

FREEDOM AND BIG BUSINESS

MASS OPINION has never been consistent but the attitude now prevailing towards the idea of freedom is more than usually illogical. No power-seeker in any country calling itself democratic would openly deny freedom in the abstract, and even the dictators profess a superior version rather than a negation of the principle. Yet, even in the country which taught Free Trade to the world, if any prominent politician were to propose introducing freedom into those daily affairs on which all depend—such as the production and exchange of the things we require for food, clothing and shelter—at the next election, if not before, he would almost certainly cease to be a prominent politician. The military victory of the “freedom loving peoples” is complete. In the more permanent sphere of ideas it is so incomplete that sincere National Socialists might repeat with more confidence than earlier and nobler martyrs, “*Périssent nos mémoires, pourvu que nos idées triomphent !*”

Alternatives to Liberty

It would require a book not an article to recount the developments, apparent by 1870 and multiplying since 1930, which, especially in our own country, have resulted in such a panic-stricken retrogression from liberal ideals. We can examine only one aspect of the subject: the almost universal assumption that modern scientific knowledge has led us into an industrial condition which permits of only two alternatives, the domination of Big Business or of State Monopoly. This assumption is often held by those who regret it and who accept as inevitable the strange spectacle of man irresistibly enslaved against his will by his own knowledge, unwillingly cramped by the discoveries which enable him to extend his own powers. But the undoubted growth of the large at the expense of the small industrial unit, and the fact that some leaders of Big Business are almost the only defenders of “private enterprise” whose protests are allowed prominent space in newspapers have long since deadened the public's sense of paradox.

Liberty has indeed cause to beware of her friends. To suppose that an operative or even a minor executive in Big Business can have more feeling of personal independence or responsibility than if he worked for a Government department is to ignore common experience. If the workers themselves honestly believe, as some do believe, that liberty means the domination of Big Business, it is idle to expect them to entertain the idea until a much longer experience of State Monopoly shall have disposed them to entertain any alternative whatsoever.

Competition Under Monopoly

The very multiplicity of present-day monopoly, and the fact that it often acts indirectly upon industry, increases the difficulty of exposing the iniquity to its victims. It can be seen that trade depressions in themselves must tend to eliminate the smaller and weaker rather than the larger and wealthier units of industry quite irrespective of their comparative efficiency. It is not so obvious that the unnatural harshness of competition must always tend to make it more to the interest of the small man to sell out to the chain store or combine rather than continue to compete, especially as the combines do not always restrict themselves to the old-fashioned competitive method of better article at cheaper price, our paternal governors showing a surprising degree of indulgence towards this up-to-date type of *laissez-faire*.

If one considers the case of A and B, each possessing equal amounts of true capital but A assisted by C, a monopolist in possession of sufficient money to buy both direct legal privilege and the indirect legal privilege which depends upon political power, and also to defray the direct and indirect expense of the burdens placed by law upon industry, some conception may be obtained of the crippling restrictions which make all talk of free competition now absurd.

To begin with, A can buy the patents and copyrights needed by B for up-to-date methods of production, either reducing him to less efficient production or levying a toll upon him. And does not everyone in business know that the combines maintain legal departments expressly for this purpose? But these direct tolls are probably far less important than the indirect privileges. As Government departments take an

increasing share in regulating industry so those committees of manufacturers, etc., are multiplied through whom the official orders are shaped and disseminated. Everyone knows how these committees are dominated by representatives of the larger units, and it is absurd to suppose that they should not consider their own interests more than those of smaller units. The recent suppression of *small* road hauliers, like the suppression under the National Government of thousands of *small* potato dealers, are only obvious examples of a tendency which is operating constantly and with increasing force.

Incidence of Taxation

The direct burden levied by taxation and rating upon industrial production appears at first sight to bear according to size, but as the practice of business is made ever more expensive so is it made ever more exclusive. It is significant that just those industries which in the past have been heavily taxed have been the first to fall into the hands of combines, e.g., tobacco. Moreover, rating valuation being assessed upon the property as developed, rates fall more heavily in proportion upon businesses less favourably situated than upon those in central positions where, significantly enough, one finds the greater proportion of chain stores, etc. Furthermore, import duties are a direct invitation to industries to form the price rings which pave the way to combines. Although import duties exclude foreign competition they do not in themselves prevent competition at home which, if unchecked, would bring profits down to their former level.

The foregoing reduces to absurdity the claim that existing conditions can be cited as any evidence that modern science confers a natural advantage on Big Business, but we have not yet considered the monopoly which is of greater effect than any of those already mentioned. By law if A owned the land on which B's business was situated he could at any moment close it down—or, more likely, force B to sell it to him by a bargain in which A would have all the advantages. As the monopoly-ownership of land is a purchasable power created by our laws it is obvious that the more advantageous sites for any business must tend to drift into the possession of the rich, i.e., Big Business not small business. Anyone can check this by comparing the retail shops in the main street of a well-to-do suburb or the West End of London with shops in the side streets of any poor neighbourhood; but the tendency operates just as remorselessly in all other industries.

An Experiment Not Tried

The inevitability of Big Business is so deeply rooted in the minds of many that it may be objected that, even if the big unit were deprived of legal advantages, it would still preponderate owing to the progress of science. It is difficult to understand why the small-scale motor lorry must require a larger unit for its operation than the large-scale railway, and it is remarkable that hard-headed leaders of Big Business should spend so much money and effort in maintaining and extending legal advantages they do not need; but it must be granted that as the experiment of full economic liberty has not been tried in modern society it cannot be dogmatically asserted that the natural unit of modern industry is either large or small. The freeman demands only that no handicaps should be placed on *any* industry, but the examples of comparative freedom in operation suggest very strongly that under equal freedom of opportunity the scale of industry would be smaller.

The tragedy of the present situation is that the advocates of private and State privilege, having an almost exclusive possession of the controversial arena and, of course, avoiding mention of monopoly, the masses are effectively diverted from considering this factor which governs the whole economic situation.

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