

Mitterrand's platform obviously possesses ominous overtones for the future of free enterprise in France.

What is the meaning of actions like these—actions which are pointed in the direction of harassing and penalizing the profits earned by corporations? Individually and collectively, as concerned citizens, we should be greatly disturbed.

The profit-and-loss system (i.e., the free enterprise system) of the United States is our expression of freedom. Private profit cannot be extinguished without extinguishing, also, personal freedom. Profit, in the last analysis, is simply an expression of liberty—that is, the freedom to work in one's own way and *to do it better than someone else*. The resulting benefit (i.e., profit) redounds to the advantage of the individual and our economic society in general. Profit is the well-spring and the determinant of production—and it is also the well-spring of jobs.

It follows, accordingly, that all of us should be staunch *defenders* and *expositors* of the profit and loss system. We should aggressively *champion* the profit-and-loss system and we should also be able to *explain* it with tutorial understanding.

To impose upon corporate businesses an artificial "earnings ceiling" measured by the yardstick of "a fair amount of profit" (a term difficult to define) would inject into the economic fabric a debilitating force

potentially powerful enough to ultimately destroy the delicate balance which, in a capitalistic society, determines what and how much shall be produced. The same conclusion is also the consequence of unrealistic labor-union demands.

### The Regulated Economy?

If governmental "controllers" (i.e., governmental "regulators" of American business) should become the active administrators of American business, *what then?* Will this consequence bring with it the sacrifice of a free market capitalistic economy in favor of a command or socialistic economy?

The system of free enterprise, the very core of which is the profit motive, is surely the one fundamental basis for our having achieved the highest standard of material living ever attained by any nation in the history of the world. It seems strange, indeed, that the system of free enterprise (which has shown such demonstrable social benefit) should be:

1) *Challenged* by individuals and organizations espousing economic systems which are not only patently inferior but, importantly, are unproven and untried as well. These advocates seem to favor a devitalizing system of Big Brother government—a government which owns, controls, or acts as miner, manufacturer, seller, shipper-and-transporter, banker, insuror, accountant,

taxing authority, societal decision-maker, and so on.

2) *Penalized* by, or threatened with, punitive rates of income taxation, labor prices, and controls.

Our economic liberty can be easily lost by choking private business with the weeds of governmental intervention. This is but to say that private business is being increasingly stifled by the massive requirements of governmental red tape.<sup>1</sup> "Government is destroying the individual incentives which are the well-spring of economic growth".<sup>2</sup> Never should it be forgotten that it is the men and women of free enterprise who have taken the risks and created the wealth which government can only consume.

Government regulation (in 1977) cost consumers \$100 billion or about 25% of the entire Federal budget. About \$85 billion was the cost of compliance-to-regulation. To General Motors the cost-of-compliance was \$1.3 billion.—*Common Cause*, Vol. 6, No. 4, April 1980.

The defense of the profit-and-loss system, unfortunately, is somewhat complex, somewhat difficult to explain, and somewhat difficult for significant blocks of people to understand. In any discussion of the profit-and-loss system, it is well to recognize certain postulates:

1) Profits are *essential* to our economic way of life. Profits represent payment for the beneficial use of

capital—and capital, in large amounts, is needed by society for the generation of the production<sup>3</sup> needed for fulfillment of the demands of consumers.

2) It is a truism that too many of our citizens do not really understand the functional role of profits. Too many of them seem not to understand that a given business *must* earn a profit as justification for its very existence. (For any given business, the incurring of successive operating losses coupled with significant increases in debt portrays a deteriorating economic position,—a position which, in turn, points to the conclusion that the business itself will likely not exist for long. When the factors of deficits and debt are those of the federal government, the malaise permeates the entire business community.)<sup>4</sup>

3) Profits must be explained not only to our associates but to people generally. People must be made to understand that profits are a social good—that profits are the fuel which makes the wheels of industry turn *efficiently*, the furnaces burn *efficiently*, the assembly lines hum *efficiently*—all contributing to the creation of profit, employment, production and, collectively, to the material betterment of society generally.

4) If free enterprise, highly productive, efficient and profitable, should falter, the inevitable sequen-