some people claim that competition uses more resources, producing many variants of products where only one is needed. It doesn't work that way because people have different tastes and values and prefer different products.

Producers rarely make products identical to those of their rivals, but will seek to emphasize a unique advantage possessed by their own. This allows customers to exercise their preferences for things like sweeter beverages, softer shoes or more stylish clothes. They can choose a car that is cooler, faster, or more practical, depending on their values. People express themselves partly through such choices.

If there were no competition, and people couldn't choose between alternative products, some committee somewhere would have to decide which standard product would have a monopoly. It would be a duller world, for such a body would have to approve products to satisfy everyone, and could not possibly keep up with changes in fashion and taste, or with innovation.

Even in cases where competing products are very similar, competition forces producers to keep quality high and prices keen. If their customers can desert them for other producers, they have to pay continual attention to refinements and improvements, or risk losing their market share.

Competition uses resources more efficiently, not less. It continually steers resources towards those who are good at satisfying their customers' needs, and away from those unable to provide them with goods of the quality and price that they seek. Those good at it usually prosper and expand; those who can't satisfy demand lose out.

Without competition the consumer has little power. Producers can deliver indifferent quality and prices bloated by inefficiency, and still survive because consumers have no one else to turn to. Competition forces producers to attend to consumer needs and to improve both quality and value.

## **The economy offers too much choice. It wastes resources and confuses people.**

Some commentators say that there are too many varieties of items such as lipstick, colours of toilet paper, and types of milk on offer. They suggest that this leaves shoppers not knowing which to choose, and that it represents a waste of resources.

But these resources are not wasted if people want them. To some people they may seem wasteful, but not to the consumers. Some people prefer full fat milk. Others choose semi-skimmed or 2 percent fat. Still more opt for goat or sheep milk, and some for soymilk. People have their reasons for making these choices. In many cases they express a taste preference by their purchase. Others might consider health or nutritional factors. The supermarket shelves offering their variety of milk might confuse some, but they are simply responding to customer preferences. The same is true with other products

Markets respond to demand. They supply the goods people want in the forms and varieties that are sought. Those who are good at this have resources directed their way. Those who are bad at it find themselves struggling. Henry Ford famously offered his Model-T in, "any colour you like, so long as it's black". He lost market share to rivals who offered the different colours buyers wanted.

In a planned economy one could commit the production of shoes to purple sandals of size ten. In the absence of any other footwear, people would buy them and one could point to the lack of waste in not producing different styles, colours and sizes. But the consumers would not have gained the products that satisfied their preferences.

Those who call product differentiation wasteful are those who would have the economy produce the priorities they thought appropriate and sufficient, rather than the ones which emerged from free choices by the population. Choice is the hallmark of free societies.

## **Brands are basically a con to make people pay higher prices for goods than they merit.**

A famous brand usually commands a higher price than the unbranded competitor, but there's a reason for that. In the absence of personal knowledge of the seller, such as you might get in a local economy, the brand serves as the label of trust. Because people have had good quality and value from the brand, they can count on it. The producer values the reputation for excellence because it brings customers back for more, and brings in new ones.

The brand thus has commercial value. It is like a seal of quality, indicating to customers what they can expect and rely on. This is the basic reason why they are advertised and why, incidentally, they are counterfeited. A producer of dubious quality goods can try to palm them off by stealing the name and reputation of the famous brand.

There is more to brands. Their advertising often conveys images that people associate with the brand, so that consumers buy the association as well as the brand itself plus its reputation. In developing countries certain brands of Scotch whisky are regarded as 'aspirational', advertised as linked with success. Consumers are buying more than the whisky; they are expressing an association with success and a determination to succeed themselves. These so-called 'intangibles' are not to be sneered at. They are among the most durable of consumer goods. The feeling of aspiration might be remembered long after the whisky, together with its attendant hangover, have been forgotten.

The teenager, trying to express an identity independent of parents, can choose brands associated with qualities that he or she feels illustrate the character that they are or want to be. Brands can thus serve to project an identity and to declare something about a person. People pay the premium because these things are worth paying for.

**Big business does not really produce what people want. It uses coercive advertising to make people buy what it wants to produce.**

The Ford Edsell was produced by Ford of America and backed by a massive advertising campaign. It flopped utterly. The adverts for Strand cigarettes in Britain won many awards and were very popular. Alas, nobody bought the product, which is why Strand cigarettes have disappeared.

The notion of coercive advertising is pure theory. In fact most advertising is used to break into markets, or to open up new ones. Advertising informs the public of new products and processes, and can thus attack established products. Furthermore, it is very competitive. Skilled creative power pits product against product, company against company. It is self-regulated, too, refusing to allow ads which try to sell products by making people feel inadequate or exposed to ridicule without them.

Far from deciding what is convenient to produce and then trying to make the public want it, companies spend millions on market research trying to anticipate the tastes and needs of the public, and into designing and producing products to satisfy them. Despite this, they often get it wrong. Fortunately the market system directs resources to those who are good at this type of activity. Investors are more likely to back them, and stores are more likely to stock their goods.

Any business which did produce for its own convenience and then tried to make the public accept its goods would soon find its market taken from it by competitors who produced what the public really wanted. In practice, the only firms who can hope to get away with this sort of activity are state-controlled ones protected by monopoly. In these cases the public has no alternative but to accept what is produced, because no competitor is allowed to offer them the things they really want.



## **Schooling should seek to make children equal.**

The trouble with notions such as this is that they end up by restraining the talented. Children are not equal. Some are cleverer, some are stronger, and some are faster. Some have musical talent, some linguistic and some mathematical. Any attempt to impose an artificial equality on them inevitably reduces down to the lowest common denominator.

Equality is not a good thing in itself. Diversity is. People of different talents will do different things, and be of service to their fellow men and women in different ways. It should be the aim of schooling to try to avoid any waste of talent, to bring out in each child the maximum of his or her potential. This is not achieved by pretending that everyone is equal, and by denying the talented any recognition.

Children might be equally worthy of consideration as individuals; they might be equally entitled to fair treatment. They are done no service, however, if they are taught that a poor performance is the same as an excellent one. Schools which avoid competitive sports or prize-giving ceremonies do their children no favours. The real world outside school is not like that, and they will be ill prepared for it.

Even equality of opportunity has its limits. Some children will have more thoughtful or more loving parents. Some will have educational opportunities for foreign travel because their parents choose such holidays. Others will have more access to books because their parents keep them about the house. The ultimate logic of total equality of opportunity is the state battery farm. It is, however, a worthwhile goal for society to try to develop the potential of each child, and not to discriminate against any particular groups.

If children are diverse in their talents and abilities, then schooling itself should be diverse, enabling the parents of each child to find an education suited to it.

## **We have to live more simply and restrain our extravagant lifestyles, or pollution will overwhelm the Earth's ability to cope with it.**

It sounds fine in theory. If we all bought locally, went back to horse-drawn carts, and stopped our acquisitive drive for more, surely we could reduce our footprint on planet Earth and allow it time to heal itself? Probably not. Rich people might fantasize about the simpler, less stressful life, but the poor want to get rich. In the Asian sub-continent and the Far East, they want to get as far as they can from starvation and subsistence, and lead the lifestyles they see us enjoying.

In China and India they are using Earth's resources hand over fist, burning energy at an unprecedented rate. It is not environmental quality they seek, but the wealth that offers a better life. The Chinese will build two new coal fired power stations a week for a decade (maybe two) and probably burning cheap, sulphurous coal to generate their electricity. They do not wish to be told to curb their ambitions and live more simply.

The scapegoat targets like, 'food miles' and budget air trips, make a negligible contribution to the pollution humans cause. The biggest contributors to that include agriculture and power generation. Even if the whole planet, rich and poor alike, made binding agreements, "to live more simply" it would only succeed in lowering the quality of life for many, probably without making any significant change to the planet.

The answer is not simplicity but technology. Rich countries can afford to live cleanly, and can develop the technology to make this possible. We can produce clean power, clean engines and clean industry, and we can be wealthy enough to afford these things. Instead of living more simply, we should be developing and rewarding this advanced technology and doing what we want to do in a way that has less impact on the planet.

## **We should ban cheap imports made possible by low wages and poor working conditions.**

The opportunity to sell us goods gives some people in poorer countries their start on the road to economic growth. The wages, which might look like “subsistence” to us, look like survival to them.

If other countries can make goods more cheaply than us, we should be buying those goods, and diverting our production to what we can do best. Everyone benefits from this. It is called the Law of Comparative Advantage, and has countries committing their economy to what they do best, each buying the goods they need at the price of the most efficient producer.

In a healthy economy, capital is continually being turned over from industries which are no longer competitive to the new ones which are. The world economy grows, and the poorer countries get richer by doing some of the things we used to do. We, in turn, do new things. To ban cheap imports is to leave us paying more than we need for goods which we cannot sell in the rest of the world.

Some industries in developing nations pay much less than our workers would accept, and have conditions well below those we would tolerate. The question is how those wages and conditions compare with what else is available in their countries. In most cases they represent a step up from peasant agriculture and malnutrition. It was the same when Britain industrialized.

It is those low wages which give them entry to our markets, and which set their feet on the first rungs of the economic ladder. We are better off because we buy cheaper goods; they are better off because they get our money. As economies become richer they can afford better working conditions; we should be helping them do that as fast as possible. Far from banning their goods, we should be buying more.

## **Nobody should be free to smoke in public places.**

There are many things which people do in “public places” – a concept which now includes private property open to members of the public – which others find unpleasant. The question is whether they do significant harm to others. It seems well established that many smokers harm themselves, and are at risk of incurring diseases thereby. This does not justify state intervention, any more than our consumption of unhealthy food and drink justifies it. The state can warn us, but the behavioural decision in the light of that knowledge is our own. Most smokers do not appear to engage in criminal activity in support of or in consequence of their habit.

There is less evidence that passive smoke harms third parties. People who share living space over the years with heavy smokers might incur greater risks, but there is little to suggest that non-smoking patrons of bars and clubs stand a significantly greater health risk if others smoke. The bus which spews diesel fumes onto a crowded pavement, especially at the level at which children breathe, might well prompt greater health risks. Those who cough and sneeze in public places undoubtedly pose health risks to others, while the thoughtless use of mobile phones on trains and in restaurants might raise the stress levels of those who have to suffer it to health-damaging levels. Society usually takes the view that there must be a significant risk to others before it intervenes.

Some of those who support smoking bans claim that most smokers welcome them because it helps them to give up. Very few cigar smokers, also banned in public places, want to quit, though. And although many people would like to lose weight, few would regard this as a justification for society to ban caloric foods in order to help them diet. The principle should be consistent, and not single out smokers to ban.

## **It's quite right to make racist or homophobic remarks illegal.**

It's certainly not acceptable to make racist or homophobic remarks, or to let people get away with making them in your company. The question is whether it should be against the law, with police involvement, fines and possible prison sentences, or whether we should rely on social pressures. Times have changed, and attitudes with them. An older generation callously and carelessly felt free to abuse and stigmatize others for their racial background or sexual orientation. Now there's more sensitivity to the hurt this can cause, as well as more tolerance. This is particularly true amongst younger people.

Despite these welcome changes in attitude, parliamentarians still feel the need to criminalize such remarks. They use the pretext of "incitement" and call even ill mannered abuse or poor taste humour a hate crime if it mentions some minority. Thus someone was questioned by police after saying humorously on radio that they disliked Welsh people. A shop was visited by police for displaying antique gollywog dolls in its window. Often the person complaining is not of the minority allegedly being derided or mocked, but someone else who thinks that they might be offended.

The point here is that most of us don't want to live in a society where abuse of people in some way different is regarded as acceptable, but nor do we want to live in a society which allows self-appointed thought police to seize on thoughtless but harmless remarks and have criminal proceedings taken against those who utter them. Not everything which is socially unacceptable has to be illegal.

Tolerance is best where it is felt, rather than where it is enforced. It works best when people are easy-going about each other's differences and backgrounds, and more concerned with what they are like as individuals than about which groups they can be pigeonholed into.

## **Competition means companies selling shoddy goods to keep prices down and make more profit.**

Companies which responded to competition like this would soon find themselves on the skids. Customers have a choice, and are unlikely to prefer shoddy goods to quality ones. The firm which has a consistent reputation for quality is more likely to survive, to prosper, and to show profits than the one which offers its customers inferior products.

Of course competition keeps prices down. For equal quality customers will prefer lower prices if they can find them. This means firms have to continually look out for ways of keeping costs down by more efficient production methods, such as making better use of labour and machinery. But if they cut quality, they cannot expect their reputation to bring in new customers, or to encourage the old ones to come back for more.

In most markets there is a demand for different variations of products sold at different prices. Some prefer the top-of-the-range item, even if it costs more. Others choose to make do with the less classy variant that comes in at a lower price. Different firms will exploit different market niches, choosing to concentrate on a particular sector of the market. But any who try to trick customers into buying shoddy and inadequate goods will find their market share plunging.

Far from encouraging shoddy goods, competition constantly spurs firms to improve their quality as well as their efficiency, to show customers that they represent good value. The market works in an evolutionary way. Firms with an advantage prosper, whereas defective or inadequate ones are counted out. An examination of durable and consistently profitable firms shows that these are not the ones that tried to make quick profits on shoddy goods, but ones which maintained a long-term reputation for quality and value.

## **Capitalism is wasteful, dissipating resources into profit and advertising.**

Some claim that resources in a planned economy need be allocated only to production and distribution. With no need for profits or for advertising, costs will be cheaper. In practice, however, profit spurs people to seek out market opportunities. They are constantly looking for needs that can be satisfied, or efficiencies which can be made, and to the gains which these can bring. This is why the market economies are so flexible and adaptable at bringing people the goods they want, by contrast with the sluggishness and unresponsiveness which characterized the socialist economies, and which still characterizes state industries.

Men and women are motivated with a desire to improve their lot. They are not automatons, programmed to act in ways which are of no benefit to them. People generally put in more effort and skill when they have some personal stake in the outcome, and stand to reap some of the rewards of their enterprise and enthusiasm.

The search for profit directs people to invest in production, to put money to work generating new wealth, and bringing new goods to the people in the process. Advertising serves an important information function. It tells people about products, processes and prices, and enables them to compare. Much of it is directed to informing people about new products and services, and in attempting to break into new markets. It thus contributes to the competitiveness and adaptability of the economy.

Without profit or advertising, there is neither the incentive to seek out new markets, nor the ability to let people know what choices are available. There is no pressure for ever more efficiency in the production of goods and services, and no rapid turnover in the range of those which are available.

Far from being wasteful, both profit and advertising contribute to the superior efficiency and cost-effectiveness of market economies.

## **Business doesn't care about consumer safety, and cuts corners by economizing on safe conditions for its workers.**

What private business wants most of all are satisfied customers who will not only come back, but tell their friends. A reputation for unsafe products is the last thing a business needs. A toy company with a reputation for products which injure children is not going to sell many toys. An airline with a bad crash record tends to be avoided by travellers, as does a railway company, state or private, which kills its passengers.

It is often a good thing to have industry-wide safety standards. They help impart general confidence and inform on how safety is best maintained. Best practice can become the norm. The industry itself should be consulted on this, however, because they know better than any outside inspector can. In many cases a voluntary code policed by the industry itself is satisfactory. In others, legislation incorporating their advice may be needed. But the notion that they don't care about product safety is profoundly wrong. And the notion that some bureaucrat sitting in Whitehall or Brussels with no knowledge of the industry is the best person to lay down rules for product safety is equally wrong.

It is also true that a contented, motivated workforce tends to be more productive and less prone to disruption. It is not in the interest of business to have casualties among its workers. Again, it is good to have the industry's input into safety standards, because they know the conditions. As the economy becomes more prosperous, and as technology advances, it becomes possible to achieve and insist upon ever-higher safety standards.

State industries in the UK and abroad are not any safer for customers or employees than private businesses are. If anything, it is the prosperous private industries which can afford better safety standards, just as it is the rich economies which can do so.



## **Some businesses deliberately build obsolescence into their products to force people to buy more when they wear out.**

Some might economize on longevity where there's a demand for a cheaper product. If people want durability, they pay for it. If you recognize that fashions change and technology advances, you might opt for a cheaper product with a shorter life span. The pace of innovation is accelerating, and most customers seem to want the latest product. It depends on what you're buying.

There are products, such as houses, which people expect to last. Builders do not deliberately build houses which will fall down after a few years to force people to buy new ones. Instead they recognize that the market there is for durability.

For mobile phones and iPods, on the other hand, most customers would not want a product to last for decades. They prefer not to pay the extra costs of achieving this quality, and settle for one which will last them until they are ready to move on to a more up-to-date version.

There's an urban myth that companies spend millions designing products that will fall apart or otherwise cease to function just three days after their warranty expires. This would cost extra, be difficult to achieve, and would probably result in customers buying a rival's product next time because the first one turned out to be no good.

More commonly there's a trade-off between durability and price: you can pay more for a product that will last longer, but you might not want to. Attics and garages are full of junk that people don't use any more. Waist high fax machines and desktop calculators are museum pieces now. Businesses don't deliberately equip their products with termination dates or auto-destruct mechanisms. They want them to last about as long as people expect them to. And for some of today's products, this is not very long.

**It is wrong to allow bright children to go to special schools. This deprives the ordinary schools of their beneficial influence.**

If you regard children as the property of the state, existing to serve it, then it is explicable why the bright ones should be regarded as a scarce commodity, and rationed accordingly. The idea of allocating their “beneficial influence” equally through society follows from the same twisted logic. It is a pity that this is only applied to intelligence. Why should not the good-looking children be shared out equally, so their peer group has equal access to the pleasant sight of them? Perhaps the kind ones should be spread so that all may benefit equally from their sweet disposition?

The vicious notion is that children, whether bright or not, should be regarded as the instruments of the ends of others, instead of ends in themselves. Children do not exist to serve the purposes of the state; it is the other way round. The concern should be with what is of benefit to the individuals concerned, rather than with how they can be made to serve some ideological view of society.

Behind the idea often lurks the doctrine of egalitarianism, and the feeling that children really ought not to be brighter than each other. With this comes the determination that nothing should be done to encourage it. And this involves the rejection of special schools where the bright children can feel the competitive challenge of their peers, and be pushed even further.

Not only is the view a malicious one to the children concerned, it is adverse to the betterment of society. It is very often the bright children who go on to become the achievers, and develop the new products and processes, and the new ideas that benefit the rest of society. By holding them back when they are young, we may prevent the development of that ability.

## **Schools should provide our children a risk-free environment.**

There is no such thing as a risk-free environment. There are degrees of risk and there are ways of managing risk. Growing up is not a risk-free zone. Children learn by making mistakes. They hurt themselves and each other at play. Each day has its coterie of bumps, bruises and grazes. On more serious occasions bones are broken.

Schools cannot be risk-free. They have hard surfaces and corners, desks and chairs. They feature sports and games. Children will injure themselves. There is a balance to be struck between recklessly exposing children to potential dangers and maintaining such tight controls that they have no independence or learning experience. Schools which ban marbles because people might slip on them or swallow them, or which ban conkers because a child might get struck by one, are in effect banning part of childhood.

The attempt to be risk-free leads schools to abandon foreign visits such as ski trips, and adventure holidays such as canoeing or camping. Even educational visits can be banned because of the risk of traffic accidents en route. None of this does the children any favours. It denies them learning experiences, and it even denies them the carefree fun and excitement that childhood should involve.

Part of the problem is the litigation culture which assumes that everything that happens is somebody's fault, and that someone has to pay every time any child is injured. Part of it is the health and safety bureaucracy seeking to cover itself. Anything that happens will be laid at its door, so its officials seek to anticipate all eventualities and allow nothing that could come back at them. They try to make schools places where no one has cause to sue, or to blame health and safety officers for failing to anticipate accidents. In doing so they make schools unfit for children. Schools, like childhood itself, cannot be risk free.

## **Business is polluting the environment, which we should all enjoy, just for the benefit of the rich.**

Most people pollute the environment. Some do it with sewage, some with the smoke from fires or the fumes from petrol or diesel engines. Business which uses energy tends to pollute, and manufacturing tends to pollute more than service industries. For that matter, older industries tend to pollute more than the newer, high tech ones. It is not for the benefit of the rich, but in order that the products can be cheaper that a certain amount of pollution is tolerated.

Production could be totally clean, but it would make goods much more expensive if the clean-up costs were added to production. The rich would be relatively unaffected by this, and the poor would suffer most. Society has to balance the cost of a totally unaffected environment against the cost of producing necessary goods.

Even nature pollutes, with forest fires and natural contamination of air and water. A certain degree of pollution is tolerable in the sense that it lies within the regenerative capacity of the environment. As society grows richer, as a result of wealth-creating enterprise, it becomes more able to afford the luxury of a cleaner environment, and is able to insist on cleaner methods of production. One reason why less developed countries are taking a larger share of manufacturing is that for them, the advantages of prosperity outweigh the costs of pollution.

A clean environment is not something which costs the rich money; it costs everyone money in the increased cost of industrial processes, and the higher prices which have to be charged. As countries grow richer they become more able to afford that price and to produce cleanly. Although some urge us to cut back economic growth to secure a cleaner environment, it is only by becoming richer that more people will be able to afford a clean environment.

**In a new form of economic colonialism, multi-nationals are forcing harmful products such as junk food, high tar cigarettes and baby milk onto poor countries.**

It's worth noting that predatory NGOs in search of campaigns to secure and boost their funding pick on 'scapegoat' or symbolic targets that are readily identified, and can easily be turned into whipping boys. Urban myths are spread about their alleged behaviour, and boycotts are born.

Yet multi-nationals do not force anyone to buy their products. As wealth increases, people seek for themselves some of the luxuries which rich countries have long enjoyed. It may be unfortunate from a diet point of view that many young Orientals prefer McDonalds' hamburgers to the healthy Chinese cuisine they were used to, but they do. They like it for the same reasons that young people in the West do.

High strength cigarettes have falling sales in advanced countries, but sell in the poorer ones. Again, this is not because their inhabitants are tricked or coerced, but simply because they like them. They might only be able to afford a few cigarettes a day, and prefer to make them count.

While breast milk may be better for the child, helping them with antibodies, mothers in developing countries sometimes appreciate the convenience of packaged milk. The same is true in rich countries. It is up to mothers to decide whether the convenience, and often the necessity, of continuing to work merits the trade-off. It is said that in poor countries powdered milk might be mixed with water which has not been properly boiled to kill diseases. The packaging and advertising both handle this responsibly, stressing the importance of hygiene.

Multinationals are supplying what the market wants. It might be sad for sociologists to see poorer countries trying to emulate our vices, but some products are associated with increasing wealth and the convenience this enables people to afford.

## **The results of globalization and free markets can be seen in the shantytowns of third world countries.**

There's an important sense in which this is true. Were it not for the economy of the modern world, the people in the shantytowns would not exist at all. In primitive economies large families are the norm because the children contribute to the family's earning power, and support the parents when they are too old to care for themselves. People live on subsistence farms, suffering malnutrition and even starvation when harvests fail or floods destroy crops.

When their country begins economic growth and trade, jobs become available in towns and cities, and people are attracted there by better wages and living standards. Often they send money home. Many live in slum shantytowns while they advance themselves. Conditions are indeed poor, but afford many a chance to survive whereas they faced death in the countryside. So the population increases as they gain access to the rudiments of modern medicine and to a better and more secure diet than they had before.

Population expansion does settle down as the economy advances; the shantytown dwellers are the intermediate stage on the way up. In previous ages they would have died in childbirth, or of disease or malnutrition. Now, poor though they maybe, their country's economic advances have made it possible to keep them alive. Their equivalent was roughly the slum tenement housing that characterized many of the cities of England's early industrialization. Conditions improved as society prospered.

As society becomes wealthier, large families become less necessary because children are no longer an economic necessity. Some campaigners suppose that societies must limit their population in order to become wealthy, but it is the other way round: wealthy societies limit their populations. These changes break with subsistence poverty and bring opportunities to climb with their expanding economy into a better life.

## **Positive discrimination is needed to make good to minorities the effects of past exploitation or discrimination.**

This is the crux of the case for 'affirmative action'. But to discriminate in favour of some groups has to involve unfairly discriminating against others. Although it is called, "positive discrimination" it still means giving positions and jobs to those less qualified than other applicants. Since no one alleges that the other applicants have personally committed discrimination, they are being treated unfairly. This practice pigeon-holes people into ethnic and minority boxes, rather than treating them on their individual merits.

Given open access in university applications, some groups seem to gain more places than their proportion of society would suggest; maybe their culture values education and study more than others do. To allow others entry on lower qualifications discriminates against them. If people are to be discriminated against because of something done by a group their ancestors might have belonged to, there are no limits, nor any indication as to how far back this should go. To the Romans, perhaps?

What is needed is not positive discrimination, with its unsavoury flavour of racial classification and quotas, but open opportunity for people of all groups. Instead of giving preferred places to those whose race, gender, sexual or religious preference have been discriminated against in the past, we should be making sure that we extend to all the choices and the opportunities which were more restricted in previous times. We should be creating an open society, not one where advancement depends on membership of whatever minority groups are sufficiently powerful or fashionable to command preference.

Positive discrimination perpetuates racism and dignifies it with legal claims, whereas the open society overwhelms it by being blind to a person's background. It should matter more where a person is going, rather than where they came from. It should be individual merit, not ethnic quota, which determines advancement.

## **Children should be taken into care at the slightest hint of any parental abuse.**

Some child abuse campaigners broaden the definition to make it seem more prevalent than it is. 'Child abuse' used to mean physical violence or sexual abuse, but campaigners try to include parents who might smack a naughty child, or even verbally assail one in an intimidating manner. This broad definition devalues the seriousness of horrific acts by putting them on a par with verbal or mild physical chastisement. On this definition, most children are abused.

On the more serious definitions of abuse, there are obviously cases where the only way to protect a child from an abusive parent is to remove the child to a safe place. But even in cases of real abuse, there are often better ways of protecting the child than by taking it into care. The best environment for a child is reckoned to be a family home, whatever type of family. When abused children are asked what they want to happen, most do not want to be taken into care; they want the abuse to stop.

When a child is taken into care, it sets back their potential development and achievement. Children in care, particularly those in institutions, do not fare as well on average than those who remain with their families. Obviously a balance has to be struck, and if alternative remedies, like supervision, counselling and therapy prove effective, they are to be preferred to care orders.

In the notorious Cleveland case, many children were taken from their parents on the evidence of a child abuse 'expert' acting on a crackpot theory of abuse. There were similar cases allegedly involving devil-worshipping cults in the Scottish Islands which also turned out to be the obsessions of officials rather than real abuse. These cases illustrate the dangers of giving officials too much power, and of the need for children's courts to keep tight rein on their powers.



## **Under capitalism the rich waste resources on luxuries.**

They don't waste resources: they spend them. One of the points about being rich is that you can do nice things and buy good stuff. These goals help to inspire people to economic achievement and what Adam Smith called, "the constant and uninterrupted effort of every man to better his condition". In pursuing their own economic advancement, people help others by providing goods and services for them. What poorer people call luxuries are an important spur to keep richer people continuing to do that.

In spending, they create a demand, and with it a range of businesses to supply that demand. They employ every type of service from hairdressers to waiters. When they buy luxury yachts, they employ boat builders, fitters, decorators, seamen and chefs. When they fly to Monaco they employ airline pilots, cabin staff and travel agents. When they drive Rolls Royces and Lexuses they employ carmakers, mechanics, chauffeurs and car salesmen.

They perform a useful function in testing and selecting new products and services. What is initially the prerogative of the very rich often spreads down through the population as economies of scale and production lower its prices, and which rising affluence makes affordable. Foreign holidays are one example; it used to be only the rich who could afford them. It is often the sight of the rich enjoying their luxuries which inspires others to strive for the same. It is not up to some self-appointed group to deride luxuries and tell us what we need and should be content with; people can be their own judges of that.

What the rich do is to spread their wealth through society, providing opportunities for others to benefit from it. By spending on luxuries, they create jobs in large numbers and give other people the chance to improve their own economic lot. They should do more of it, not less.

## **The fact that capitalism is in crisis is shown by the constant shifts from boom to bust.**

Critics point to stock market and financial volatility as evidence of a “crisis of capitalism”. In fact capitalism is always adjusting to new trends and reacting to new events, sometimes sharply, sometimes gradually.

Capitalism goes through business cycles. When confidence is high the market booms, but sometimes business contracts and consolidates. Despite the fluctuations of these periodic swings, there has been a steady growth rate, averaging about 2% per annum for over a century. Even the Great Depression of the 1930s failed to deflect the trend of that long-term average.

The business cycle's troughs and peaks are not a crisis of capitalism. Capitalism has shown itself more than able to survive these cycles. Despite them, society gets steadily richer, and living standards rise as wealth diffuses through all classes.

Governments have distorted these cycles by manipulating the economy for electoral advantage. They have flooded money and credit into the economy ahead of an election to stimulate a short-term boom and gain support from the feeling of prosperity this induces. This has produced economic dislocation and inflation which had to be squeezed out later with attendant unemployment.

In recent years independent central banks have tried to smooth the business cycle's severities by combining the pursuit of sound money with making credit easier when an economic downturn loomed. It has been a precarious act which cannot necessarily be sustained, but this is not a crisis of capitalism either. It may just be problems arising from one type of financial management.

Capitalism itself is resilient: it adjusts; it survives. Its dynamism contrasts sharply with the rigidity of the planned economies, their consistent failure to deliver the goods, and their ultimate collapse. If people are free to invest in new production, to innovate and seek new markets, the resultant economy shows remarkable ability to survive the periodic shocks it encounters.

**If state industries are opened up to competition, private firms cream off the lucrative trade, leaving the poor and outlying regions without adequate service.**

This argument exists only on the fiction shelves of libraries. In practice the private sector shows a remarkable ability to make profits on what were loss-making services for the state. Examples are plentiful. State airline routes abandoned as loss-makers are taken over by private airlines and run at a profit.

Deregulation of US airlines was widely predicted to cut services to outlying areas. The reverse happened. Instead of “cowboys” engaging in their customary “creaming off” of the large and heavily used services, there was an increase in small airlines serving smaller towns. The private sector is more innovative. It introduced the “hub and spoke” system of air traffic, for example. It uses smaller planes and buses. It brings in the ‘no frills’ economy services which have proved so popular. It uses unfashionable airports. It brings in new types of service and uses up-to-date technology.

Private firms have the incentives state ones do not. They seek customers because that is where profits can be made. They do not impose a national standard, as state bureaucracies tend to do, but vary their output according to the conditions and needs of different areas and sectors. This has happened in mail services, in telephones, in freight and package delivery. Far from just losing their loss-making state services, people gained viable and innovative alternatives.

In rare cases where private business cannot manage to provide service for outlying areas, society will get a better deal if private firms are invited to bid on the basis of least subsidy needed. That way we get competition and consumer pressure, and the incentive to operate efficiently, none of which are normally to be found in state monopolies.

## **Essential services are too important to leave to the private sector, and have to be done by the state.**

The assumption here is that state provision somehow guarantees that essential services will be delivered. In reality it is the important things that we should keep out of the public sector. The public sector is characterized by high costs, by inefficiency, by lack of responsiveness to consumers, and by a propensity to interruption.

Because they are financed out of taxation, the public services do not have to attract customers, or to satisfy them. They gain extra funds by putting pressure on government through lobbying or union militancy. Since the public does not usually have viable alternatives to turn to, the state services can put their needs as secondary to those employed in them or in political control over them. They respond to their managers and employees, rather than to the general public.

Private firms cannot behave like this or they lose customers and revenue. Their workers are less ready to strike in case their jobs go to rival firms as a result. Private firms, moreover, have to keep their products and services up-to-date and to incorporate new advances lest their rivals steal a march on them. They have to keep efficient or costs will eat into their margins. None of this applies to state services, which seem everywhere less efficient, less modern and less responsive.

The message is clear; it is that important services should be kept out of state control. We can imagine what might have been done to our supply of food or clothing if we had been dependent upon a nationalized monopoly, with no competitors bidding against each other to improve quality and efficiency, and no alternative to turn to when strikes occurred. Some things are just too important to be left to the public sector, and any important services still there should be taken out of it.

## **We have to keep universal services in health and education, so that the middle classes will demand their improvement.**

This is the “theory of imprisoned misery”. The supposition behind it is that the middle classes will support nothing unless they stand to gain from it. Its corollary is that as many people as possible should be imprisoned in shoddy and inadequate services in order that the pressure of their protest will improve things.

It underestimates, in the first place, the ability of the middle class to get what they want out of the system. In any universal service, it is not the articulate and self-confident who suffer deprivation; they are quite able to command the scarce resources. The inarticulate and poor lose out in competition with the middle classes. They get worse health and worse education within the state system.

Critics point to their fear of a two-tier system, with an adequate service for the middle classes and a rotten one for the poor. They fail to see that universal state services themselves create a two-tier system.

They also underestimate the readiness of the middle classes to support causes from which they derive no personal benefit. They are the backbone of most charities and the mainstay of most church organizations. The middle classes have campaigned in the past to improve the lot of the poor, and are no different now. They don't need to be imprisoned in a poor service to work for its improvement. On the contrary, if they are imprisoned within it, they might devote their energies to securing an adequate service for themselves first. If people are free to seek alternatives, new standards might be pioneered which others can benefit from.

The real reason for keeping the middle classes in a universal service might be to promote an egalitarian society by preventing them from choosing alternatives. But lack of competition militates against improvement in the services concerned.

## **Nuclear power is uniquely dangerous and should be banned.**

Most forms of energy production are dangerous. The number of deaths or serious injuries caused by the generation of nuclear power is very limited, even including those caused in the Soviet state-sector Chernobyl disaster. The numbers which result from other power sources are documented.

Coal mining, for example, kills several hundred each year throughout the world in mining accidents. It kills thousands of miners from lung diseases. It kills hundreds of thousands from its acidic and polluted smoke. Oil and gas kill their numbers in fires and explosions, and from suffocation. Hydroelectric power claims its victims as dams burst upon villages. The generation of electricity kills by the air-pollution which power stations cause, however they are fired. If solar power, wind power or wave power ever could be developed to supply a sizable fraction of the needs of an advanced economy, no doubt they, too, would claim their victims in various ways. Remember: wind power is not pollution free. It takes energy and materials to make and install those windmills.

Nuclear power may not be 100 percent safe. It is not, however, uniquely dangerous, and is safer than many of its rivals. It offers a relatively clean, cheap, and safe source of power. It is, in the form now being used, a renewable source. The new reactors use fuel more efficiently and are safer, and new and more secure methods of waste disposal and storage are continually being developed.

It would take many, many mishaps for nuclear power even to approach the coal industry in terms of damage to life and health. And nuclear power could never have the environmental impact caused by the burning of coal, especially of the dirty coal which is easier for developing countries to afford. Fusion power is probably the best future possibility, if it can be done, but until then nuclear power is a relatively clean and safe option.

## **Drug patents should be scrapped so third world countries can access them.**

Scrapping drug patents would be a sure-fire way of reducing the number of therapeutic drugs being developed and marketed. Pharmaceutical firms research new ones to bring future profit streams for their company. The scientists might work from commitment or for peer group respect, but company money provides the research facilities, the equipment, the grants and the salaries.

There is a compromise between allowing the drug companies to recoup their costs and show a return, and allowing them to exploit monopoly prices. At present they are allowed 20 years of patent protection before other companies can copy their work and produce generic equivalents. The research company has to recoup its investment within that time before it faces competition from low cost variants of it drug.

In practice their 'protected' time is shorter. The process of testing and trials, of attempting to establish product efficacy and safety, and the process of securing regulatory approval takes an estimated 12 years from when the patent is registered. That leaves 8 years of unique market exploitation, and it is why some drugs cost so much.

Poorer countries cannot afford these prices, and there are calls for them to be allowed generic copies. If this happens, the cheaper versions will rapidly leak into rich country markets, undermining the drug's and the manufacturer's profitability and their ability to continue to develop new drugs. Some drug companies have, however, reached voluntary agreements with poor countries, allowing controlled generic production for poorer patients.

The present compromise broadly works, and means that rich country patients pay high prices for drugs so that in a few years poor country patients will have access to them at lower prices. It means rich people have the first access to new drugs, as they do to everything, but it also means that poorer people can benefit from them later on.

## **People should not be allowed to adopt children unless they meet the highest possible standards of parenthood.**

The problem with this is that most parents probably don't meet the highest standards of parenthood; they are likely to be average or near average. Nobody wants to have children adopted by bad parents, but by insisting on the highest possible standards we severely restrict the number of possible homes they might go to.

Children adopted into almost any sort of family do far better in life than those raised in institutions. On measures of educational attainment, employment, crime, mental illness, the adopted ones do better. Despite this the state seems to prefer to keep them in institutions rather than let them be adopted by less than perfect families.

Arbitrary and bizarre standards are used to justify refusal. In recent years these have included not allowing a mixed race couple with children to adopt a mixed race child. The grounds given were that the family was so well adjusted and happy that the child would gain no preparation for the racism it might encounter later. Another middle-aged couple were turned down because they had too many books in the house, and the officers thought the child would not therefore have a "normal" upbringing, presumably meaning that it might grow up too posh for its own good.

Despite a huge number of people wishing to adopt, there are also huge numbers of children awaiting adoption. Of course it is right that children should be protected from abuse, and that careful screening should eliminate anyone involved in paedophilia or violence. But the standards sought from prospective parents seem to go far beyond the protection of children, and seek conditions not met in many families with children of their own.

The situation is such that many of those wanting to adopt now go abroad to find children, while thousands of UK children remain in institutional care.



**If people don't like the policies of their trade union, student union or local council, they have only their own apathy to blame. They should become more active and change things.**

Why should they? Why should people be punished for the pursuit of their lawful interests? Why should they have a system inflicted on them which takes away their rights unless they become active in organizations which do not interest them?

Most people eligible to participate in trade unions or student unions, and most local residents, probably have spare time activities. There are innumerable hobbies and pursuits to engage an active mind or an energetic body. Students, for example, are often interested in sports, in entertainment, in socializing, and even, occasionally, in studying. These are normal pursuits. Those who feel impelled to engage in full-time politicking are the unusual ones. The rest of the group should not be penalized for being normal, and should not have things done in their name that they object to.

The same applies to trade union members or local government electors. They should not be required to engage in unpleasant and time-consuming pursuits in order to prevent things being done to them or in their name which they do not support. It is not apathy which keeps them away from this type of activity, it is normality, and they should neither be blamed for it, nor made to suffer because of it. Those who have tried to operate "within the system" know how tiresome, time-consuming and corrupt it can be, with political extremists relying on late-night meetings and turgid procedural points to drive away normal people.

There should be freedom of association, and no compulsory membership of organizations claiming representative powers, no forcing people into trade or student unions. Those who wish to join and participate can do so, and the others should not lose rights by declining to participate. Non-participation should not be blamed as 'apathy', but respected as a free decision.

## **The top rate of tax should be raised so that the rich pay more.**

Higher tax rates do not necessarily mean that people pay more, or that more revenue is raised. It depends on other factors, including the total amount of money being taxed. It's all very well for politicians to talk of how they'd spend the extra money derived from raising the top tax rate to 50 percent, but the chances are that less money would be raised, and that they'd have to cut back on spending instead.

Higher tax rates have two important effects, among others. They make it worthwhile for people to avoid them by employing accountants to minimize their tax exposure via tax shelters, or to evade them by simply not declaring income and dealing in cash where they can. The former is legal, the latter criminal, but both mean a smaller tax base to levy the new rate upon. Both are encouraged by higher rates, and made less worthwhile at low rates.

The second effect is that earners have less incentive to work more. If they keep only half of any extra they earn, this is less of an incentive than if they can keep 60 percent. Extra effort and risk become less worthwhile, and people do less of them. Leisure, which costs you the money you could have earned by working instead, becomes cheaper and people take more of it. Some high achievers move abroad to escape the higher rates, and all of this makes the tax base smaller.

In fact well-judged tax cuts result in more revenue, and in the rich paying a larger share of the total. They pay at a lower rate, but pay it on more money. This happened in both the US and the UK with the 1980s tax cuts. The top earners ended up paying a higher proportion of the total tax take, and more revenue was raised.

## **No one should be given an unfair start in life. That is why there should be no inherited wealth.**

Parents seem to want their children to have a better life than they did, and are prepared to devote energy, resources and time in order to achieve it. It seems to be a normal attitude which goes with parenthood. If society tries to thwart it, parents find ways of achieving the same end. If inherited wealth is banned, then it will be jobs, or patronage, or some other advantage which will be secured. In socialist countries, for example, parents used their influence to secure good government jobs for their children

Death taxes are very unfair from the point of view of parents. They earn money and pay tax on it, then when they die the state comes along to tax it again, and takes away much of the provision they'd worked so hard to give their children. It removes much of their motive to generate wealth and aid society with new opportunities in the process. From the recipient's point of view, the bequest from parents comes as a lump sum when most have already bought a house, and is available to give them a chance to invest, or even start up a business.

Inherited wealth allows capital pools to accumulate and boost enterprise and economic growth. Without heritable wealth, most family businesses, including such things as shops and farms can be broken up by death, with a consequent economic loss to society. Everyone loses from this, not just the rich, as employees and customers are hit.

In Britain inflation and rising house prices have meant the death tax now hits middle-income people, rather than the very rich it was intended for; the really rich plan ahead to escape its net. The tax does more damage to the country's economy and future well being than is justified by the revenue it brings in.

## **Privatization has given to a few hands industries and services which should belong to all of us.**

The term 'public ownership' is a misnomer. The state sector may have the name of the public filled in on the dotted line, but the public do not own it in any meaningful sense of the word. All of the attributes of ownership, such as control, the right to determine what use is made of it and under what conditions, is determined by the bureaucracy in command of it. Far from being owned by the public, it is owned in effect by the people who administer it. The public actually has more influence, via its choices and purchasing decisions, on private sector businesses than it can ever have over state industries and services. In those cases its influence is diffuse and diluted through the political process.

Because the public has no choice over whether to pay for state services, or to choose what quality of service is appropriate for them, they have no power over them. In their absence it is the managers and workforce who increasingly direct the services to meet their needs and convenience instead of those of the public. The phenomenon, called 'producer capture' by economists, results in services which score low in customer satisfaction, and in the output achieved for the funds they receive.

When parts of the state sector are privatized, they are moved into that part of the economy over which people do have some control, and influence. It is the public sector which is in the hands of the few, and the private economy which is subject to the will of the many. And where state industries are privatized by widespread share issue, large numbers of the public do achieve some genuine measure of ownership, as opposed to the total myth which is what public ownership has always been.

## **The stock market is just a casino.**

People back stocks and shares like they bet on roulette numbers and sometimes they win, sometimes they lose. This is why some call it a casino, but the reality is different. Firstly, the outcome of a roulette wheel is random. The outcome of the stock market is not. It is influenced by many factors, including the state of world politics, investor psychology, actions of banks and governments, accidents of nature, human actions, and global economic trends, to name but a few. Skilled investors might read trends and work out which ones count, and calculate which stocks are likely to rise, which to fall. This is not true in a casino.

There is a more serious difference. The stock market helps to finance business and industry. When a firm issues stock, people buy it in the hope of gaining dividends from its profits, and of seeing the value of their investment increase as the company prospers. The shareholders are co-owners of the company, and their fate is bound in with its own. If it makes money, so do they. When people buy stock from others and drive up the price, they do so because they think it is, or will be, worth more than the share price suggests. When a firm's shares rise in this way, the nominal value of the company increases accordingly, and it becomes easier, and usually cheaper, for it to obtain finance for development and expansion.

The stock market resembles a town market, in that people are clamouring to buy and sell, and prices reflect the fact that some shares are popular and some less so. It thus sends signals about where investment is needed and where it can be most profitably applied. It tells people from moment to moment the state of the economy, and where they might usefully participate in it.

## **Welfare stigmatizes the poor. We should all be paid a citizen's income.**

Welfare represents our decision as a society to help those on hard times. If people become unable to fend for themselves because of sickness or unemployment, society has decided to help them overcome their difficulties and put them back on their feet. For most who need it, it is seen as a temporary support to aid people through difficulties. There are some, permanently incapacitated, who will always need society's support, but these are a small minority.

Welfare is not conceived of as a permanent alternative to employment for those who simply prefer leisure. The healthy young male who prefers to sit at home and spend the day on his computer while he draws job seeker's allowance is not a legitimate or deserving recipient of other people's support. Others have to pay higher taxes to support his leisurely lifestyle. The single young female who thinks it would be pleasant to have a child should not expect to do so and to live at home with that child, having all her living costs paid for by others.

In such cases the claimant is capable of taking paid employment and of engaging in more responsible behaviour. The presence of a welfare income gives an option for them to choose a dependent lifestyle, and an incentive to prefer it. The problem with welfare has always been how to target it to those who merit society's generosity, without making it available to those who would abuse it.

A citizen's income gives welfare a permanence and universality it was never intended to have. It makes it too easy for people to choose leisure at the taxpayer's expense, rather than becoming a productive part of society. It also involves taking money from most of us in taxation, and giving it back less the huge and wasteful administrative costs such programmes always entail.

## **A truly compassionate society would devote a much larger share of its wealth to the less fortunate.**

Individuals show compassion, not societies. If individuals wish to give away a larger share of their wealth to the poor, this might be compassionate. It is not compassionate, however, to force others to do this.

Giving them a larger share of wealth is not necessarily the best way of improving the lot of the poor, because that wealth is not a fixed amount. Poor people might do better if the rich are permitted to get even richer, thereby increasing the total wealth available. It might be that a growing economy is a surer way of giving the poor access to betterment than any attempt to give them a larger share of a smaller pie. This would not please the poverty lobby, who try to define 'poverty' in terms of incomes below 60 percent of the average. This is inequality, not poverty, and can mean describing as 'poor' people who have cars and take holidays.

Many of us do not want to live in a society which tolerates deprivation, or is complacent about those who don't get adequate nutrition, healthcare, or education for their children. But having a sufficiency of such things is not about equality; it is about removing the causes of suffering and trying to redress the circumstances of inadequate provision.

The less fortunate might do better if society provides chances and opportunities for them to improve their lot, rather than turning poverty into pauperism by making them depend permanently on state handouts. A safety net to guarantee a minimum living standard is one thing. To redistribute more wealth from the successful to the less fortunate is another. It might not be the best way of helping them, and it might, in the process of trying, undermine the incentives by which people better themselves and their society.

## **We should switch all our energy to derive from renewable sources.**

This is not a practical proposition from the standpoint of either cost or technology. Wind-power is uneconomic without subsidies, and involves huge energy expenditure in construction and maintenance of its wind farms. Rooftop windmills in urban areas, for example, take more energy to produce than they themselves generate. Since winds are unreliable, wind power necessitates huge back-up sources to be on standby.

Solar technology used to use the silicon rejected by the computer industry, but now high purity silicon is being manufactured specifically for power generation. However, this is a heavily energy intensive process, undermining the energy payback from the technology. Although great strides are being made here, and it looks as if solar power could be price competitive in a decade, it still won't provide a steady flow of power, nor the concentrations of power needed for industry.

Biofuels currently use food crops such as wheat and maize, and drive up prices, affecting poor people most. The US and the EU have gone for them as an easy option that pleases the farm lobby, but they are not efficient. The crops it takes to fill the tank of a 4x4 with biofuels would feed someone for a year. Many also maintain (Greenpeace and Friends of the Earth amongst them) that they produce more emissions than they replace. If technology can obtain biofuels from plant waste and cellulose, they will be a more viable source, but this might be years away.

A more realistic approach would accompany research into efficient renewable sources with technology to use fossil fuel cleanly so that coal-fired power stations, for example, can capture the carbon produced. Clean fossil fuel technology can give abundant, secure and low-cost energy, which renewable sources currently cannot.



## **Developing nations need tariff walls to protect their fledgling industries.**

The argument goes that unless developing countries protect their industries by tariffs, they will be unable to compete with mature multinationals backed by global resources. Supporters of this position usually say that America and Europe had tariff protection in the 19<sup>th</sup> Century when they were developing, and that the Asian countries which became rich only did so by protecting their infant industries.

It is true that the US and European countries had protective tariffs, but it's also true that the transport revolution of the 19<sup>th</sup> Century brought trade costs down by so large an extent that the tariffs were of little importance in comparison. Some Asian success stories like South Korea, were relatively protectionist; some like Hong Kong, were relatively free trade. The market is so vibrant and flexible a source of wealth creation that you can do some things wrong and still find that it works.

But when countries have tariff barriers against imports, their own citizens are poorer, paying higher prices than necessary for goods, and having less cash to buy other things or to save and invest. Their local businesses have to pay higher prices for the materials, imported and domestic, that go into their products. Their farmers have to pay higher prices for tools, machinery and seeds. This is all so that some local manufacturers can enjoy a protected market. They do not face the impact of proper competition, or enjoy its full benefits. Instead they produce higher-priced goods that are uncompetitive on world markets.

None of this is good for developing economies. It creates an artificial economy in a protected bubble, unable to interact fully with the world beyond it, but within which some local interests are given an easier time. It's another version of the mistaken view that wealth is gained by selling exports and resisting imports, when in fact it is gained by trade.

## **We need to control movements of capital across borders to prevent funds leaving the country that are needed for investment here.**

We used to have exchange controls, dating from World War II and regarded as permanent. People going abroad were only allowed to take out £50 at a time, and had their passport stamped on each occasion. In 1979, early into the first Thatcher government, Chancellor Geoffrey Howe quietly abolished them. The predicted panic and chaos never materialized.

A vital part of our earnings comes from our foreign investments. Because we allowed investment abroad in the past, we now reap the dividends as part of invisible earnings. If we stop people investing abroad, we cut off that future source of income. It is a good thing to have us investing overseas; it means we can make money out of the economic activity of other countries.

It is also good to encourage foreign investment at home. If we make it difficult for our people to invest abroad, foreign governments tend to retaliate, denying us access to investments from there. These investments could be helping to produce economic growth and jobs in the UK.

Exchange controls are part of the mentality of a siege economy, which wants to isolate itself from world trade and trends and seek self-sufficiency instead. Free trade in investment, like free trade in goods, is of all-round benefit. If we want people to invest in Britain we should make it attractive for them to do so, just as we should make our goods attractive if we want people to buy them.

In an increasingly globalized economy, the mentality which seeks to restrict currency flows is a throwback to the mercantilist ideas which preceded the modern world. People once thought we had to hoard gold and silver bullion and prevent its export; now they try to treat currencies similarly. In truth, we live and thrive on trade and free movement of capital and goods.

## **Democracy is a sham with no real choice because all the major parties basically support the system.**

This is an argument popular among those whose views find little support. They say that choice in our free elections is illusory because Conservative and Labour, Republicans and Democrats, are all committed to continuing with the established system, making only minor changes. A really radical party stands little chance.

The reason that major parties support the current system is because most people prefer it that way. The parties seek votes, and that is where they are to be found. Parties which come along with radical alternatives generally attract little support. People are suspicious of the untried and untested. Sometimes, though, a new party with new ideas can emerge as a major player. It takes time for the electorate to assess their competence and to trust them. This is how the Labour Party emerged in Britain.

Sometimes the times call for radical action and the electorate backs it. This is how the post-war Atlee government was returned with a mandate to build a new, radical and modern Britain. It is how a radicalized Conservative Party was elected under Margaret Thatcher to break the post-war consensus.

To say that a similarity of party outlooks denies choice is to sidestep the whole point of democratic elections, which is the ability to change a government peacefully. Even if our parties were the same, which they are not, at least we could still change the people. The important thing is that we can throw out governments we do not like. It is the knowledge that they can be thrown out that keeps our governments reasonably responsive to the needs and wishes of the people. Very often we have seen governments which have been in office too long become complacent and bankrupt of ideas. In a democracy the people can replace them with new and untainted leaders to do things differently.

## **A person's economic or political viewpoint is only the unconscious expression of their class interest.**

This argument is elevated by the name of “Sociology of Knowledge” and implies that some views can be ignored because they reflect only the self-interest of those who hold them. The bourgeoisie support liberty, for example, only because they get rich when they are free to exploit. In its extreme form it rejects philosophy, art, literature and culture as no more than expressions of the self-interest of those who produce them. Deconstructionism, for example, supposes that any account reflects only ideological bias, and that history is only about power and domination.

The attitude is profoundly anti-intellectual and anti-rational. It suggests that people with an interest have no case to put. It might be that the condemned murderer awaiting execution has good arguments against the death penalty; but on this thesis they need not be listened to at all because they echo only his or her self-interest.

This analysis is a recourse of those who lose arguments. When the logic and the facts show their views to be erroneous, they respond by saying that this is only 'bourgeois' logic, and that there are no facts, just a series of experiences. In reality both the argument and the evidence are on the side of those who point to the creativity which freedom and enterprise unloose, and to the solid achievements gained by such societies in contrast with rival systems.

An interesting feature of this approach is that it is never taken to apply to those who use it. They are never taken to be expressing their own class interest as leftist intellectuals who would end up with power if their views prevailed. On the contrary, they are taken to be the only group whose “correct analysis” has cut them off from expressing any class interest. Just as one might expect.

## **Maximum working hours are needed to protect workers' health and fitness.**

It surprises many to learn that health and fitness go with wealth; the more money you have, the more you are likely to be fit and well. By limiting working hours we are denying people in the lower economic strata the chance to improve their lot by working more.

In the lower economic bands people are paid by the hour and earn more by working more. It is not as true of many middle class jobs, where people can be required to work late without consequential increases in salary. A working hours limit is not what it seems, either. It rarely puts a limit on the actual hours worked; more commonly it requires that all hours worked beyond a set level shall be paid at overtime rates. This, in turn, can make employers less ready to offer those extra hours, since they can cost too much.

The result of a maximum working hours limit is to restrict the income that people can earn, which matters most to those lower down the economic scale. Of course, most people will choose to achieve a sensible work/life balance, allowing appropriate time for rest, leisure activities, and family life. It should be their choice where possible, however, because they know their own circumstances and priorities more than outsiders can. Employers, too, have an interest in ensuring that the hours worked do not undermine the safety and efficiency of their employees.

A working hours limit increases the costs of business and the price of its goods and services. It can mean that extra staff are required, which involves the extra administrative costs and benefits required for each extra employee. And it can require a trade off between extra job opportunities and lower productivity, resulting in less successful and even less viable businesses.

## **A national minimum wage prevents the exploitation of young workers.**

Many young people make less useful employees than those with a few years experience. They may have enthusiasm and energy, but have yet to learn the habits of work, and the preferred ways of doing things. They have to be trained, and to learn, and this costs time and attention. This disadvantage is made up by the lower wages generally paid to young employees; they may not yet be worth as much as older ones, but this is compensated for because they don't cost as much.

When the state sets a minimum wage, it is legislating to have young employees paid more than the market rate. In some sectors this is not a problem, but in others employers might find it not worthwhile to employ any at the required rate. The result in the US has been that whenever Congress has raised the minimum wage, there has been an increase in youth unemployment, worst for ethnic minorities.

It's like fixing the price of anything. You can't make it worth more than it actually is, but legislators can alter the supply, in this case of jobs. The UK minimum wage recognizes this by setting a lower rate for younger employees. Low wage campaigners don't like this, but it has ameliorated the youth unemployment that a standard minimum wage would have caused. If employers have to pay young people the same rate as more useful employees, they are less likely to hire them. However, young people have an economic advantage when they cost less; it gives them a selling point when they might otherwise have none.

The great majority of top CEOs in the US started employment in a low wage job. If those jobs had been priced out of existence by high minimum wages, many of them might never have got that vital first start. Far from preventing the exploitation of young people, minimum wages can seriously damage their prospects.

## **Speculators are parasites who produce nothing.**

Speculators have had a bad press. Along with landlords, corn merchants, and tax gatherers, they have been the whipping boys of demagogues. They are often thought of as drones who “buy in the cheapest market and sell in the dearest”, adding nothing of value in the process. Typically the speculator buys up something they think will be in short supply later, and can therefore sell for more than they paid.

Yet the speculator helps to smooth out uncertainty. The farmer who plants in the spring does not know what prices might be like when the harvest is in. He might prefer a guaranteed price than face that uncertainty. Someone who buys the crop now offers a sure price; the crop might sell for more than that, but it could also be less. The speculator can carry that risk instead of the farmer, and profit from it if he is right.

This is what speculators do; they handle risk. They live and trade by being able to call the future more accurately than others. They give people certainty and security now, in return for a higher return for themselves in the future if they are correct. Speculators can lose. The goods they buy now at a guaranteed price might plunge in value later. Unlike many farmers and merchants, the speculator can carry those losses.

Speculation in currencies is similar. A manufacturer planning to sell in another currency might prefer the certainty of a fixed value, rather than take chances on the future exchange rate. The speculator will sell him that currency now, at a price he thinks it will exceed in the future.

As long as speculators are right more often than wrong, they can prosper, and they smooth market volatility in the process. So far from being unproductive drones, speculators actually offer a valuable and skilled service: they manage risk.

## **Private equity firms do nothing but make excess profits at the expense of jobs.**

Private equity firms specialize in making more efficient use of resources than is currently being made. They look for opportunities where a firm is under-performing. Typically they might consider that not enough use is being made of the firm's resources, and that better management and organization might get more out of them. These are in no sense "excess profits", though they are higher profits; that is the point of the exercise.

Very often the private equity bidders will put their own money into a venture as well as borrowed money. They calculate that the return they can get a company to yield will be sufficiently greater than the interest on the loan to make it worthwhile, and that their own funds will see a significant return in the process.

It is not true to say that private equity takeovers result in job losses. They can in the short term, but most often their effect is to improve the company's performance, to secure its market position, and to expand the areas in which it succeeds. The net result is more jobs, not less, and more secure long-term jobs at that.

The shareholders benefit, too, from the higher than market price the private equity group pays for their shares. In cases where some shareholders opt to retain minority holdings in the restructured firm, they gain, too, from the enhanced performance achieved by the new owners.

The economy as a whole gains by having its resources used more efficiently and contribute more to the economic growth of the nation. The firms taken over by private equity nearly always become more competitive as well as more successful, able to bring business to the country that might otherwise have gone to foreign competitors.

The rise of private equity groups has brought benefits throughout the economy, turning under-performing firms into success stories.



## **Free market capitalism simply cannot meet society's welfare needs.**

Strictly speaking, it is not supposed to. It is a method of social and financial organization that allies itself to the individual motivations which help determine human action. It does do two very important things, however.

In the first place it creates the wealth that allows for welfare provision. Under a free economy people in society can become rich enough to afford higher levels of care for those in need. They may do this through charitable organizations, or they may do it collectively through government. Non-capitalist economies tend to achieve poorer results, and cannot usually afford so high a level of provision.

Secondly, the free economy itself reduces the need for welfare by a variety of market provisions. Recognizing the demand, people respond with insurance policies, health plans and pension schemes, all of which reduce the need for welfare. By encouraging people to make their own provision wherever possible, the free economy reduces the need for state welfare. Self-provided welfare can usually be tailored more closely to each individual's circumstances, whereas collective provision is often provided on standardized levels based on what are perceived as average needs.

Paradoxically, it can be the state welfare system which makes people dependent upon it. It takes the funds to support its provision which people might otherwise have used to pay for their own. In other words, high taxes make people no longer capable of providing for their own welfare. Two-thirds of those receiving benefits in Britain actually pay more in direct and indirect taxation than they receive back from the state.

Furthermore, state services crowd out private choices for many people. Private education, healthcare and pensions compete with state options which are 'free' at the point of consumption. Private alternatives charge fees, but compete with state services which do not (because they have been paid for through taxation). This severely restricts their availability and accessibility for most people.

## **Many things just cannot be produced by the market system, including such services as defence and law and order.**

This may be true, but is not an argument against having the free market produce what it can. Society might decide to guarantee the collective provision of some services, such as defence and the administration of justice. This has little bearing on whether its rail transport or its health should be produced in the public sector.

In any case, market forces can play a surprisingly large role in even the “core” public services. Over half of Britain's police, for example, are private. They work for private security firms which perform police functions. Much military work is contracted to private enterprise, including maintenance of military bases, and the supply and servicing of equipment.

Private justice is used routinely in Alternative Dispute Resolution (ADR), when firms specify in contracts that an agreed arbitrator is to be used in the event of dispute. Privately run prisons are widely used in the USA, and have been successfully introduced in Britain, too. Even the role of central clearing bank, assumed by many to be a core state function, was at one time ably performed by the private Suffolk Bank.

A generation ago in Britain people thought that only the state could deliver mail, connect telephone calls, or collect the garbage, among the dozens of activities it ran. Private businesses do them now.

There is scope for greater use of free market forces in many areas of social provision. The state may wish to guarantee the supply, but it usually finds it more efficient to use private business to actually produce it. Competing private businesses have to attend to consumer preferences and keep up with innovations in both equipment and service. They are not subject to produce capture as state operations are. It makes sense to introduce market forces wherever possible, even in the state's core functions.

## **Genetic modification is dangerous and should be banned.**

The reverse is true. Genetic modification offers the opportunity to solve problems in ways that are far less dangerous than what we already do. GM crops, for example – often demonized as 'Frankenstein foods' by NGOs looking for a good scare campaign – can enable us to produce more food and safer foods in environmentally friendly and less intrusive ways.

To produce enough food at present we have to make extensive use of pesticides and fertilizers which leach into the environment, and we have to use energy intensively to protect our crops from adverse weather. Genetic modification is bringing us crops that incorporate natural pest-resisting properties without the need for chemicals. They bring crops that can fix atmospheric nitrogen to fertilize their own soil. They offer crops more resistant to adverse weather, better able to resist excessive cold, heat, drought, floods, or salinity. In each case GM makes use of something nature has already developed, and applies it to more useful crops. The result is more food production, particularly on marginal land, and with less environmental impact. It can also give us foods that last longer, stay fresher, and are less likely to carry diseases.

But genetic modification is making much more possible. We can now get crops and animals to produce large quantities of cheap vaccines, enabling us to protect millions of children in poorer countries from life-threatening or disabling diseases. The 'golden rice' genetically modified to incorporate vitamin D can save millions of children from the blindness which results from its deficiency. And genetic modification can enable us to modify anopheles mosquitoes so they no longer act as hosts to the plasmodium which causes malaria, the biggest killer of all.

The mindless scare campaign against GM foods has already cost the lives and the well being of countless children across the world. We should embrace the technology that offers a better future for all.

## **We owe it to our labour force to protect their jobs by limiting imports.**

If we prohibit imports, it is because they undercut domestic production. Always the cry goes up about cheap foreign goods, usually raised by organized labour and the political parties which depend on it. Sometimes the cry is about sweated labour paid starvation rates overseas. The arrival of many Asian goods made with high priced labour is, of course, glossed over.

When we restrict imports we can temporarily keep going with our own high-priced production, and thus, for a moment, save the jobs. But it also means that we have to pay more than we need do for those goods. After all, we could be buying them more cheaply from overseas. So we have less money than we could have to spend on other goods and services, and to develop more modern job opportunities there.

We get locked in to a fortress economy in which we produce high-priced goods which cannot sell overseas. We finish up with a collection of out-of-date industries unable to make their way in the world market.

The best way to respond to competitive imports is by cutting our own costs with up-to-date methods, or by moving into other areas. If South Korea can produce high quality and low priced steel, we should not try to sustain a production of our own which is much more expensive. If we do, then every industry which uses steel will be paying more than it needs to. This means higher prices for domestic consumers, and exports unable to compete with goods using the cheaper steel.

We should use our resources instead to alleviate social burdens, and to transform our economy into one which develops what we can do better and more competitively. By encouraging mobility and the retraining of labour, we will do very much better than by trying to raise walls of sand against an inexorable tide.

## **We must subsidize our industries, to compete with foreigners who do the same to theirs.**

We want industries that can compete on world markets. They can do that by matching the products of their rivals in both quality and price, and by learning to adapt quickly to changing market conditions and being able to spot emerging opportunities. When foreigners subsidize their industries they are making them depend on government aid rather than on their own qualities. Industries so supported become complacent, finding it easier to get government funds than to adapt to competitive markets.

In an ideal world we would buy the subsidized goods from abroad, being grateful that foreign taxpayers were stupid enough to send us cheap goods. If they pay higher taxes it limits their own economy, and if they do it for our benefit we might be grateful for their largesse. The lower prices we paid would leave us more resources to spend on other things, making us richer.

In this less-than-ideal world, foreigners sometimes subsidize their exports in order to drive our domestic competition out of business. That domestic industry clamours for equivalent assistance to secure a level field, and we end up in a world where everyone is worse off.

Far better in the first instance to secure international agreements against this kind of predatory dumping. The World Trade Organization has gradually proved effective at ending this beggar-my-neighbour attitude which only holds back wealth creation and economic expansion. It requires countries which sign up to its great benefits to desist from the subsidies which bedevil trade.

When we suspect that subsidized goods are flooding into our markets, the correct response is to insist on compliance with WTO rules. The worst response is to subsidize our own producers in retaliation. This helps neither the taxpayers who have to support it, nor the businesses which then become dependent on continuing government support.

## **Proportional representation is fairer than our present electoral system which can give power to minorities.**

The argument for proportional representation is that it represents parties in the legislature in proportion to their support in the country, whereas a first-past-the-post system tends to squeeze out smaller parties and often results in a government which has less than 50 percent of popular support.

After listening to the theoretical arguments for proportional representation, look at the practical experience of it. It is under PR that minorities often achieve disproportionate power. PR tends to deny overall majorities, and to promote representation by smaller parties. Coalitions are the norm, with very small parties bargaining for their demands in return for support.

Proportional representation thus brings in the politics of what used to be called the smoke-filled room, of the deals struck in private between the political bosses. The first-past-the-post system may often bring to power parties with less than 50 percent of the popular vote. What it does not do is to give excessive power to very small parties. One has only to look at the disproportionate influence of the extreme orthodox parties in Israel. With only 2 or 3 seats they have exercised a major influence because their votes were needed to build coalitions. It's possible to have a 10 percent shift in opinion in Scandinavia, and see only some junior agriculture minister swapped for someone from another party.

A democracy should enable people to change their government. It is more about throwing out who they don't want than about electing the most popular. Proportional representation makes change difficult. Elections tend to bring small adjustments in the balance between the parties, and to result in coalitions of slightly different composition. There are times when a break from the status quo is needed. It happened in Britain in 1945 and in 1979, but it is doubtful that either would have happened under proportional representation.

## **The free market is unfair because we do not all have equal votes as we do in a democracy.**

The argument is that people with more resources unfairly have more market power than others, whereas in a democracy everyone counts equally. We would think it absurd if everyone voted on what kind of MP3 player people should have, and everyone received the one which gained the majority vote; yet this is how democracies work.

In a market we can all choose what type of MP3 player we want, and receive the one we choose, even if it is not the one preferred by a majority. This makes the market a source of greater freedom than a democracy. In a democracy we have to settle for the majority choice on a large package of issue taken together. In a market we can pick and choose to satisfy our preferences on individual items. We can take Apple for some products and Sony for others. We cannot in our government choose different parties for different policy areas.

People do not have the same buying power. Some people can offer goods and services worth more than those of other people. Older people might have more savings or command higher salaries than younger people. Those with more education and skills might become wealthier than others as a result, and the same applies to those with special talents, such as footballers, musicians, or entrepreneurs.

It means that some people can afford more or better goods and services in their market choices. This is because they offer more valuable service to others, and it is what spurs others to try and do likewise. If the rewards were allocated by equal votes, a majority could vote themselves a large share of the total, and make entrepreneurial activity no longer worthwhile. The economy would stagnate and no one would benefit. This is not the kind of "fairness" that is worth having.

## **We should discourage use of private cars by making them more expensive to drive.**

Private cars are already hit by vehicle excise duty and fuel tax, in addition to parking fees and congestion charges. The money raised from these is part of the general budget, rather than earmarked specifically for transport purposes.

It is true that each car adds to pollution, but much less than they did a decade ago, and diminishing as new models incorporate new technology. Most of the pollution from cars is caused by older and badly tuned models. A sustained campaign to improve those would achieve far more than a campaign to raise the costs of motoring generally.

It is also true that each car adds to congestion, but again, a sensible policy to reduce congestion at peak times and on peak roads would achieve more than a general increase in costs. Reducing the need for a 'school run', for example, would cut congestion substantially.

The anti-car lobby does not seem to appreciate the benefits of private motoring. The extension of car ownership has opened up so many choices for so many people. It enables them to work from places ill served by public transport; it enables them to shop at places which offer more goods and at lower prices. It opens up the country, and even the continent, to ordinary people who had so limited travel opportunities before the spread of car ownership. It brings a degree of independence to people.

Planners might want to move people in blocks between chosen points, but the private car is far more flexible and versatile, allowing people to make different choices. Instead of pricing motoring beyond the reach of all except the rich, we should be promoting the technology which can make car engines use cleaner and less scarce fuels, and the techniques which can spread out their use to avoid the congestion that overcrowding causes.



## **Britain's wealth came from exploiting its colonies, and should be repaid to some degree.**

The source of this error is interesting. When the British economy neither collapsed nor produced greater poverty as Marx had predicted, communist theorists invented the imperial excuse. The British had postponed the evil day by exploiting their empire as a source of cheap raw materials, and as a captive market for their finished goods.

The theory ignores the facts. During most of that imperial period the rates of return on capital were higher in advanced countries such as the United States or Germany, or in undeveloped areas outside the empire, such as Argentina. When the British did invest in the empire, in many cases it was against their economic interest. In other words, they invested in the empire because they believed in it, not because it was where the greatest return was to be made. Indeed, in opportunity terms, this is equivalent to the empire costing Britain money.

The empire also cost money to administer, to police, and to develop with roads, railways, bridges and harbours. In many cases these were done for military and political purposes which owed more to Britain's self-perception as a world power than to any economic gain. Furthermore, much of the wealth that did accrue from Britain's colonies was not wealth until the processes and products were developed which needed it. The rubber trees in Malaysia had negligible value to the native inhabitants. Only an industry which used rubber turned them into wealth. The ore deposits in central Africa had far less value to the indigent population who walked and hunted over them than they did to the British, who were developing industries to use them.

The world did not have a fixed supply of wealth, and Britain's was not 'taken' from other countries. It was created by trade and manufacture, for which Britain should not be apologetic but proud.

## **We need ID cards to help fight terrorism.**

Terrorists constitute the one group which seems to have no difficulty in gaining access to forged and false identification. If ID cards were introduced in Britain, no competently equipped terrorist would be without one. Terrorists do not usually write the word "terrorist" as their occupation; they try to hide their purposes, and only surface as terrorists at the moment of their crime.

It is all very well to talk of higher technology to combat ID card forgery, but the technology of the forgers advances, too, and many terrorist groups have the resources to use it.

What ID cards are actually about is control. They enable authorities to know our movements, along with a great deal of other information. We have always been reluctant to grant gratuitous information to those in authority because we have so often seen it misused. Just as sophisticated phone-tap technology is now used by local authorities to search for people involved in fly-tipping, so we can expect the information on ID cards to make its way rapidly down the scale of offences and be used against individuals suspected of trivial misdemeanors.

We have learned to our cost that every level of government is careless with the information it stores on us. Even if authorities did not misuse the information themselves, it is quite likely that their slipshod controls would make it easy for those with criminal intent to do so. There have been incidents of highly sensitive information lost on mislaid disks, or stolen while inadequately protected. The very collection of so much information together would create risks of it falling into the wrong hands.

Government talks of combating terrorism, but the real purpose of ID cards is probably to control employment of illegal immigrants or to fight benefit frauds. There are better and less expensive ways of doing this than subjecting the whole citizenry to an ID card regime.

## **It's all very well to talk of freedom, but poor people are not free to buy Rolls Royces.**

Actually, the poor *are* free to buy Rolls-Royces. They are not rich enough to buy them, but they are not prevented from doing so by the whim or will of others. If they had or could get money they could buy luxury goods, but there are some things people are not free to do, be they rich or poor.

They cannot smoke with impunity in a public bar, or demonstrate within the vicinity of Parliament. Being banned from doing something is about curbs on freedom. Being able to afford something is about power over circumstance.

A person who lacks the resources to buy something might hope to raise the money by saving, working, borrowing, or winning it. Most of us buy things we couldn't at one time afford. It wasn't that we were thwarted by the will of those in a position to stop us, only that we lacked the necessary means.

There is a crucial difference between being held back by circumstance and being restrained by the superior power of others. In the first case you have aspirations beyond your present abilities, but in the second case you are subject to the arbitrary dictates of an authority which makes you live as it sees fit, rather than as you want to do.

A free society allows people to make their own decisions, rather than have them subject to the whims of those in power. There are things they cannot do, not because they are unfree, but because they are unable. People are free to jump unaided over the Eiffel Tower, but are not able to do so. The difference is that people can overcome a lack of means more readily than gravity. In a free society they can hope to prosper, and to do the things hitherto beyond them. In an unfree society they cannot.

## **Curbs on budget airlines are needed to protect the environment.**

Budget air flights emit a tiny fraction of the CO<sub>2</sub> and other 'greenhouse gases' that are put out from all sources. They are insignificant compared to the emissions of agriculture, road transport and power generation. The problem is that these make very difficult targets for NGOs to pick upon because we cannot do without those big three, whereas they feel free to call budget air flights an unnecessary luxury.

NGO spokespersons usually gloss over the minor contribution of budget airlines to total pollution by describing the emissions from air transport as the "fastest growing" source. If this is true it is only because they start from such a low base. Even at the highest estimates for the growth of air traffic by the mid-century, analysts calculate their contribution might rise from 1.5 percent of the total to about 3 percent.

In fact budget airlines generally emit less per passenger than the established airlines. This is because they typically fly with a higher load capacity, flying more people for the same fuel. Even without the punitive taxes demanded by eco-lobbyists, airline passengers already pay very high taxes which in many cases cost more than the ticket itself does.

Budget airlines have made air travel no longer an exotic prerogative of the rich, but have made it accessible to ordinary people, with all of the opportunities this presents. Critics deride 'holidays in the sun', but neglect to point out the opportunities people now have to visit and explore foreign cities and to experience for a time the cultures of other nations. The more that people know about other peoples and places, the more rich their own life is likely to be.

The responsible way forward is not to make air travel once again something only the rich can afford, but to develop the technologies that can make it cleaner and more efficient.

## **The arms trade is immoral.**

It is the misuse of arms which can be immoral, not the people who make and deal in them. Every country has the right to protect itself and to have defence forces capable of ensuring its security. Without protection against armed aggression and conquest, all of the rights its people enjoy are empty and risk being overthrown.

The industry and the trade which meet that legitimate need are not immoral. On the contrary, they are helping countries to protect the rights that their citizens enjoy. The tanks, planes and ships which that industry supplies enable countries to protect themselves from armed aggression, and pose a significant deterrent to hostile acts being committed against them.

Further to this, the arms industry in Britain supports hundreds of thousands of jobs. These are in such areas as the manufacture of missiles and warplanes, making tanks and trucks, shipbuilding, and all of the support industries which go with these. The technological advances made in armaments often spill over into improved civilian products which go to help exports, and to give domestic consumers access to better products. Much night vision technology, for example, originally developed for military purposes, is now used by wildlife photographers. The GPS system, originally developed for purely military purposes, now has multiple uses in the civilian world e.g. vehicle navigation.

There are problems where the arms sold for defensive purposes are used to commit acts of aggression, to wage civil war, or to repress a country's own citizens. The UK policy has been to deal with this by being selective about which governments it will sell arms to, and about what arms are appropriate. It means in practice that countries bent on the immoral or illegal use of arms have to obtain them from other, less scrupulous countries. Control of arms sales through export licences helps to keep the UK at least clear of the moral consequences of unacceptable uses.

## **We need a Human Rights Bill to protect our liberties.**

A Human Rights Bill is something which looks plausible on the surface, but disastrous when you look deeper into it. Such a bill would be a written codification of the liberties which Parliament thinks should be enshrined into a written law. In fact most of our liberties come from conventions and assumptions added to over the centuries. Some were acquired from individual laws passed by Parliament and some arose from celebrated legal judgments which enshrined an important principle.

Any attempt to write them all down will be forced to simplify them into a manageable text. Many of them have the nuances of precedents which arose in practice and are difficult to codify. Inevitably, such a text would be given priority over the history, losing subtle threads of association in the process.

Furthermore, once the principle of a Human Rights Bill were established, every pressure group in the country would try to get their particular hobby horse through its door and admitted as a 'human right'. People would campaign to get the rights of children not to be chastised by their parents, and the right of unborn foetuses to be protected from abortion, or from mothers who drink or smoke. The right to free and equal education would be inserted to have independent schools closed down. The Bill would be an instrument to get the force of law to do things which elected Parliaments have thus far declined to do. In its drafting it would be near impossible to keep the contentious 'positive rights' separate from the negative rights which have constituted our liberties.

Parliaments have been scant respecters of those liberties in recent years, but a Human Rights Bill, far from protecting them, would open the floodgates to even more abuse and erosion of them, taking away our freedom in order to give others what some think should be their 'rights'.

## **Alcohol should be made more expensive and less widely available to combat binge drinking and yobbery.**

Many people who put no great faith in the price mechanism elsewhere happily advocate big price increases for things they disapprove of. Such things include smoking, budget air tickets, petrol, and alcohol. Price increases can indeed change behaviour, but it is poorer people who are hit hardest; the rich can afford the increase.

The assumption behind the anti-alcohol campaign is that low prices promote binge drinking, and the attendant anti-social behaviour sometimes seen in young drinkers. It is by no means clear that this is true. People in some other countries where alcohol is cheaper do not have the binge drinking or lout problem to anything like the same extent. It seems to be a cultural thing which affects some countries more than others.

An increase in the price of drink would probably just prompt a switch among binge drinkers to cheaper types, or perhaps to illegal substitutes. Meanwhile respectable middle-aged couples would have to pay more for their bottle of wine, and the great majority of Britons who do not binge drink and commit anti-social acts would be punished for the sins of the minority who do.

Similarly there are those who urge that pubs and bars should have reduced opening hours to deny drinkers the opportunity. Again, it seems that facilities enjoyed by the many are opposed in order to target the abuse committed by a few. Determined binge drinkers would continue to drink, but at home or outside, rather than in licensed premises where the decision of the proprietor when to stop serving them exercises at least some restraint.

Countries which make it difficult to drink through state monopolies or huge liquor taxes seem to suffer greater drink problems than more easy-going ones. To curb drinking excesses, it is the culture that must be changed, not the availability of alcohol.