

The Businessman and the Politician

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BOTH THE POLITICIAN and the businessman are conditioned by the ideological climate of the day. The politician achieves popularity by repeating, more eloquently and confidently than most citizens can, the ideas which already prevail in the citizens' minds. It is a rare politician who refines or improves these ideas in the course of his appeal to the citizens, and it is a still rarer politician who seeks to implant ideas in the citizens' minds which they have not already shown a strong inclination to receive. The typical politician is a reflector, not a creator, of ideas, though often in the intoxication of eloquence or power he imagines himself to be the author of what he propagates.

Of course, the ideas which prevail in the citizens' minds are not all of a piece. They are almost always at variance with each other to some extent, even when they inhabit a single mind, for very few persons are consistent thinkers. Over the range of the minds of the whole body of citizens,

there are obviously numerous ideas which are inconsistent or incompatible with each other; and so rival politicians are able to choose among ideas which prevail among the citizens according to their relative power over the minds of different citizen groups or types. However, unless the cohesion of a society has been completely shattered, there will be certain kinds of ideas holding power over the minds of almost all citizens, however bitterly they wrangle. Thus, in our day socialist ideas in one form or another have gained almost universal acceptance, even amongst the majority of those who believe themselves to be anti-socialist. Though he was wrong when he said it in 1894, Sir William Harcourt would now be almost wholly right to say "We are all socialists now." If he said it of politicians, not of citizens, statisticians would certainly declare that his degree of error was without significance. Similarly Mr. Justice Holmes was wrong when he said that the American Constitution had

not enacted Herbert Spencer's "Social Statics." That was just what it did enact. But he would be right now. The American Constitution, as it has become, certainly does not now enact Spencer's views.

The modern businessman is also typically in some measure a socialist, though in the majority of cases he does not know it and actually holds himself to be an anti-socialist. He displays his socialist tendencies in numerous ways, of which the following are perhaps the most obvious:

1. He is always ready to accept, and usually eager to obtain, favors from the state which harm the free enterprise system; *e.g.* protection against imports, subsidies, and the like.¹ It has been argued that this need not rest upon a socialist position or tendency. The businessman properly seeks to maximize his profit in the environment in which he finds himself. The power of the state is an element in that environment. Hence, the argument runs, the businessman is simply acting in business fashion when he seeks profit from the state's power. This argument loses its force when, as is almost always the case, the businessman rests his claim to state support on a moral right or a right of citizenship. The businessman demands that his fellow citizens be obliged to buy his goods in preference to the foreigner's on the ground that he has a claim upon them as fellow citizens, and usually he believes this to be a morally correct view of the obligations of citizenship. Such a claim is clearly socialist in character. It is true that he often also argues that his fellow citizens will benefit by buying his dearer or less satisfactory goods rather than the foreigner's cheaper or more satisfactory goods. But if his fellow-citizens were to say that was a matter for them to decide without pressure from him, he would use his voting or lobbying power to force them to be "benefited." His actions betray the socialist character of his attitude.

2. He generally accepts the popular view of early capitalism that it was harsh, cruel and oppressive. Indeed, he will often defend the capitalist system by saying that its early defects, and notably that of the exploitation of the worker, have now been removed, so that it is an efficient producer and distributor of wealth and at the same time guiltless of exploitation. He does not realize that there is essentially nothing in the allegation of early capitalist exploitation which cannot be applied to modern capitalism. He thinks that the low wages and long hours of early capitalism bespoke exploitation, while the high wages and short hours of our times bespeak equity and humanity. He thus displays his ignorance of what it is that determines the general level of wages and hours, and at the same time accepts a view of what is equitable and humane which is at least quasi-socialist in character. Of course, the businessman is not to be blamed for accepting this view of early capitalism. It has been propagated by a long line of biased historians and publicists, and it is now common currency in almost all circles. However, in this context we are concerned with the facts of businessmen's views, not with the blame for errors in them.

3. In defending the capitalist system he often goes beyond adducing the high wages and short hours of modern times and calls in aid the beneficent social activities of modern business, *e.g.* expenditure on welfare which is unconnected with the pursuit of profit and goes beyond the requirements of the law. Thus, he concedes by implication that the pursuit of profit within the law is not the whole business of business, and that business owes a duty to society beyond the efficient husbandry of the resources within its control. Once he concedes this duty he opens himself to unceasing attack from those who will never be satisfied that

his beneficent social activities are sufficient or sufficiently beneficent.

4. Although he is usually a sharp critic of incidental features of the welfare state, he tends to accept its general principle. His criticisms are usually addressed to the kinds of waste and confusion which are evidence of administrative inefficiency, but the nature of the waste and confusion which are embodied in the principle of the welfare state is not normally apprehended by him. Thus, he proves to be in effect a supporter of the welfare type of socialism even though he may be a constant critic of it.

However, though the typical businessman displays these socialist tendencies, he retains a belief, with varying degrees of firmness, in free enterprise and its system. Hence, he lives in an uncomfortable world, and not surprisingly often displays schizophrenic behavior. Like the politician, he is a child of his times; but he retains a somewhat larger capacity to resist the prevailing ideological winds of our time than does the typical politician.

On the one side of the typical businessman there stands the "Park Avenue socialist"; on the other side the convinced and instructed free enterpriser. The "Park Avenue socialist" is often amongst the most contemptible of men. He expresses a revulsion from the selfishness, oppression or planlessness of the profit system, but pending its replacement by a socialist system, which he can normally expect to be after his time, he finds it necessary to enjoy the fruits of profit making. His revulsion from the selfishness and oppression which he sees in the profit system is often a mere reflection of his own business practices, which he imagines or pretends are those of all other businessmen. Alternatively, he may for some reason have failed to gain admittance to the business establishment. Satis-

fied that his own merits are at least the equal of those in the establishment, he cannot forebear to conclude that the business system reeks to high heaven, if he can permit himself such a metaphor.

The convinced and instructed free enterpriser is rare amongst businessmen, but fortunately far from extinct. He is not often to be found in the business establishment, because he will not compromise with socialist practice or policy. But in their hearts a considerable number of the typical businessmen know that he is right; and a change of wind in favor of free enterprise would find very many of them flocking to his side.

This delineation of the prevailing attitudes of the modern politician and businessman provides a background for the consideration of the approach of each to the other.

The socialist or radical politician in or out of office, and the conservative politician in office, tend to regard the businessman with a mixture of suspicion and respect. The conservative politician out of office drops the suspicion and retains the respect, partly because he must then vigorously represent himself as the champion of the business system and partly because he needs the businessman's money in order to get into office.

Both the suspicion and the respect, in the forms in which they present themselves, are unjustified. They throw more light upon the mind of the politician than upon the character or behavior of the businessman.

The suspicion arises from the feeling that the businessman is always seeking to feather his nest at the expense of the public. The reader may immediately ask "But is this not true? And if so, why is the politician's suspicion unjustified?" The answer is that in the cases where it is both true and important the politician generally does not object to it and is not suspicious of it. His

suspicion is normally aroused in cases where it is untrue, or if true is unimportant. Consider, for example, the case of businessmen's demands for protective tariffs or quotas. The politician normally considers this to be not only natural but also right and proper. In his view such demands are only rarely to be construed as attempt by businessmen to feather their nests at the expense of the rest of the nation. He may, it is true, judge that the demands are pitched too high, and he may make a great show of acting as the guardian of the general interest and therefore of paring the demands down. But he will not say or imply that they are wrong in principle; he will only say that businessmen, like those in other walks of life, tend to ask for more than they need, or expect, to get.

But let the chairman of a great company declare without qualification that he is in business to make money or to maximize profits, then although this need not at all be done at the expense of the public—indeed it may be best done by serving the public better than they would otherwise be served—the politician will regard him as one of selfish and lowly character. To avoid this judgment he must take care to add that his company is a generous employer, the donor of handsome gifts to charity, and a staunch supporter of national economic aims (*e.g.* perhaps a successful “contributor to the balance of payments,” *i.e.* in simple language, exporter, in a country whose currency is chronically overvalued). Not that such assertions will protect him for long. Once he concedes that aims other than profit-making rank as business aims, perhaps equally with profit-making, he is on the slippery slope towards expropriation by those who will claim that they can use his company's resources for social aims better than he can. Or let him actually oppose a government's exhortation, say to increase exports or hold down prices, on the ground

that it is contrary to his company's interests, and no scorn will exceed that of the politician in contemplating the allegedly anti-social character of his behavior. Still worse, let the businessman be a speculator in currency or land or housing (in the sense that he can be seen to be a speculator by the naive observer, who does not know that all who handle resources, whether businessmen, governments or workers, are speculators), and he will attract the unbounded fury of the politician when the latter's plans go awry.² Or, further, let the businessman's operations pollute the air, a river, or a lake, and the politician's natural tendency is to conclude that it is business selfishness or short-sightedness not consumer demand or the economics of the operation, which forces him to pass a law to stop the pollution. If the businessman were less selfish, he feels, there would be no need for the law.

The suspicion of the businessman's motives distinguishes him in the politician's mind from those in other walks of life whose work affects the public welfare. The politician knows very well that fellow-politicians, journalists, publicists and academic men can all have base, self-seeking motives, and he ought to know though he normally does not, that in their cases there is no harmony producing “hidden hand” as there is to a significant extent among businessmen. Yet, except in the case of hostile fellow-politicians, his natural reaction to their pronouncements on public affairs is to listen without first searching for motives. In the businessman's case the presumed profit motive leaps to his mind before he even listens. The businessman knows this, and so is timid and ineffective in defending his interests except where, as in the case of protection against foreign competition noted above, his motives will be regarded as respectable.

The politician's respect for the business-

man arises out of his ignorance of business. This has two aspects. First, he imagines that the businessman knows far more than in fact is knowable. Like the ordinary citizen, he would be astounded to discover how much about his company's operations the successful chairman or managing director (president) does *not* know. What would astound him even more would be to discover that the successful businessman does not know what he does not know because he does not need to know it. The businessman lives in a world of uncertainty. His training and his *natural flair enable him to find a way to success through the mists before him.* The politician may realize the existence of this uncertainty but he rarely grasps its extent or character. Hence, when he assumes responsibility for governmental economic policy and is baffled by the choices before him, he often seeks advice from businessmen on the facts of the business situation even if his political philosophy is hostile to business. He does not realize that the businessman thinks in terms of broad perceptions and guesses but states them in language more appropriate to knowledge. Hence, he tends to rely on the businessman's factual appreciations in a manner and to an extent that the businessman himself would not do. This reaches the height of absurdity when the politician sets about planning the economy. He believes that he can make valid projections for various industries because successful businessmen make projections, and he is ready to build his projections upon guesswork produced by businessmen which they would apply only tentatively in their own businesses. It is true that he also nowadays looks to a staff of economists and statisticians for advice, and that they make their projections largely on the basis of publicly-collected statistics. Nevertheless, they also often look to the businessman for information, and they often manage to combine an unjustified belief in the preci-

sion and extent of the businessman's knowledge of his trade with a contempt for his ability to grasp general economic concepts.

Secondly, in the politician's mental picture of the businessman the description "hardheaded" looms large. Indeed, this is part of the same coin as the suspicion of the businessman's presumed self-seeking. The shift from suspicion of self-seeking to respect for hardheadedness is mainly a shift of mood. Its foundation is as shaky as that of the respect for the businessman's knowledge. Outside his own business the businessman is not conspicuously more hardheaded than most other men. Indeed it is often only in certain wonted situations that he is likely to be hardheaded at all. The politician, however, under the influence of this hardly justified respect, will often appoint businessmen to Royal Commissions, committees of inquiry, task forces, and the like, as a makeweight against academic men or civil servants, who are thought to be more likely to be carried away on the wings of speculative thinking. Too often the stratagem fails, as the businessman frequently proves to be as easy a victim for popular notions propagated by academics as are most other people. Why should it be otherwise? The businessman is as likely as most other people to be blinded by the cant words of academics and their imitators, such as "social justice," "underprivileged," and the like. The rare type of businessman who can be relied upon to see through them is most unlikely to be appointed to commissions or boards, because he would come from the ranks of the genuine free enterprisers. Even conservative politicians, not to mention radicals or socialists, tend to shy away from such men precisely because they are known to be ready to give short shrift to the popular notions of our time. Indeed it is a deplorable weakness of many conservative politicians that they lack the courage or insight necessary to take advice

from genuine free enterprisers or to appoint them to positions of influence. Thus, they allow themselves to be trumped by socialist or radical politicians, who have little inhibition about pushing forward way out Leftists. Socialists and radicals know that they gain a double advantage thereby. On the one hand, they thus push the electorate leftwards, on the other hand they can when necessary appear to be moderate and sensible by making a show of *not* following their proteges' prescriptions.

Let us now look at the view taken by the businessman of the politician. Here too there are both suspicion and respect. The suspicion is mainly justified, the respect hardly at all.

It is unnecessary here to dilate upon the reasons why almost all citizens view the politician with some suspicion. Deviousness, if not duplicity, is an inescapable element in the art of politics. This in no way means that the politician must always be devious; only that he must sometimes be so. The citizens take note of this, often exaggerate it, and usually take an unfairly censorious view of it. It is therefore arguable that the suspicion which the politician thus arouses in them is much less justified than it seems. Be that as it may, the suspicion which the politician tends to arouse in the businessman is not mainly a result of deviousness but has a different justification. It is rather that the politician uses the businessman for his own ends. The day when business could buy politicians is passing, even in the United States. Trade unions can certainly do so, but not business to any significant extent outside small localities and some backward areas. The boot is now on the other foot. The politician will certainly take money from the businessman for party or campaign funds, but, apart from honors (e.g. knighthoods and peerages) in Britain³ and ambassadorships in the United States, what he gives for the money is essentially

negative. He is supported on the footing that he will be less nasty to business than his rivals will be. This is almost the whole of what business expects from conservative-type governments. To expect more is to be considered unrealistic.

Apart from the slenderness of the return for financial support, the politician, whether conservative or not, expects business to support him in the operation of his national economic policies. If it does not, it will be denounced. If it does, it will be commended, and the politician will make a show of considering the removal of disabilities (e.g. excessive taxation) from which business claims to suffer. But what he will do will be very little. The businessman knows that in these ways he is used, and it is therefore not surprising that suspicion underlies his attitudes to the politician.

The respect arises from the politician's power. It is of a grudging character, but it is real. There are few people, even among their victims, who do not have a respect for power and the powerful, and businessmen are like most others in this regard. It displays itself in a number of ways, of which probably the most important is the weakness of business in defense of its own interest, which is also likely to be the public interest, in circumstances where determined resistance could defeat the politician. Thus, the respect for power exaggerates its strength. Consider, for example, the case of the prices and incomes policy in Britain since 1964. At various stages the government invited industry to cooperate voluntarily in measures of price restraint which industry knew were both self-defeating and harmful. After anxious debates in representative organizations in which industrialists expounded the defects of the measures to each other, the cooperation was forthcoming at each stage. The argument that prevailed was that if industry did not cooperate voluntarily it would be obliged:

to do so compulsorily. The truth was that the government was anxious to get its way without compulsion, and in fact the voluntary submission of industry invited, rather than forestalled, compulsion. For the voluntary arrangements failing, the government moved step by step to compulsion, which also failed. If the voluntary submission had not been forthcoming, it is very possible that the government would have recoiled from compulsion. It was the step-by-step descent which carried it there; a single plunge would have been more difficult.

This example illustrates another important facet of the businessman's approach to the politician. He thinks that he can play politics with the politician. Naturally, the

⁴Of course, as every student of international trade knows, there are theoretical cases where impediments to imports may serve the general interest of the country imposing them. But this extremely rarely, if ever, clothes the businessman's demands for protection with true respectability or frees them from their socialist inspiration. In the first place the businessman is normally unaware of these theoretical cases and would, correctly, regard them as of little help to him if he were. In the second place his commonest and politically most persuasive arguments for protection rest upon differences in wage rates, and usually also labor costs, from which he is always quick to deduce "dumping" (cf. textiles from low wage countries). Such arguments are misconceived. They acquire their force from deep seated feelings of an essentially anti-capitalist character.

⁵One of the ugliest features of Mr. Harold Wilson's speeches during Britain's balance of payments crises has been his constant pillorying of

politician beats him at every move, for this is where he is skilled and the businessman is not. Often, under the delusion that it understands politics, business will take a political, not a business, view of economic policy. It will say that the right policy is so and so, but that it cannot put it forward because it is politically impossible. Thus, it is inhibited by its political judgment, which is inexpert, from promoting or defending its interests as they should be.

The businessman and the politician are uneasy bedfellows. It is not surprising that in our world, which is dominated by ideas hostile to business, most of the bed and the blanket is taken by the politician.

speculators in sterling. It is not an exaggeration to say that a keen nose could catch a whiff of Dr. Goebbels in these speeches.

⁶Even honors are now difficult to buy for money in Britain. The blatant sale of honors was stopped in 1924 as a result of the Lloyd George scandals. Thereafter, however, a heavy contributor to party funds or to worthy charities could reasonably hope to receive an honor in due course "for public and political services" although no bargain had been entered into. However, even this is now frowned upon and is becoming rare. Apart from becoming genuinely distinguished, the best road to honors for the businessman now is to busy himself with public affairs by serving on Royal Commissions, public boards, governmental committees, etc., and to do so in such a way as to show that he is ready to assist governments to plan, control or direct the economy. To be an *entrepreneur pur sang* is to make sure of exclusion from Honors Lists.