

populist politicians. Reinforced ethnic divisions and international dispute are high prices to pay for enhancing the careers of certain politicians or protecting the jobs of a few workers.

Aside from the social costs of protectionism, sustaining high wages in one sector by keeping out cheaper foreign products results in higher prices for domestic consumers. Perversely, the poor are 'protected' from low prices in order to preserve relatively high-wage jobs. Indeed, all consumers of goods made in protected sectors have less discretionary income to spend on other domestically-produced products or services. Consequently, job growth in other sectors of the domestic economy will suffer. In a nutshell, protecting visible jobs destroys 'invisible' jobs.

The highest cost of protectionism, however, is, perhaps, paid by future generations whose job opportunities are stolen by both higher production costs and slowing productivity gains that impede economic and employment growth. Economic nationalism is backward-looking and sacrifices the young to protect the old by lowering economic growth so that fewer jobs are available to new labour market entrants.

Some inescapable realities confront all countries as the global economy unfolds. Waves of competition will wash over the world, and those countries whose economies have the most flexible institutions and most nimble responses will be best able to weather these incessant commercial storms. Industrial logic from the last century provided an illusion that high tariff walls or restrictive labour policies can provide a safe haven from global tempests.

Higher protective barriers make all countries poorer. Attempting to protect the jobs of the few will impose costs on the many, i.e., most consumers and taxpayers. Worst of all, the disenfranchised young will see their future stolen away by attempts to preserve the past or to promote the present.

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# The Anti-Business Mentality

PATRICK MORGAN

Academics perennially want governments to spend more money, particularly on universities. So why are they so hostile to the very people who organize wealth creation?

**L**ATE last year I received an unsolicited 'thought' via e-mail from our university chaplain: 'Only when the last tree has died and the last river has been poisoned and the last fish has been caught will we realize we cannot eat money' (Cree Indian Saying). Purporting to be a prick to our consciences, this saying was really intended to confirm the ideological prejudices of the anti-business atmosphere into which it was released. At the same time I read a review (really a promotion) of a play called 'Infectious' in *The Age* of 22 September 1998 whose main theme was that 'money, economic rationalism and rampant consumerism' are 'a virtual virus ... the greatest threat to the human species we will ever face'. Money, you see, is infectious. The lead letter in *The Age* of 2 October 1998 was headed 'Why schools and business don't mix', the reasons given being that business pollutes the environment, produces damaging services, wastefully uses scarce resources and employs dangerous work practices.

The mindset common to these examples is that money and business somehow diminish our humanity. Why have such dubious views risen to prominence so easily? Some decades ago Lord Snow said the big divide in our culture was between the humani-

ties and the sciences. This has not turned out to be true. A bigger split is between those who are in business, and those who have never experienced it—which includes many in university humanities faculties, religious bodies and public-opinion-forming groups. Many in these groups tend to be reflexively anti-business. Business people these days have usually gone through tertiary education, so they understand its culture. But the same doesn't apply in reverse. There are now whole groups of families (teachers, public servants, welfare workers and so on) who have been in the public realm for generations; they have never been in business and do not seem to understand how it works. Robert Murray has recently pointed out in *Quadrant* how deficient Australian historical interpretation has been (with exceptions like Geoffrey Blainey) in taking into account economic factors.

When Joan Kirner left the Melbourne Cricket Ground Trustees, she complained that the trustees had gone commercial and so could not serve the public good. Here we see the false opposition set up between business and social benefit. Mrs Kirner's constituents, many of whom inhabit public-sector jobs, believe that governments must collect and distribute vast sums to even up social injustice; ordinary

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commercial operations can't, they believe, do this, and even hinder it. From her own Party, Peter Walsh, Mark Latham and others have pointed out that smaller government and free-trade, dry economic policies are not detrimental to the common good, but, on the contrary, improve it through economic success. We often hear anti-business ideologues say business operates only for profit, as though profit were immoral.

How interesting it is that those who hold positions in protected industries, like the public sector and universities, often support protectionist and other restrictive policies. This mirrors their own privileged situation of being shielded from market pressures. The barely-concealed secret of recent Australian political debate is how many of Pauline Hanson's seemingly most vociferous opponents hold hands with her under the table on economic matters.<sup>1</sup>

Some people argue that high participation in tertiary education helps a modern economy to develop and operate more efficiently. A reading of Max Teichman's article in *The Adelaide Review* (February 1999) on the parlous state of school education raises doubts. If a large part of the education sector produces a generation of graduates who don't go into business, who develop anti-entrepreneurial and anti-progress attitudes, and who promote extreme environmentalist positions, then the education sector can, over time, have a detrimental effect on the economy. It would be nice to see some acknowledgment that economic success produces the surplus money that finances our many public bodies like universities.

Behind these current anti-business attitudes lie deeply held attitudes of long standing. Weber and Tawney argued that certain Protestant strains of Christianity lay behind modern economic progress, but there is also in the Christian tradition a strain which warns against the obsessive pursuit of material gain—instanced by St Paul's statement 'for the love of money is the root of all evil'. For many, seeing business as somehow dirty and demeaning is an integral part of their 'religious' cast of mind. Earnest philosophers now setting themselves up to lecture the business community on ethics may have inherited some of this thinking. The Catholic tradition is also complex. Its encyclicals on economic matters over the last century have been

intelligent critiques, but they are often twisted into the claim that capitalism and communism are equally deficient economic systems. As a result, Catholic Social Justice Commissions believe they have a brief to attack our economic system. They are interested not in wealth generation, but only in its distribution. The parable of the talents is lost on them.

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The romantic reaction to industrialization in the nineteenth century is still influential. Our whole literary culture is imbued with it, and it underpins the modern day environmental movement. Dickens' *Hard Times* is the ur-text, a brilliantly satiric but one-sided demolition of utilitarianism, number crunching, rote teaching, personality suppression and dirty coal towns, all of which dehumanize us. 'The System' moulds us as programmed robots and the rebellious little man (Stephen Blackpool in the novel) has no hope. Eighteenth-century society, based on birth, status and inherited money, couldn't adjust to the new meritocratic society based on class and commerce, and something of its disdainful attitude to business has come down to us.

These quasi-religious and romantic views combine to form the popularist anti-globalization and anti-economic rationalist views promoted by John Ralston Saul on the ABC. 'Economic rationalism' has become a talisman employed in the same false way as the word 'capitalism' used to be. 'Capitalism' was a word used only by those hostile to our successful economic system, falsely implying that we had a monolithic system like communism or eighteenth-century 'primitive' capitalism (if such a beast ever existed). In reality, twentieth-century

Western economies have been mixed systems, incorporating welfare, socialist, capitalist and other streams, for which phrases like 'post industrial society' are much more accurate than 'capitalist'. The new language game uses the slogan 'economic rationalism' in the same misleading way. It is deployed only by opponents of free trade, dry economics and small government, who do not wish to spell out the doctrines they are opposing—so they lump it together in one demonizing slogan which prevents debate on essential details.

One of the great myths which has been assiduously promoted by the anti-business lobby is that the 1980s was the 'Decade of Greed', symbolized by Bond, Skase and Gordon Gecko. This has been repeated so often that it has now solidified into a truism, repeated uncritically by the media. In fact, the 1980s was the decade when the dry economics of Hayek, Friedman and others was established on the world political stage by Thatcher, Reagan and, in Australia, by Paul Keating. Clinton and Blair (but not Beazley) have since followed suit. The crucial thing not stated about Bond and his like is that their activities were an atypical attempt to keep the old rackets going in a corporate-state type of activity in collusion with State Labor governments. Their deals lacked arm's-length safeguards between politicians, businesses, bankers and public servants, just as some Asian economies did, and collapsed for the same reasons. So they were an example not of some new malfeasance, but of a last throw of the old dice. Bond and his like were exemplars of the outmoded policies believed in by the big government lobby.

The Cree Indian 'saying', sounds suspiciously to me like the invention of a Western mind as were those of Chief Seattle and the Hindmarsh Island women's business. I doubt any Cree Indian would be so silly.

#### NOTE

<sup>1</sup> See Lyndon Rowe, *Odd Bedfellows: The Economic Nationalists and Why They Are Wrong*, IPA Backgrounder, 10/2, July 1998.

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