

[Fluffy capitalism](#) [1]

Written by [Preston Byrne](#) [2] | Monday 23 January 2012



Last week, as has happened many times before, the Prime Minister gave a speech.

He began by telling us things we already know -- unemployment is up, confidence is down, Labour is to blame and the Tories are here to save the day -- and said to us, with all of the stern and confident authority of an Etonian schoolmaster, that "we won't build a better economy by turning our back on the free market. We'll do it by making sure that the market is fair as well as free." Adding for the sake of prudence that "of course there is a role for government, for regulation and intervention," he took great pains to explain that "the real solution is more enterprise, competition and innovation" -- platitudinal Occidental nothingspeak with which it is virtually impossible to disagree. In order to give effect to these sweet nothings he whispered in our collective national ear, the Prime Minister proposed that the UK adopt a kind of "Popular/Moral Capitalism", a system of economic organisation without any consistent philosophical grounding which, broadly speaking, holds that we should make "markets work for all of us, to spread wealth, freedom and opportunity." (As if they don't do that already.)

I should begin by thanking the Prime Minister: mere seconds of exposure to his outrageous oeuvre of political tripe instantaneously shattered the writer's block from which I've suffered since Christmas. Eamonn [beat me to the punch](#) [3] by publishing the post that I wanted to write. As we have come to expect from Eamonn, his reply was both succinct and persuasive; "Capitalism," he wrote, "is perfectly moral and responsible, if only politicians let it be." I would have a difficult time stating the libertarian position any better. However, I fear that Eamonn -- by discussing economics at all -- conferred upon the day's political dialogue a degree of coherence and dignity that it did not deserve. For, despite the media headlines and the earnest debate in which the two (three?) major parties have struggled to engage, what is perfectly clear is that none of them are talking about capitalism, at least not capitalism in a form that a libertarian would recognise.

Cameron's speech -- which I have, unfortunately, read in full -- revolved around three pillars. The first, "social responsibility," espoused a belief that "companies have obligations, too"; ignored was the fact that corporate salaries house, feed, clothe, and generally cater for all of the needs of the vast majority of British families, either directly in salary, or indirectly through redistributive taxation, better than almost anywhere on Earth. The second was "responsible capitalism," in short, that "everyone should share in the success of the market"; the Prime Minister failed, however, to mention that it was the market which provides all goods and services -- the X Factor, Hermes ties, cut-price Addidas trainers, toothbrushes, and CD recordings of Prokofiev's Fifth Piano Concerto -- to every living person in Britain today at a reasonable price. His third plank was the proper allocation of "risk and reward" -- which was not, as might be sensible, a critique of Beveridge's bankrupt post-war Welfare State which has, for decades, laid the cost of lassitude and sloth

firmly at the feet of the taxpayer, but rather a crass and pedestrian snipe at bankers' bonuses and executive remuneration, backed neither by evidence nor anything resembling sound economic argument. And after all of this, the Prime Minister had the unmitigated gall to suggest that his non-philosophy was compatible with a world where the UK supports "the new, the innovative and the bold;" and that, when this country is "fizzing with business potential," the consolidation of "seventeen... out-dated pieces of legislation" into a single new Parliamentary Act regarding co-operative businesses was an acceptable panacea for the economic ills we face.

If this was, as billed by the Conservative Party, meant to be a major statement of economic policy, it failed, and utterly. The New Statesman called the speech "hollow", "desperately short on specifics", "abstract and often contradictory"; the Guardian, a "cop-out". Michael Deacon, writing for the Telegraph, was even more damning: "so familiar have these words and phrases become, and so elementary are the messages they're employed to convey, that the speakers need hardly bother filling in the gaps between them to create whole sentences: they might as well just recite the buzzwords, one after another, for 20 minutes." Even the [hapless Ed Miliband](#) [4] managed to get the proverbial jump on the Prime Minister when he proposed populist, but nonetheless practical and concrete, policy proposals for a "fairer" market, arguing for the abolition of bank charges and fare rises on trains, to name a few.

Indeed, on closer examination, nowhere in the Prime Minister's proposals was there to be found any idea to enhance "enterprise, competition and innovation" -- no reduction of the tax burden, no loosening of employment law to enable greater private-sector hiring, no paring back of the Welfare State (which is, in effect, a subsidy for labour for which everyone pays) -- in other words, nothing which would actually improve the British economy or the lot of the British population. Furthermore, his proposals for the improvement of the market were not proposals, but rather, descriptions of the market's essential characteristics; markets necessarily reward their participants as they, per Hayek, teach consumers "who will serve us well: which grocer or travel agency, which department store or hotel, which doctor or solicitor," which shop floor assistant, which tube driver, which banker -- and teach suppliers how "to provide the most satisfactory solution for whatever particular personal problem we have to face." There is no room for morality here: either a man provides a service well, or he does not, and in a free society, should he fail, it is fair and right that his client -- not some indeterminate and fluffy Big Society ethics -- be the ultimate arbiter of his success.

In short, the mainstream debate which we read about in last week's papers has nothing to do with morality and capitalism: what the Prime Minister proposes is not moral and is not capitalism. And it is incumbent upon us to remind him of that.

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