

Die Individualis

The Individualist

Lestar Huis 706
Marshallstraat 58
Johannesburg
2001

No. 1 ^{December} ~~December~~ 1975

706 Lestar House
58 Marshall Street
Johannesburg
2001

Tel: 838-2501 / 31-2593

INTRODUCING THE SOUTH AFRICAN FREE MARKET FOUNDATION

During August 1975 it was decided that a free market foundation was desperately needed. Today the South African Free Market Foundation is here. The reaction so far shows that there is a great deal of support for a free market economy.

The aim of the Foundation is to encourage a free market economy in South Africa.

There is an increasing concern in South Africa about rapidly expanding government intervention in the economy and the growth of bureaucracy and state corporations. Commentators speak of "creeping socialism".

Most South Africans support the basic tenets of "free enterprise" or "capitalism". There is general agreement that our economy is becoming less free. Even in government circles there is concern about this trend. In 1973 our present Minister of Economic Affairs Mr Chris Heunis observed that the state should not always be involved in the economy, otherwise we would be exchanging our free enterprise system for socialism. He also pointed out that excessive state participation in the economy could never be as productive as the private sector.

However, Mr Heunis' recent statements on price control and restricting the establishment of "small uneconomic factories" make one wonder.

Amongst other leading citizens, the Honourable State President Dr Nic Diederichs, the Prime Minister Mr John Vorster and the Minister of Finance Senator Owen Horwood have all expressed their support for a free capitalistic economy. Numerous business and opinion leaders have done likewise.

Nonetheless, the present trend is towards increased government participation in and control of the economy. The South African Free Market Foundation wants to stop this trend and reverse it. The Foundation wants the number and severity of government interventions to be reduced. It wants the government to transfer its stake in the economy to private enterprise.

The Foundation is encouraged by, and wishes to support the government's agreement in principle to, denationalise a few public corporations, such as the proposed sale of the government's holding in Metkor (a subsidiary of Iscor) to private investors. Such decisions are breaths of fresh air for free enterprise in a world where there has been

no significant attempt to restrain or reverse accelerating socialism.

It is felt that the Foundation should be constituted so that all who are concerned about "creeping socialism" will be encouraged, irrespective of individual differences, to support the Foundation actively. We warn those people against the tendency, when discussing free market economic theory, not to be pedanticists by getting bogged down in questions of precisely how free the economy should be and exactly what role the government should play. That exercise is largely futile and self-defeating, since few supporters of the broad free market theory would agree on the details of what the nature of state intervention should be. What is common cause is that we need a freer economy. And based on that consensus, we can complain for a radical reduction of government involvement.

Some would argue that government's role should be limited to that of defence, police and judiciary; or that it should also run "strategic industries" (like armament production and petroleum supply) or "natural government monopolies" (railways, roads, communications, water, electricity); or that it should extend its wing to cover such fields as education and welfare; and so on.

At this late stage of our progression far beyond whatever the optimum mix would be, such differences of degree should not divide the supporters of principle. What is to be fundamental to the Foundation members is the belief that, essentially, we want a Freer Economy. In time, when the economy is much freer, and the benefits manifest, the success of the Foundation will be demonstrated by its natural death due to withdrawal of membership support as the degree of freedom desired by individual members is achieved.

This does not mean, and it must be clear, that the promoters of the Foundation are mere "apologists", nor do they compromise their free market principles. The intention of the promoters is to promote a (Free) Market Economy in SOUTH AFRICA.

The South African Free Market Foundation is a non-profit organisation. Its membership is open to all individuals and bodies who wish to promote a market economy. There is at present no prescribed membership subscription, but it is up to members and interested people to make such donations as they consider appropriate in furthering the cause.

Our country's tragedy is its paradox: its declared pro-capitalist position, its anti-communist laws; against a background reality of extending, creeping state tentacles which envelope, constrict and eventually stifle. A central force is needed to rally the champions so that South Africa can be seen to practise its preaching.

SUPPORT THE FOUNDATION

We believe a free market system is vital to you and our future. If you share our belief, fill in the membership application form and return it together with your donation to —

The South African Free Market Foundation.



ACTION

PROGRAMME

The Foundation will enter the arena for free enterprise by —

- * Explaining the free market case in this **BULLETIN** and extending its circulation.
- * **DISTRIBUTING FREE MARKET LITERATURE**
A list of books, that can be ordered from the Foundation, appears elsewhere in this bulletin. We intend opening a book store that specializes in free market literature.
- * Conducting **LECTURES, COURSES AND SEMINARS.**
- * Recruiting active **MEMBERS** who will continually explain the machinations for market economy.

- * Voicing **OPPOSITION TO ANTI-FREE MARKET POLICIES AND STATEMENTS** by corrective information to the guilty person and to the medium concerned in which it appeared.
- * Persuading the general public and consumer associations that **GOVERNMENT** does not solve problems, it institutionalises them, **INDIVIDUAL, INDEPENDENT ACTION WORKS IN A MARKET ECONOMY.**
Example:
When you think a dealer is overcharging, you complain to the dealer, you tell your acquaintances, you tell the press, you publish it through your free market consumer association, you deal with dealers which adopt standardised codes of ethics.
- * Putting **THE FREE MARKET CASE IN RESPECT OF PROPOSED LAWS** and actions against business.
- * **ASSISTING BUSINESS REGARDING ANTI-FREE MARKET INTERVENTION.** The Foundation will make representations on behalf of its members to the government, in respect of all types of existing or proposed government interventions.
- * Establishing a **REFERENCE LIBRARY OF THE FREE MARKET LITERATURE.** The Foundation already has the use of a library (personally owned by one of the members of our steering committee) of some 3000 books.
- * Initiating a project **TO CORRECT ECONOMIC MIS-EDUCATION IN SCHOOLS, UNIVERSITIES, THE MEDIA** and elsewhere.
- * **CONSULTATION AND ADVICE** on free market theory and practice.

Probably many more actions could be taken. Please send your suggestions. They will help to make the Foundation a more effective force. Readers are also welcome to send written contributions to the Free Market Bulletin.

'n BIETJIE SOSIALISME is soos 'n BIETJIE SWANGERSKAP

DIE PROBLEEM

Een van die hoofredes waarom die vryemark 'n snelle dood sterf, is dat die beginsel waarop dit berus, feitlik onbekend is. Die voorstanders van beide sosialisme en sogenaamde "beheerde" ekonomieë het lang ritse teorieë waarom hulle stelsels aanvaar moet word. Hierdie teorieë word deur die pers en die opvoedkundige instansies versprei sonder dat daar ooit 'n lansie gebreek word vir die vryemark. By nadere ondersoek word gewoonlik gevind dat selfs die "ondersteuners" van die vryemark slegs mooi-weer ondersteuners is. Dit neem gewoonlik nie lank om vas te stel dat hierdie mense slegs 'n vae begrip van die werkinge van 'n vryemark het nie. Hulle is gewoonlik onbekend met die vryemark-teorieë van Böhm-Bawerk, von Mises, Hayek en andere. En reeds om hierdie rede is hulle die grootste gevaar vir die voortbestaan van die vryemark. Hulle word uiteindelik die apologete vir verdere staatsinmenging omdat hulle ekonomiese beginsels nie in 'n volledige raamwerk geïntegreer is nie maar slegs dan en wan toegepas word.

BEGINSELS WAAROP DIE VRYEMARK BERUS

Die uitgangspunt van 'n vryemark is dat die mens 'n wese is wat kan kies, dat mense in honderde opsigte verskillend is en verskillend reageer, en dat 'n enkele mens en 'n groep mense se kennis beperk is. Indien 'n mens nou hierdie drie beginsels kombineer met die politieke beginsel dat elke mens die reg het om eiendom te besit en om met die produk van sy arbeid te maak wat hy wil, solank hy nie die soortgelyke reg van 'n tweede individu om dieselfde te doen, skend nie, kan die hele vryemark-teorie hieruit opgebou word. Dit word gou duidelik dat indien die funksie van die staat beperk word tot die verhinderings van enige individu om geweld teenoor 'n ander te gebruik, daar geen beter demokrasie as die vryemark is nie. Hierdie demokrasie word nie beperk tot ras, kleur, geloof, seks, ouderdom ensovoorts nie. Elke keer wanneer iemand 'n sekere koerant of 'n sekere soort seep of 'n sekere soort lekker koop, oefen hy sy demokratiese stemreg uit om die rigting en aard van die mark te bepaal.

WAARVANDAAN KOM DIE SIEKTE?

As dit waar is dat die hele ekonomie op sulke eenvoudige beginsels berus, hoe is dit dan moontlik dat sosialisme so vinnig inbreuk maak op die vryemark? Baie maklik. Elke ekonomiese aksie het beide kort- en langtermyn gevolge. Verder is dit 'n feit dat die finansiële belange van individue of instansies soms bots. Vir die vervaardiger van tekstielware in Suid-Afrika, is dit baie nadelig dat ander lande dieselfde artikel goedkoper kan vervaardig. Enige ekonoom of politikus kan verwys na korttermyn voordele wat deur staatsinmenging verkry word. Die langtermyn nadele vir die gemeenskap word of verberg of nooit aan gedink nie. Die beroemde Lord Keynes, 'n ondersteuner van groot-skaalse staatsinmenging, het byvoorbeeld eenmaal gesê: "In the long run we are all dead". So kom die sosialisme stapsgewys nader. Elke keer dat daar van die staat verlang word om in te meng, is daar 'n "grondige" rede daarvoor. 'n Sekere bedryf "moet beskerm word". En niemand wys daarop dat op die lange duur hierdie "beskerming" dieselfde mense wat beskerming nodig het die meeste benadeel. (ons

sal in toekomstige uitgawes van hierdie bulletin na spesifieke gevalle verwys).

NET 'n BIETJIE SOSIALISME

Is sosialisme dan so sleg? Deesdae hoor 'n mens dikwels die bewering dat 'n bietjie sosialisme 'n goeie ding is. Nou wel, 'n mens kan net so min 'n bietjie sosialisme hê as wat 'n meisie 'n bietjie verwagting kan wees. Dit bly nooit, en ons herhaal, nooit by 'n bietjie nie. Sodra 'n mens die beginsel aanvaar dat die staat se inmenging in die ekonomie in sekere gevalle wel geregtig is, dan is 'n mens soos 'n skip op see waarvan die roer afgebreek het — sonder rigting. Enige individu of groep wat nou na vore kom en 'n "redelike" saak kan uitmaak wat aantoon dat sy spesifieke geval in die "openbare belang" is, kan die begeerte inmenging verkry. En so gaan dit stap vir stap verder tot dat dit uiteindelik 'n onomkeerbare proses word wat slegs gestuit word deur die totale ineenstorting van die hele ekonomie. Suid-Afrika nader nou vinnig daardie waterskeiding. (Ons sal later wys hoe ons huidige inflasie sowel as die heersende wêreldressie nie te wyte aan die onwenslike sy-effekte van die vryemark is nie, maar wel die gevolge van staatsinmenging, of te wel sosialisme).

WAAROM MOET SOSIALISME ALTYD LEI TOT EKONOMIESE INEENSTORTING?

Een van die funksies van die vryemark is om die pryse van verskillende produksiefaktore vas te stel. Hierdie pryse is die barometer van die vryemark. Dit integreer die begeertes van die verskillende individue en die beskikbaarheid van die produksiefaktore. Die begeertes van individue is onbeperk en wisselend. Die dinge wat daardie behoeftes kan bevredig is wel beperk. Dit is die funksie van die prysstruktuur om die verdeling van alle produksiefaktore ordelik toelaat verloop met die maksimum bevrediging van almal se behoeftes.

In 'n absoluut sosialistiese stelsel bestaan daar geen "pryse" nie. Ekonomiese berekenings binne so 'n stelsel word dus onmoontlik. Dit word onmoontlik om vooruit te beplan. Het die mense groter behoefte aan beter mediese dienste, beter skole of meer kos? Die een persoon se raaskoot word so goed soos die ander.

Oorskotte in een sektor van die ekonomie word afgewissel met tekorte in ander sektore. Die individuele ondernemer staak sy ondermenings en gou-gou wil niemand meer werk tensy hy gedwing word nie. Dit is nie toevallig dat Rusland kort-kort van Amerika kos moet koop nie. Die enigste rede waarom die hele Soviet ekonomie nog staande bly, is dat hulle die betreklik kapitalistiese Weste se prysstruktuur kan gebruik om hulle eie besluite te neem. In die beheerde ekonomieë (waarvan Suid-Afrika 'n voorbeeld is), veroorsaak staatsinmenging in enige een afdeling van die ekonomie 'n ontwirgting in 'n ander afdeling. Hierdie ontwirgting dien dan as 'n verskoning vir verdere inmenging in daardie afdeling wat weer verdere (maar nie altyd sigbare) ontwirgting veroorsaak en die bouse kringloop sprei al verder.

In Suid-Afrika kan ons hierdie verskynsel stuit. Maar slegs as daar onmiddellik en op 'n groot, aktiewe skaal daaraan aandag gegee word.

Marc Swanepoel

The ranks of Tuscany could scarce forbear to cheer

Capitalism, it has been said by a close student of the subject, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground—what earlier century had even a presentiment that such productive forces slumbered in the lap of

social labor?

The author goes on to say that capitalism "has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals; it has conducted expeditions that put in the shade all former migrations of nations and crusades." This eulogy of capitalism was written, not by the research director of the National Association of Manufacturers or of the United States Chamber of Commerce, but by Karl Marx, in the Communist Manifesto.

HOW THE SOUTH AFRICAN FREE MARKET FOUNDATION WILL PROMOTE A FREER ECONOMY IN SOUTH AFRICA

In Ayn Rand's piquant introduction to "Capitalism: The Unknown Ideal" she states:

"... there is a fundamental difference between our approach and that of capitalism's classical defenders and modern apologists. With very few exceptions, they are responsible — by default — for capitalism's destruction. The default consisted of unwillingness to fight the battle where it had to be fought: on moral philosophical grounds.

No politico — economic system in history has ever proved its value so eloquently or has benefited mankind so greatly as capitalism — and none has ever been attacked so savagely, viciously and blindly. The flood of misinformation, misrepresentation, distortion, and outright falsehood about capitalism is such that the young people of today have no idea (and virtually no way of discovering any idea) of its actual nature. While archeologists are rummaging through the ruins of millennia for scraps of pottery and bits of bones, from which to reconstruct some information about prehistorical existence — the events of less than a century ago are hidden under a mound more impenetrable than the geological debris of winds, floods, and earthquakes: a mound of silence.

By their silence it is capitalism's alleged champions who are responsible for the fact that capitalism is being destroyed without a hearing, without a trial, without any public knowledge of its principles, its nature, its history, or its moral meaning. It is being destroyed in the manner of a nightmare lynching — as if a blind, despair-crazed mob were burying a straw man, not knowing that the grotesquely deformed bundle of straw is hiding the living body of the ideal.

The method of capitalism's destruction rests on never letting the world discover **WHAT** it is that is being destroyed — on never allowing it to be identified within the hearing of the young."

The South African Free Market Foundation's mission is to arouse these alleged champions from their slumber and thus to exhume that "straw man."

BOOKS ON FREE MARKET ECONOMICS

The following books on free market economics can be ordered from The South African Free Market Foundation —

Economics in One Lesson	R1,20
by Hazlitt, Henry	
What You Should Know About Inflation	R1,20
by Hazlitt, Henry	
Planned Chaos	R1,20
by Von Mises, Ludwig	
Verdict on Rent Control	R5,00
by Hayek, Friedman et al	
The Incredible Bread Machine	R2,50
by Campus Studies Institute	
The Tariff Idea	R1,20
by W. N. Curtiss	
Why wages rise	R2,50
by Harper, F. A.	
Capitalism and the Historians	R3,50
by Hayek, F. A. (editor)	

INCLUDE 25c POSTAGE.

FUTURE SUBJECTS

A wide range of subjects will be covered in future Buletins so that everyone can understand them.

- | | |
|---------------------------|-----------------------|
| * Inflation | * Basic Economics |
| * Monopolies | * Minimum wage laws |
| * Price control | * Interest control |
| * Rent control | * Profit control |
| * Abusive trade practices | * Exchange control |
| * Charity | * Labour unions |
| * Consumer protection | * Public corporations |
| * Socialist fallacies | * Natural monopolies |
| * Credit control | * Ecology |
| * Protective tariffs | |

Reprinting permitted without consent, in whole or in part, with or without acknowledgement.

Steering Committee:

F.E. Emary, M. Lillard, L. Louw, F. MaCaskill, A. Spies, M. Swanepoel.