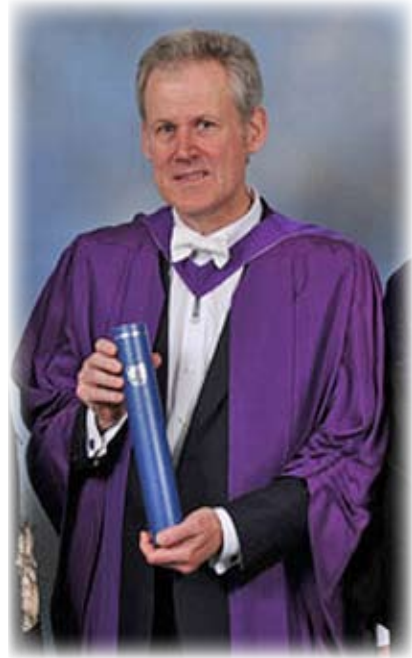


# ► Free competition in a Market as vast as the World

Exclusive interview with Eamonn Butler  
Conducted by Bardia Garshasbi in London– January 2014

*Eamonn Butler is director of the Adam Smith Institute, a leading policy think tank. He has degrees in economics, philosophy and psychology, gaining a PhD from the University of St Andrews in 1978. During the 1970s he worked for the US House of Representatives, and taught philosophy at Hillsdale College, Michigan, before returning to the UK to help found the Adam Smith Institute in London.*

*Dr. Butler is a prolific writer and has authored many books on the works and ideas of some of the world's most prominent economists and philosophers. Two of his books have already been translated and published in Iran by Sargol Publications. He has been noted for his remarkable ability to render complicated economic and philosophical ideas into lucid, easy-to-understand texts that ordinary readers can grasp and enjoy. Finding him was not an easy task, as he is always busy producing something of great intellectual value. I consider myself so lucky that he accepted our request for an exclusive interview.*



**BARDIA:** *Dr. Butler, I'm very grateful that you gave me the opportunity to conduct this interview for our magazine. I know your busy schedule does not allow for a lengthy interview; therefore, I do my best to limit myself to only a few questions.*

**EAMONN:** Well, I'm happy to talk to you and I will be pleased to answer your questions.

**BARDIA:** *First of all, as the co-founder of Adam Smith Institute, would you please give us a brief introduction of ASI and its philosophy? We are particularly interested to know why you felt there was a need for the establishment of such an institute in Britain back in the 1970's and how much you think ASI have been successful in affecting the UK's economic policies or its public policy in general?*

**EAMONN:** In the 1970s Britain was in a really bad state. After the Keynesian revolution of the 1930s, governments had come to believe that they could 'manage'

the economy. Much of the UK's production was in the hands of vast state enterprises, most of them monopoly enterprises. Not surprisingly, the trade unions in those industries became very powerful. If they wanted, they could effectively shut down the coal, steel, shipbuilding, transport, car-making, health and education sectors - whatever they demanded, the government had to give them. The result was that there was huge overmanning and featherbedding in this large and vital industries, and the government had to pay workers more than market rates. It was actually cheaper to mine coal in Australia and land it in Britain than it was for the state coal mines to produce it at home.

With the country effectively run by the unions, everyone thought that Britain would end up nearer to Eastern Europe - as it then was - than Western Europe. So three of us, like many others of our generation, joined the brain drain and emigrated from UK to America. While there, we saw many interesting market solutions. They had competition in telephones, for example, which my economics professor had told me was theoretically impossible. At the same time, the Americans were thinking of nationalizing health care, which we knew from Britain did not work. So we thought there was a role for exchanging these policy ideas across the Atlantic.

We all came back and started the Adam Smith Institute to do this. As it turned out, Margaret Thatcher was elected less than a year later, and we had a British government that was open to our ideas, so most of our work on privatization, contracting out government services and so on, actually happened in Britain. But what we learnt there has been a model for other countries.

We do not have some vision of a perfect society. We know that government is too big, and that ordinary individuals can run their lives better than government economic planners. So we believe in the power of markets, in the benefits of choice, and competition, and free trade, and less regulation and smaller government. Our mission is to achieve these things through changing the public debate, which we do through reports, seminars, briefings and our extensive youth work.

**BARDIA:** *OK. My next question is about globalization. What is your overall take on Globalization? Do you think there is necessarily a link between the institution of Free Market and the modern phenomenon of Globalization?*

**EAMONN:** I believe that globalization has been one of the most powerfully beneficial forces that human beings have ever created. In just the last two decades, perhaps two billion people have been lifted out of the most abject poverty simply because their governments have opened up to international trade. Having access to world markets reduces prices for everybody, and forces up quality as overpriced and poor-quality producers can no longer compete.

Some countries and trading blocs shelter behind trade walls. The European Union, for example, protects its own agriculture industries and keeps out food imports from developing countries. That is an evil policy which actually creates destitution in developing countries, which could produce the EU's food more cheaply, and it condemns people in the developing world to poverty and starvation. At the same time, it puts up the cost of food for European consumers. And the EU has the same protectionist policies on shoes, clothing and other goods.

Globalization is merely the spread of markets into places where, like that, they have been resisted. Yes, the opening up of free trade can lead to temporary or transitional problems, as countries that have sheltered behind trade walls may have to find new things to produce

once trade is free and their old industries can no longer compete. And we should try to soften that transition for them. But ultimately, the whole world will be better off if we are all in the same competitive market and all striving to produce what others want, as well and as cheaply as we can.

**BARDIA:** *As an experienced economist who have spent a lifetime studying the economic policies of several countries, do you have any specific advice for our country and its economy?*

**EAMONN:** Well, I would not presume to tell Iran what it should do. I do believe, though, that it is a great country with enterprising and well educated people in it. They certainly have nothing to fear from opening up their markets to the rest of the world, and in bringing in exports from a wider range of countries.

Like individuals, countries should do what they do best and buy in other things from other people who can produce them better and cheaper. Adam Smith pointed out that by the use of greenhouses you can grow grapes in cold, rainy Scotland – but the Scots are far better to get their grapes from warmer countries and spend their effort on something that makes better sense.

**BARDIA:** *Two of your books ('Public Choice – A Primer' and 'The Condensed Wealth of Nations') have already been translated and published in Iran. Could you tell us why you decided to write these books, who you think should read them and why?*

**EAMONN:** Many years ago I was at a conference that was discussing the work of F. A. Hayek, the great philosopher of freedom and Nobel economist. A local bookstore had a number of Hayek's books laid out on a table. I noticed many of the delegates (who included non-economists such as journalists and business people) looking through the books and then putting them down again. They simply did not know where to start, and did not have the time to teach themselves the economics and the philosophy they would need to understand what Hayek was writing about.

It was then I decided to write a short book on Hayek, with no long or technical words and not difficult references and footnotes, to explain what his ideas were all about. It got a hugely favourable reception, and indeed some people today still tell me that they came to understand markets and the principles of the free society by reading it. I was so pleased that I wrote another on Milton Friedman, the American monetary economist, and Ludwig von Mises, the Austrian economist.



Again, these were well received and helped a lot of people get to grips with these ideas. So now I am writing more and more (one or more a year) on different subjects like the economics of politics and indeed Adam Smith's great work. Why read 900 pages of *The Wealth of Nation* when I have condensed it into 90?

**BARDIA:** *It's mentioned on your Wikipedia page that during your stay in America, you did some works on pension and welfare issues for the US House of Representatives. Could you please give us a brief account of those works?*

**EAMONN:** I was very low level at the House of Representatives in Washington. I researched issues such as pension policy and welfare policy, and I sometimes had to brief congressmen on them. Indeed, I have briefed them on the floor of the House chamber as a debate was going on. So that was fun, but I don't claim that I changed the policy of a country.

But my time on Capitol Hill taught me a lot about politics. For instance, every year there was a farm bill. America's agriculture is notoriously protectionist, and the basic purpose of this bill was to dole out various subsidies to various producers. Tacked on the end of it was another measure, food stamps, which were vouchers given to (supposedly) poorer families so they could buy food.

I asked my colleagues why two such disparate initiatives-- agricultural subsidies and a welfare measure-- were combined in the same bill. They looked at me as if I had come from Mars. "The Republicans represent farming districts so they vote for the subsidies," I was told, "and the Democrats represent inner cities so they vote for the welfare measure. So everyone is happy."

Except taxpayers, I thought. But that is how politics works. You vote for my measure, I will vote for yours. This is what we call 'logrolling', and when it comes to 'logrolling', elected members of legislative chambers all across the world act more or less the same. That is why we end up with more government than anyone needs. That's the point behind my book on *Public Choice* to which you kindly referred.

**BARDIA:** *Dr. Butler, I should once again thank you sincerely for accepting to have this interview with our magazine. I hope we will soon see the translation and publication of some of your other interesting and insightful books in Iran.*

**EAMONN:** Oh it was a pleasure talking to you and I too wish you success with your magazine.

