

Democracy and free enterprise reinforce each other

Markets are economic democracy in action. Free enterprise is essential to democracy, the other side of the same coin. Free enterprise and democracy are the strawberries and cream of the styles of government. In a democracy people have a say in who governs them. Because they can vote an elected official out of office, they can individually and with others influence the debate or persuade the representative to take their views seriously and to help them with their problems. Living in a free market, the same individuals can choose to spend their money as they see fit, helping summon more supply from the market as they with others concert their buying. They are free to offer their labour where they wish and to take a job that suits them best from those on offer. They can set up in business for themselves, providing new products and services to the market. The more democratic and economic freedom people enjoy, the more overall freedom they experience. Freedom allows choices, brings opportunities and helps find solutions.

Autocracy, Communism and fascism cannot allow democracy and have to control, direct and own enterprise. Communism in the USSR killed the independent farmers of Russia, nationalised industries and stole private property. Communism in China controls prices, takes over businesses, scythes the tall poppies of the residual private sector. Autocrats do not like successful entrepreneurs. They want to be seen to be the source of all people need in life, so they can demand loyalty and obedience. Citizens in communist systems may be told where they have to work. They may need travel permits to move from their home city or town. They may find goods and services are rationed or limited in supply. They have no say over who governs them and little say over how they are governed. They need to mind their words as well as their deeds. They are required to conform to state standards and mouth state views.

Free enterprise means anyone can join the market to buy a good or service they want, or to sell one to others. In a free market all have equal access subject to price. If something is wanted and scarce the price will rise and more supply will then become available. If something is in glut its price will fall and supply will contract. Price changes will also affect demand, increasing it at lower prices and rationing it at higher. For individuals the market is the way they can have access to many of the things that make life pleasant without having to produce them themselves. Individuals and society are much the richer for exchange of services and goods, allowing specialisation, the transfer of skills and innovations, the accumulation of capital to reap the economies of scale, and to focus the best answers.

The danger is that political parties in democracies can demand too many controls and rules, limiting the choices of others and reducing the very freedoms essential to successful democracy.