

Freedom, not money, is the capitalist dream

From the depths of economic doom and gloom come signs of a brave new world order, says Maurice Saatchi

By Maurice Saatchi

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George Bush jnr did not consult George Bush snr before invading Iraq. He consulted a Higher Father, who doubtless told him that free markets and democracy were the pinnacle of Western civilisation, and it was right for them to be dropped on to poor countries like food parcels.

This was the time when the logic of markets and democracy – one the handmaiden of the other – seemed unassailable. The contrary opinion, the idea of an all-powerful state as a force for good, had been discredited by its most recent incarnation as Soviet Communism.



Anti-capitalism graffiti in Bombay, India. Photo: SEBASTIAN D'SOUZA/AFP/Getty Images

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According to its critics, such a state would always fail to deliver wealth for its people. It would be bureaucratic – like the Russian stationmasters who sent out empty trains in the middle of the night in order to meet their targets. It would intrude into civil liberties, spend too much, incur too much debt, raise too much tax, etc.

The antidote would be a double dose of one man, one vote, to be administered in the voting booth and in the supermarket. It would mean that a ruler could be removed from office for failure to remove poverty as easily as a soap powder could be removed from the shelves for failure to remove stains. Competition to win votes in the court

of public opinion would, the theory went, produce better detergents and better politicians.

Unfortunately, it has not worked out quite like that. Both free markets and democracies seem susceptible to the market-transmitted infections of greed (bankers) and recklessness (MPs).

Some say the laws of capitalism are like the laws of gravity. You can object to them, but you can't change them. These true believers assert that state intervention in failed private enterprises is a temporary "tactic", and that the "strategy", capitalism, will soon reassert itself. A new "code of conduct" for non-executive directors; the eyebrows of the Governor of the Bank of England becoming slightly more visible when raised; a little more transparency here, a touch more regulation there, and everything will return to "normal".

Can it be that easy? Perhaps the people are not so forgiving. The public has noticed that when the state met the market, the state won. In the recent crisis, as President Obama pointed out, only the state had the resources to rescue the situation: it was now a welcome friend in a storm.

And if what has been labelled "the largest financial crisis in human history" had been caused by too much laissez-faire, perhaps we now needed a little more dirigisme. This may be the reason why US intelligence agencies report that "the state's role in the world economy may be gaining more appeal". In Britain, surveys show that people now rate jobs in the public sector more highly than jobs in the private sector.

A recent survey of the chief executives of the largest US corporations confirms the point. These luminaries report that their young employees are no longer satisfied with the idea that they exist to "enhance shareholder value". They want to worship more than the Golden Calf: for some, through saving the planet, for others, through saving their local community. The next generation of Americans want to feel they are working for something good in the moral sense. This may be why Harvard Business School now asks graduates to swear a new oath which explicitly rejects the "shareholder value" model of business life.

When British voters, with a weary sigh of resignation, say our political parties are "all the same", it is usually taken to mean they are all equally (in)capable of delivering better healthcare, lower tax, etc. In fact, this may be less a judgment on their lack of effectiveness as managers, as on their indistinguishable motives, and lack of purpose of the kind sought after by those young Americans.

What to do? Those who do not wish to see capitalism consigned to what Trotsky called "the rubbish heap of history" will need to recall a lost truth – the end is not money. Or at least it shouldn't be. Money is only the means to an end. The end is freedom.

This is what Professor J K Galbraith meant when he said that the greatest restriction on the liberty of the citizen was a complete absence of money. It is why Margaret Thatcher told the story of the Good Samaritan, to show that you need to have the money first in order to use it to do the good works.

When Lady Thatcher was leader of the Opposition 35 years ago, she co-founded the Centre for Policy Studies to express the benefits of free markets, independence and self-determination. The result was a revolution in economic policy, and four Conservative election victories in a row.

Times change. By a Darwinian process, a new world order is evolving. But nobody knows its shape. To explore it, the Centre for Policy Studies is hunting for real ideas with the zeal of a prospector hunting gold.

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Lord Saatchi is chairman of the Centre for Policy Studies, which celebrates its 35th anniversary on Monday

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