

The Ugly Golden Goose of Capitalism vs. 'The Sausage Factory'

**By John Merrifield,
Professor of Economics
Director, Entrepreneurial Conservatism Institute**

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Civic life is full of difficult choices. When should we trust the politics of the 'Sausage Factory' to address the perceived faults of capitalism (\equiv freedom to choose and free enterprise)? 'Sausage Factory' is a popular metaphor for legislatures; like sausage, you do not want see laws being made. The lawmaking process bears little resemblance to the civics lesson on government in action.

So-called political accountability to the public is non-existent beyond the tiny fraction of issues that surface as major election issues. For the vast majority of public policy issues, accountability exists only to the special interests that lobby on them. Policies created by and for special interests are the sausage links of the factory. Though such policies often cripple the golden goose, the results are often blamed on 'evil capitalism', rather than politics.

Some of you may doubt the golden goose label. Look at the Fraser Institute Economic Freedom Index. Countries that inhibit free enterprise are poorer than those that don't. Read "The Commanding Heights" (1998 by Yergin and Stanislaw). Countries that loosened the restrictions on economic activity accelerated growth rates. In lagging countries it is typically very difficult to start a business. It takes years worth of paperwork in many cases! Yes!!! Why do such restrictions persist? Because existing businesses used their political clout to create laws that block the start-up of competitors. Much economic exploitation that is widely blamed on 'evil capitalism' occurs only because of government policies that stifle competition. We have such laws too, but we still have much more economic freedom than most countries. Our prosperity depends on at least keeping the economic freedom we still have.

One key trait of leaders is the ability to recognize limitations, especially limitations of the political process. The best solution to a lot of problems is to get the government out of the way. The biggest reasons why the golden goose of capitalism is ugly to many people are lack of economic education and government interventions that go beyond securing private property.