No, Brendan Barber, the economy is not a sporting event [1]

Written by **Chris Harlow** [2] | Wednesday 12 September 2012

TUC leader Brendan Barber has jumped on the back of Olympic glory to make a strange analogy about the Games and how we should run the economy [3]. He criticises the notion that private is better than public spending and that the market will deliver better than government by pointing at the success of the publicly funded and organised Olympic and Paralympic games, just ahead of the TUC?s annual Congress.

Of course, the function of the Olympic Games was to provide entertainment. Some may argue that it will boost tourism and (temporary) employment but, essentially, it is a sporting event. If we were to run the country like the Olympics, we would produce a society in which wage values would be polarised between very high achievers (the Usain Bolts and Jessica Ennises) and the very low earners (the many, many amateur athletes that do not manage to make it to the Olympics). This is precisely the wage differentiation that the TUC campaign against.

Barber ridicules the fact that government claim they "can?t pick winners" when helping companies adding, ?Tell that to Bradley [Wiggins], Jessica [Ennis] and Mo [Farah], all supported by targeted funding.? What he is missing in this comparison is the essential difference between athletes and companies, which is one of function. An athlete can certainly be targeted by funding, as they have only one function, easily and objectively measured. For example, the target of funding for a 100 metre runner would be whoever can run 100 metres in the fastest time, while the target of funding for a high jumper would be whoever can jump the highest and so on. Simple.

When governments target spending towards companies however, they are essentially saying: the products and services this company provides are what people will want and all alternative products and services are inferior. By ?picking winners?, companies compete for government investment as opposed to consumer spending. The great thing about letting the markets decide is that it is, in a sense, democratic; it lets people vote with their money, creating a fluid and representative selection of what the entirety of society actually want and allowing those areas to develop and become more accessible.

Barber goes on: ?Markets always trump planning, they say. Well look at the Olympic Park, the result of years of careful planning and public investment.? He says look at the Olympic Park, well I say look at Concorde, British Leyland, the Millennium Dome, the Channel Tunnel, and so on. All government investments that overshot costs and timescales and were grossly inefficient. The taxpayer underwrites the risk of government investment and it is they that have to foot the bill when things go wrong.

Economic activity and investment in certain industries in London and the surrounding areas have been boosted (at least temporarily) by the Games, but to the detriment of those living everywhere else whose income was diverted through taxation to fund it. This may be regarded as an acceptable loss by many because of the entertainment value provided, but is it right that even those who have no interest in the

events should be made to pay? Central planning means that your income is diverted towards things that may not be in your best interest and often in a way that is too inefficient to justify the collective good rationale.

Finally: ?Private is always better than public, they argue. Not true, as we saw all too clearly when it came to Olympic security.? G4S remember was the choice of government with the backing of the public purse; it should have been up to them as investors to ensure that the security company was up to the task, something a well run private organisation would have been sure to do. Even if we disregard this fact, the Olympic games took place over a matter of weeks, while the market has been in existence for thousands of years.

Markets learn and adapt to needs and preferences, removing underperforming businesses and rewarding those that provide the desired service at the cheapest cost (unless of course there is government interference). Unlike the targets of government spending, companies within a free market system that do not provide the products and services desired of it better than their competitors can are allowed to fail, while better and more efficient ones take the lead. Competition induces progress, forced monopoly results in stagnation.

Perhaps Brendan Barber realises the fallacies of the arguments he is making, but think they can win him favour simply by allying him to the ?Olympic spirit?, implicitly setting his opponents against it. However, the economy is not a sporting event, it cannot be run like the Olympic Games and nor should it.

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