characteristics."[6] Smick goes on to observe that these firms "are not only small, but minuscule. Nearly 70% of new jobs come from firms with 20 or fewer employees."

And just as corporate giants are not providing new jobs for the American work force, neither are they providing many new innovations in technology. Most new developments in an industry are launched commercially by small firms. The indispensable role played by industry giants is to rationalize and mobilize the breakthroughs of inventive genius and entrepreneurial vision and to create economies of scale together with efficient channels of distribution which bring the fruits of innovation and vision to consumers in quality form at affordable prices.

Mediating Structures

However much some of us may lament the bureaucratic tendencies of large business corporations, however frequently it may be necessary to counter the myth of their dominance of the American economic order, still, it is crucial that their vital role as efficient producers of economic goods and services be appreciated and defended. But even more important is their position as mediating structures between the individual and the state. And unlike the state, whose decrees are enforced by its police powers, the large business corporation has no power to make anybody work for it, invest in it, or buy its products.

Whereas the state forces us to subscribe to its services whether we want to or not, the giant corporations—and all other business enterprises large or small—cannot make consumers buy their products if they don't meet their needs or the price is too high. No matter how wasteful or destructive government bureaucracies may be, they tend to grow ever larger and more mischievous. Business enterprises, on the other hand, that do not produce products or services which consumers need at prices they can afford, go bankrupt, or are taken over by better managers, with the result often being a radical reorganization.

In this context, where the freedom to succeed or fail is very real, some business enterprises are not only successful in surviving, but emerge as the leaders of their industry. Thus the competition that breeds excellence not only provides many of the necessities of life and other good things at affordable prices to ordinary men and women, but a mediating structure is established which can serve as one more barrier between the liberty of the person and the coercive bureaucratic state which would limit that precious liberty.

The hostility of most politicians and government bureaucrats to the free market in general, and to "Big

Business" in particular, is well known. This is in many ways a strange and disturbing phenomenon. Walter Berns illustrated powerfully the irony of this attitude several years ago: "I put it to you that we shall never see President Carter—or any other president of the United States—embrace and indeed plant a kiss on the cheek of the chief executive officer of a major oil company, even though we have already seen him embrace and kiss the chief executive officer of what is now the greatest tyranny on the face of the earth. Secretary Vance has said that Mr. Carter and Mr. Brezhnev 'share the same dreams and aspirations'; he would never be so impolitic as to say that of Mr. Carter and the president of Exxon Corporation, even though in this case it is probably true."

In defending "Big Business" against its enemies, it is not required that we approve of all its activities, or admire the actions and life styles of all its representatives. Many times we may find these reprehensible. It is imperative, however, that we understand and make clear to others that the stranglehold of "Big Business" is a myth; and that, indeed, the large business enterprise, whether consciously or unconsciously, occupies a strategic place in the defense of liberty.

—FOOTNOTES—

[1]Robert Hessen, *In Defense of the Corporation* (Stanford, Calif.: Hoover Institution Press, 1979).

[2]*The New Industrial State* (Boston: Houghton Mifflin, 1967).

[3]*The Spirit of Democratic Capitalism* (New York: Simon & Schuster, 1982), p. 235.

[4]William Bentley Ball, "Mediating Structures and Constitutional Liberty," *Worldview* (September 1978), p. 41.

[5]Novak, p. 178.

[6]"What Reaganomics is All About," *The Wall Street Journal* (July 8, 1981).

IDEAS ON LIBERTY

Business Statesmanship

EVERY experienced analyst knows that, unless current transactions build up permanent capital in the form of good will, they are consummated at too heavy a cost.

Business leaders should instruct those at the merchandising fringe that no sale is worth-while unless it builds a friendly attitude toward the company. Otherwise, the immediate profit is made at the unreasonable cost of dissipating long-term, intangible corporate assets in the form of public esteem and good will.

MERRYLE STANLEY RUKEYSER, "The Crusade Against Excellence"