

# **Classical Liberalism : anti-utopian : an interview by Robert Nef with Bill Emmott, Editor of "The Economist", London**

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Bill Emmott

## CLASSICAL LIBERALISM: ANTI-UTOPIAN

An interview by Robert Nef with Bill Emmott, Editor of «The Economist», London

*Born in 1956, Bill Emmott studied Politics, Philosophy and Economics at Magdalen College, Oxford University, before he moved to Nuffield College to do postgraduate research on the French Communist party's spell in government in 1944–1947.*

*Before completing his research, however, he joined the Brussels office of The Economist, writing about EEC affairs and the Benelux countries. In 1982 he became the paper's Economics correspondent in London, before moving to Tokyo the following year to cover Japan and South Korea. In mid-1986 he returned to London as Financial Editor, becoming Business Affairs Editor in 1989, responsible for the entire coverage of business, finance and science. Bill Emmott was appointed Editor in March 1993. He has written three books on Japan – «The Sun Also Sets: the limits to Japan's economic power», «Japan's Global Reach: the influence, strategies and weaknesses of Japan's multinational corporations», both of which were bestsellers, and «Kanryo no Taizai» (The bureaucrats' deadly sins), published only in Japanese.*

**R**obert Nef: *Everyone talks about the future. What in your opinion is the future of a weekly review like that of yours? Are you optimistic or somewhat sceptical?*

**Bill Emmott:** I am very optimistic about the future of a review that is about analysis, commentary, opinion and digesting information rather than just raw information. We are surrounded by more and more information including lots of free information. This I think is increasing the desire of people to have analysis, a filtering of the information. That to me is a reason to be very optimistic.

A second source of optimism is that I am privileged to write in the English language, a language which is spreading world wide, opening for me a market of which I have barely begun to extract the potential. Therefore I think the chances for an English magazine of review of this sort are very large. Whether in the future we will always be weekly is a question the answer to which I do not know. If information and writing of our kind become more electronic, it may challenge the weekly cycle. I would never become a daily or an hourly reporter. But it may be that we will publish constantly rather than once a week.

*That is exactly my second question; I am one of those who read your magazine on the internet. I know you like the electronic version but it cannot be too good for your*

*subscriptions. What do you say about the split between subscribers and the freeriders on the internet?*

I think that we will bring the freeriders entirely into a pay format. There is no future in us giving away information free on the internet. In commercial terms it is more difficult to get revenue from advertising on the internet. One reason is that it is so new – and that will change of course, but the other reason is that there is less physical space for selling advertisements on the internet. When you are selling advertisements in a magazine you can have four or five advertisements printed together facing one another. On the internet no advertiser wants an advertisement which is not related to some editorial material. All advertising has to be facing the page, reducing the amount of «real estate» available. So I don't think it is a viable model to have a free editorial and paper advertising.

*My last publication was about the civil society and its renaissance. Everybody is in favour of civil society but nobody actually knows what it means. What do you think of when you say «civil society»?*

I try to use the expression very rarely – exactly because I do not know what it means. What people mean by civil society are free and spontaneously organised associations of people gathering together for particular purposes. But I do not think the term has a certain coherent meaning. There are several diffe-

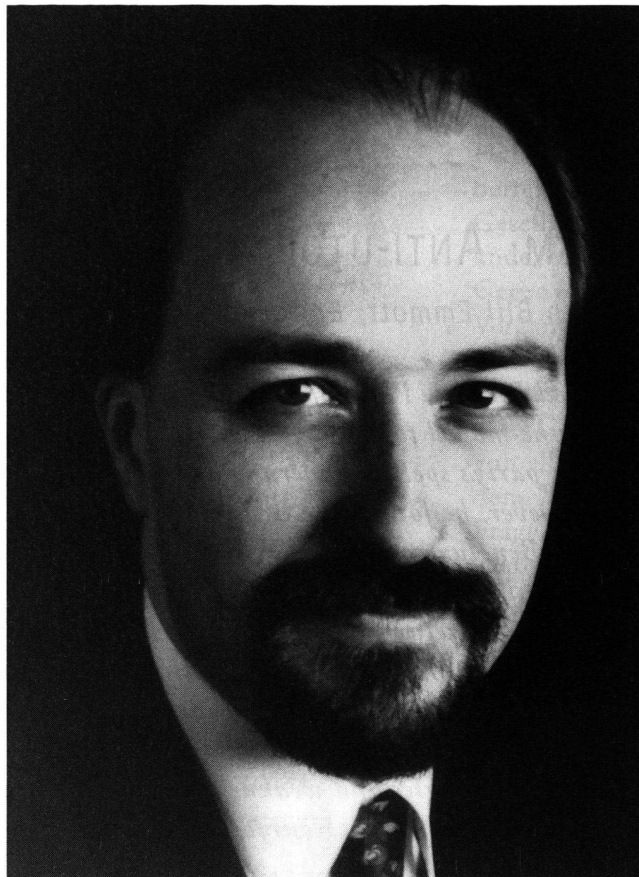
rent types of civil society. Some of them are single issue pressure groups pushing for animal rights, sustainable development, the protection of a particular ethnic minority and so on. Others have more general purposes, like «Greenpeace». Then there are a whole lot of foundations which in a way are more close to corporations and are run like companies, except for the different form of capital and ownership. So I think this term is too large to have one meaning.

*You have just used the word «pressure-group». Some people prefer to use other names such as NPOs and NGOs. Are these just different names for the same, one blunt and one more subtle?*

With terms like non-profit organisations and non-governmental organisations I feel that while they are accurate, they *are* unsatisfactory because they contain no meaning. You cannot convey a meaning if you define yourself by what you are *not*. You are not for-profit, you are not governmental. Well, in that case, «what *are* you?» is the relevant question. I think that the NPO and NGO sectors have such a wide variety of people that each should be analysed as a separate group, not a single sector.

*One of my colleagues, a Swiss corporate banker, called this kind of sponsoring with pressure by NGOs and NPOs a «very dangerous form of taxation». Would you agree with this?*

I think it does contain elements of taxation and I think the danger is contained within the media's reaction to these pressure groups. Our study of trade policy, for example, can identify to us the following problem: If you can get a benefit, it pays you to get together and pressure for getting tariff protection here or that trade barrier there. You capture all the benefits, whereas the loss to the consumer of this trade protection is divided among so many people that each of them does not find it worthwhile to get together to campaign. The same danger is with these pressure groups. They can focus attention on one goal they feel they get all the benefit from. The solution to this rests, I think, with media commentary and with open criticism of these NGOs. The problem



Bill Emmott (GB), Editor *The Economist*, London.

of the current period of the evolution of NGOs is that very often newspapers and magazines like ours are very uncritical: Newspapers hate government, we are instinctively sceptical of government, so a thing that is *not* government seems to be better, morally and practically. Yet often it is not.

*... It is not enough to be just against government ...*

Exactly. And our duty as media is to scrutinise the pressure groups and their causes and to evaluate the pros and cons on behalf of our readers. I think this happens and is beginning to happen but, for example, in the early days of organisations like «Greenpeace» there was not much scrutiny. What they said was by definition right – and this I am afraid is just

not the case. So our duty in a plural society is to provide a variety of criticism. If that develops, I am not so worried about NGOs.

*When I speak to people from the so called Third World countries and ask them whether they think these NGOs do a good work in their country, they say «Of course. But we would prefer the investment. Let 'Trade, not aid' be the motto. We prefer business people with fair contracts and we are always a bit suspicious of this kind of idealism. There could always be something behind it that is dangerous for us – this kind of aid being just a new form of colonisation.»*

I think there is some truth in this criticism of such aid. In the 19<sup>th</sup> century and the first half of this century many abuses were made in poor countries by missionary groups who were doing things for genuinely well-intentioned reasons, but in reality their true aims were not necessarily for the benefit of the country involved. The same possibility exists with aid groups. Another criticism of aid groups is that very often local governments will allow and encourage them to act because the local government knows that it cannot solve the problem. It does know that the aid-giving NGO cannot solve the problem either – but it likes to be able to say that something is being done. So there is a kind of cynical misuse of NGOs sometimes. Of course sometimes they can do a genuine good, particularly in health and education.

*One of our tasks as journalists is to create good slogans. At the same time, it is our duty to be suspicious of big slogans. I would like to know your opinion about the following two slogans: «Fair Trade, not Free Trade» and «Only Free Trade is Fair Trade».*

Interesting ...

*The second slogan is mine and I realise that it is a dangerous slogan. I am not very popular for using it.*

Out of the two slogans I would also choose the second one. Whenever anyone talks about fair trade, they are really talking about unfair trade. It is a case of using the opposite meaning of the word ...

*...who defines what is fair? ...*

*Whenever anyone talks about fair trade, they are really talking about unfair trade. It is a case of using the opposite meaning of the word.*

Exactly. The way in which the term fair trade is used means «a trade distorted in such a way as to benefit my clients, in one way or another». It is surely not a free trade. It is always a disguise for some form of continued protection. Very often in the form of environmental and labour standards which are the most difficult areas to argue about because it seems on the face of it that protecting the Mexican environment, for example, must be morally a good thing. But when you scrutinise it, you discover firstly that the aim of this exercise is to raise the costs to the Mexicans of such a high level that they are unable to compete with the US competitors. Secondly, you find that actually there is no objective standard for the right amount of environmental degradation. What is acceptable pollution in downtown New York is not the same as the pollution somebody would willingly live with to improve their standard of living somewhere else. As soon as you scrutinise it, the whole concept falls apart to being essentially selfish. Then the argument comes into our quarters and the right argument against us is to ask whether we think that free trade is always beneficial. Our argument has to be that we do not know whether it is always good; we just know that it is likelier to be good. We believe that there is no way of designing distributional rules top down from the government. A better way is to have open trade and competition. The evidence of history is that open trade on balance has been beneficial. However, as liberals and pro-traders we must acknow-

ledge that sometimes the consequences in particular areas for particular people are, of course, negative.

*One last question:*

*Open markets, open trade and open societies are connected with the principle of democracy. If you speak to the Americans, they always combine the idea of democracy with everything that is nice, good and just. But perhaps open markets and open trade are sometimes in conflict with the concept of one-person-one-vote democracy. Do you see a conflict between the two concepts, and if so, which of the two would you prefer if you had to choose between open/free trade and democracy?*

That is an interesting question.

I think the conflict between the two arises because of weaknesses in democracy rather than because of weaknesses in free trade, namely the ability or even the tendency of democracy to be captured by special interest groups and to focus attention selfishly on their benefits and their desires for protection and to give the impression to the society that it is also in the national interest. The second problem of democracy is that because of the unit of a nation state, democracies are subject to an illusion that the right approach is to take what is for that country *individually* the right approach. This disregards the fact that if all countries followed this approach, the effects would be disastrous. This is very often the case with trade policy. Although I think in theory it is true that a unilateral open trade is the most beneficial policy, as economists and as journalists we cannot deny that it is possible to benefit from protection if you are the only one offering protection and everyone else is free. But individually optimal policies become collectively disastrous when other countries retaliate. One of the best arguments for the EU is that it is involved with the voluntary removal by the member democracies of policies that were of this nature – individually desirable but collectively disastrous. Because of this conflict between national democracy and free trade, which is by definition an international creation, in the end free trade and democracy are not in contradiction as pure principles – both of them are desires to use competition and pluralism, i.e. the free expression of will by a large number of people, as a better way of discovering the will of the people. They are both a part of the same atomistic and liberal principle, which is strictly anti-utopian.

We liberals do not believe that free trade and democracy will lead to the perfect society. We think that the perfect society is unattainable. We just know that the alternatives – strong government, protectionism etc. – lead to a disaster. We are essentially anti-utopian. ♦