

Can free markets be as interesting as regulated markets?

Sinclair Davidson reviews
The Best Book on the Market: How to Stop Worrying and Love the Free Economy
by Eamonn Butler
(Capstone,
2008, 172 pages)



Eamonn Butler has written a marvellous little book promoting the free market. *The best book on the market: How to stop worrying and love the free economy* is a very good, very basic introduction to market economics.

The book itself is full of little gems. Butler advises readers to ignore their economics textbook—‘nobody said that economics was about real life’—and concentrate on the intuition of markets. Contrary to textbook models of competition, it is *disagreement* that makes collaboration and trade valuable. Exchange occurs when people disagree on the value of a commodity, not when they agree. Butler emphasises this point again and again. By making use of examples from his own travels and everyday human behaviour, Butler is able to show how trade and exchange are ‘natural’ and how free markets allow us to live the lives we choose.

This is a book that everyone should read—preferably at a young age. Butler makes use of simple language and simple ideas to get his message across. This book is aimed squarely at the novice who has no clear understanding of how markets operate. It is not aimed at economists—indeed an economics student would fail their exams if they were

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to repeat Butler's views. Of course, that simply reflects professional hostility to free markets. Most economists would benefit from this book too.

Indeed, the economists at the Australian Competition and Consumer Commission would benefit substantially from *The best book on the market*. The ACCC have relied on the concept of ‘information asymmetry’ to regulate the petrol markets. Information asymmetry is the idea that different people know different things. Butler has a chapter on pricing and also on market failure that debunks much of the nonsense that passes for rigorous economic debate. As Butler emphasises, ‘information is subjective, personal and local’. Just because the government doesn't know where

to buy cheap petrol doesn't imply that nobody else knows where the bargains are to be had.

The fact that it is necessary to write a book such as this raises an important question. Why is it so hard to sell the free market?

The answer is likely due to the pseudo-intellectual rigour of the alternatives. The ideas in Butler's book can be dismissed as being too simplistic—there are no inherent contradictions that people must grapple with before enlightenment dawns. The free market is far more mundane. There is no need for central planners and empowered decision makers—in the free market, individuals advance their own interests by promoting the interests of others. Busy-bodies and do-gooders have to earn their living the same way as everyone else.

The problem this book has, and the others like it, is in its potential readership. While politicians and government regulators would derive great benefit from this book, most people actually reading it will be true believers already. The book comes with glowing references all well deserved.

But unfortunately it will never make its way into a school or university library; certainly it will never get onto a university reading list. That is a great pity. University economics subjects are very dry and lack the human element that Butler uses so well to illustrate his argument.

Eamonn Butler is the director of the Adam Smith Institute and has written extensively on free market principles. His previous writing includes books on Adam Smith, Milton Friedman, Ludwig von Mises and F.A. Hayek. His latest work is a fine contribution to the literature supporting and promoting free markets.

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