

The revival of popular capitalism. Everyone an owner?

POPULAR CAPITALISM

I have been asked to speak at a meeting to discuss what Margaret Thatcher would have done today. I have also been asked to write an updated Introduction for a new edition of my book Popular Capitalism about the drive to wider ownership at the heart of the policy I took to Downing Street in the 1980s. I reproduce some of this thinking below.

Popular Capitalism spread a long way from its origins in 1980s UK. Much of the world is a wealthier place today, with more owners, higher living standards and amazing technological developments. Free enterprise capitalism has empowered people with the mobile phone and the internet, and transformed much business with the all conquering silicon chip, on line shopping, downloaded entertainment and new social media. Many countries transferred large industries from public ownership, backed privately financed infrastructure, encouraged wider ownership and helped more owner occupiers with their own homes. The USA remained truer to free enterprise throughout and expanded its lead in many fields.

What is Popular Capitalism now?

The idea that everyone should be owners remains a powerful positive driver of prosperity and success. Many People want the freedom of owning their own home to be able to adapt, use and decorate it as they wish. It is so much better to reach retirement with the mortgage paid off and no rent to pay from your pension. Many want to work for themselves and build their own small businesses, enjoying the fruits of their labours by pleasing the customers rather than a boss. Many want savings put by for life's big events or for misfortunes. All want a decent income in retirement which is best assured by saving through a pension scheme. These impulses remain now as then, but in many places other government priorities have impeded their fulfilment for all too many people. High interest rates make home buying less affordable. High inflation erodes savings and living standards. Tax and regulation can deter people from working for themselves or from expanding a small business.

Popular capitalism has also suffered some reversals in business and the wider economy. The manifesto for popular capitalism is based on competitive free enterprise delivering energy, water and most transport. Many of these industries have been denationalised in a variety of countries but in recent years there has been a return to more regulation, direct clumsy interventions in service, price and investment plans and in some cases renationalisation. The old lessons that nationalisation all too often meant big losses for taxpayers, poor working terms for employees and bad service for customers are being forgotten. Monopolies normally serve you badly at too high a price. The world has seen peak tariff free barrier free trade, with the main blocs and leading countries now developing strategies based on tariffs, price controls, bans, subsidies and government directions. The world has turned again to excessive debt build up, when equity is a preferred way of financing to spread ownership.

Europe and the UK have gone too far in regulating and centrally directing. Productivity growth has stalled despite the huge advances that US digital technology makes possible. Government favours the large corporation and imposes taxes and rules that make it more difficult for challenger companies. They drag more markets towards state capitalism or heavily regulated limited competition in a hollowed out private sector. The pursuit of net zero has led carbon reduction to replace greater prosperity as the main aim of many policies. Government and international conferences visit upon the world their view of what consumers want, only to find they are at variance with what the public wishes to do and buy. In order to travel the road to net zero there has to be consumer buy in on a grand scale, which requires more innovation, choice and competition, not more prescription, subsidies and rules.

Too few young people think they can afford a home of their own any time soon. Too few see working for themselves as a liberating opportunity. Too few hear or read the messages that freedom, enterprise and democracy are interlinked and mutually support each other. The tyrannies of Russia, Iran and North Korea to a lesser or greater extent tell people what to think, what to do, and what to buy. They erode or remove human rights, limit consumer choice and thwart democratic disagreements. They create poorer societies in every way.

State monopolies hold back countries and frustrate employees and consumers. The more people who own, who actively run businesses, who save and invest, the richer the society. The world needs another dose of free enterprise. There are too many state inspired wars, too many high taxes and state rules. That way poverty beckons. Excessive debts build up til taxpayers are overburdened with interest charges. Governments are tempted to inflation

to try to conceal their failures, only to make it worse. Everyone an owner democratises capital. More capital is needed to provide all the facilities and services we need for a good life.