Why cannot the British left understand markets? [1]

Written by **Tim Worstall** [2] | Monday 30 September 2013

Forgive me but this is going to be a bit of a rant on one of my bugbear themes: why is it that the British left simply cannot understand markets? Here we've got Martin Kettle describing one of David Sainsbury's ideas [3]:

> As a result, says Sainsbury, in opposition Labour now needs to embrace a new form of political economy ? the progressive capitalism of his title ? in order to govern better and better understand the future. That means embracing capitalism in two particular ways ? the recognition that most assets are privately owned and the understanding that goods and income are best distributed through markets.

Neither of those two things are in fact capitalism. Capitalism does indeed describe a method by which assets (and more particularly, productive ones) are owned but it means that they are owned by hte capitalist, not simply privately. The opposite to private ownership is State ownership. It's entirely possible to have privately owned assets but which are not owned by capitalists as the various flavours of mutual ownership show us. John Lewis and Mondragon by the workers in those companies, the Co Op or building societies by the customers ofr them and so on. Private ownership of assets is not necessarily capitalism.

As to markets, this is where I start to get rather angry with the left. For markets combine nicely with capitalism, this is true, but then markets combine nicely with absolutely method of asset ownership. They are, variously, the calculating engine we must use for nothing else at all can tell us as much about the economy as the prices in markets. They're good, as noted, at the distribution of goods and incomes. But this is nothing at all to do with capitalism *per se*. Which is, as above, a description of who owns the assets, not how we perform the function of exchange of production.

But why should I get angry at the left for not understanding this point? Because in their hatred of capitalism, desire perhaps for some form of socialism or social democracy, they manage to throw the market baby out with the capitalist bathwater. And of the two the markets are vastly more important for our standard of living.

There is a reason why we here at the ASI generally describe ourselves as a "free market" think tank, not a capitalist one. It's because we think those markets are more important than who owns the assets. And I for one really do wish that the left in Britain could understand that that market system is essential in any form of complex economy, yes, even the more equal one they say they want to create. So, please, could they get with the program and stop railing against markets, whatever it is they want to shout about the capitalists?

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[2] http://www.adamsmith.org/taxonomy/term/5778
[3] http://www.theguardian.com/commentisfree/2013/sep/25/forget-mcbride-david-sainsbury-blueprint-labour
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com