

# Doing more by doing less

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**I** LIKE Communists. Do you know why? Because the Government doesn't like them!

Thus does Styles in 'Siswe Bansi is dead' symbolise the many blacks (and whites) who dislike free enterprise because the Government says it likes it.

Now pure free enterprise, or rather the free market, is simply liberty: a system in which there is no government ownership or interference with volitional human action. That is, individuals may do as they please except initiate force or fraud against anyone else or their property. This distinguishes free markets from all other systems which have in common the imposition of governmental will by force. In a totally free (market) society governments may not do to people what the latter may not do to each other under the common law.

The primary free market argument is moral, not economic liberty. The fact that it also produces and distributes wealth more abundantly and equitably than any other system is a fortunate bonus.

How does this apply to South Africa? We have a 'mixed system' (as do all countries, even Communist ones) in which there is, to some extent, virtually every intervention in the book. There are over 4 000 Acts on the Statute Book, 56 applying specifically to blacks and most containing economic interventions. (The average person knows 40 000 words in his or her mother tongue.)

Most of the evils attributed to free enterprise are either false or the results of intervention. A free market would solve these evils, and most other major problems.

## Economic problems

'Freedom is not worth having unless it connotes the right to err.' Mahatma Gandhi.

*The theory: voluntarism*

In a free society all human actions and interactions are mutually volitional and all mutually volitional actions are lawful.

As a fact of life all voluntary actions are aimed at exchanging existing situations for preferred situations. These actions constitute millions of 'signals' to 'the market' of individual values. The signals have an unpredictable ripple effect upon the values and actions of others. It is like a bell: if you strike it in one place

it rings all over. Thus people are led 'as if by an invisible hand', as Adam Smith put it, to a spontaneous order which always tends towards maximising the satisfaction of everyone's values — except of course those of megalomaniacs and demagogues.

All the planners with all the computers could clearly never monitor or respond to the 'signals' as do individuals transacting freely with each other. Accordingly intervention cannot improve the social framework.

## Profit

In a free market there are no losers, except by mistake, fraud or force. If people do not profit (in their own terms) they do not trade. When you buy a widget for five Rand you do so only because you prefer it to the five Rand and anything else you could have bought. The seller feels the other way around. Furthermore, the greater the seller's profit, the greater has been the subjective value of whatever he has supplied.

## Unemployment

These simple principles apply to all economics, including unemployment. Every unemployed worker's services are worth something, say X, and there is always someone seeking a profit by employing him or her at X minus Y. Why then unemployment? Because of interventions such as decentralisation laws which cause certain industries to use machines and not people, minimum wage laws (which prohibit workers, usually the more destitute, from getting jobs at below, say, Z), job reservation, influx control (which keeps job-seekers away from labour-shortage areas) and so on.

Free competition drives wages up and profits down. In general excessive intervention, bureaucracy and taxes prevent, as even Karl Marx conceded, long-term stability and wealth from developing on a scale beyond all former comprehension.

## Social problems

*'Charity should come from the donor's heart, not the do-gooder's gun.'*

There is no such thing as a free lunch. Governments cannot provide anything: they can only rob Peter to pay Paul. That is welfare statism. Capitalism is not anti-welfare. On the contrary, only it can produce enough for the needy. All

it stands for is volition. If you cannot persuade me to support Cripple Care instead of the Hermit Crab Campaign, so be it. Free people choose their own causes. If you condone the Robin Hood principle then you concede to whomever has power the right to prescribe your priorities.

#### Discrimination

Economics is colour-blind. When you buy woblets you do not first ask the race, gender, religion or age of the person who made them.

If an employer pays less to brunettes than to blondes for the same output, or refuses to employ them even if they undercut blondes, competitors will simply entice brunettes away and out-compete the initial employer.

Discrimination pays only if laws support it.

In a free market freedom of association and contract permits people to discriminate if they choose. You may deal only with brunettes and teenagers if you prefer — but you must pay for it and you cannot force others to do likewise.

Equal pay laws are immoral, counter-productive and a subtle insult to the discriminated-against group, which is deprived of its main weapon, the right to undercut. Such laws in the US have led to 'Uncle Sam's Apartheid' in which 50 per cent of Negro youth have by now been disemployed.

#### Housing

Building laws prohibit the provision of cheap private housing. In a free market people may build, buy and rent cheap accommodation of their choice. In places like Kenya housing problems have been solved by leaving the housing to the market.

Virtually all black grievances refer to interventions in the market, such as home ownership, transport, the lack of free collective bargaining, influx control, group areas, etc.

All we need do to electrify Soweto and provide adequate jobs, cheap housing or transport for blacks is to free the market in these areas.

#### Political problems

Can the free market solve political problems?

Yes. The principal political issue in the world today concerns who shall wield the enormous powers assumed by governments. In a free market where there is minimal government, limited to protecting individuals from the violation of their common law rights, it makes little difference who votes. Whether there are homelands or a unitary state matters not in a free society, for if the country's constitution entrenches freedom effectively then people would not be concerned about who is in government. An unjust law remains unjust whether it has been passed in a democracy or a dictatorship.

#### Conclusion

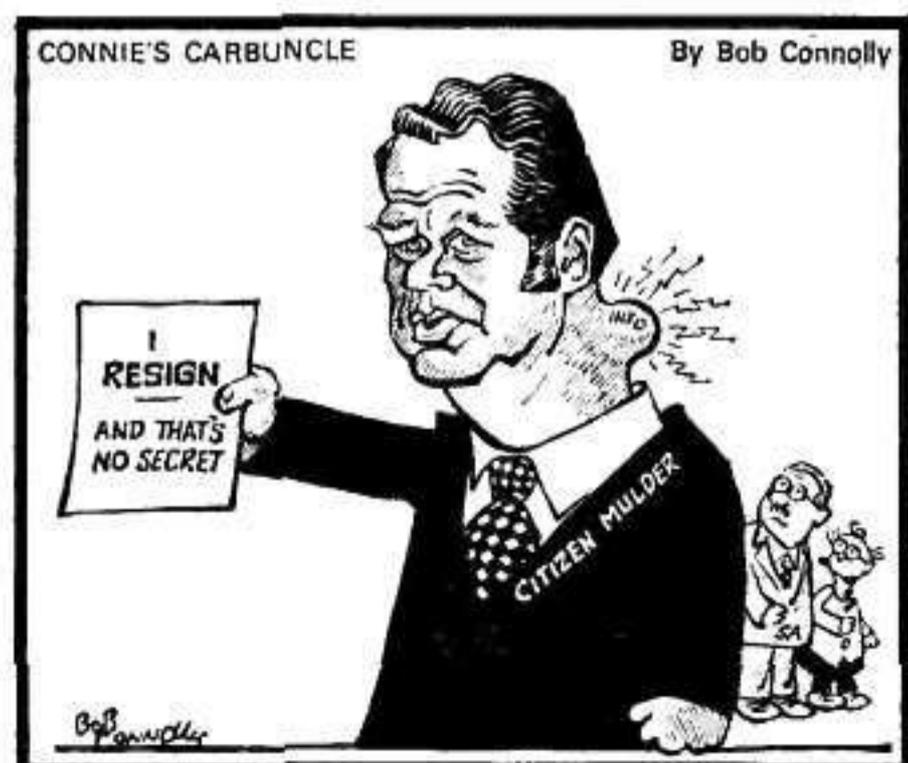
Some might say that a pure free market is too 'radical' and perhaps we should settle for a mixed but freer system. If so, the following problems must be recognised:

- a mixed system values something besides freedom, such as power
- all interventions are against some people in favour of others
- all interventions create distortions, which call for more interventions
- in the absence of an underlying economic principle society declines into 'gang warfare' for special favours.

In conclusion we might remember Benjamin Tucker's dialogue:

*King:* I require a prudent and capable man to manage the State affairs of my kingdom.

*Minister:* The criterion, O Sire?, of a wise and capable man is that he will not meddle with such matters.



**H**EAR this heartfelt cry from General Hendrik van den Bergh, former boss of BOSS, at his Press conference yesterday:

'I was not aware of any evidence which had been given beforehand. I was not aware that anyone had slandered me. I did not have the opportunity to be present for the testimony of anyone.'

'I did not have the opportunity to place anyone under cross-examination. I did not have the opportunity to appoint a legal representative who could place a person under cross-examination concerning me.'

The hearts of thousands of South African men and women, banned or detained over the years without charges or trial and without legal representation, will bleed for him.

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