



Episode 332- An Entrepreneur's Path to Liberty

Guest: Toby Baxendale

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WOODS: I don't have enough Europeans on the show, so you are helping me little by little rectify that. I think you and I may have met briefly back at the Mises Institute some years ago. You came and spoke there. I was recently on your personal website, and you've got such a great story of intellectual evolution: how you came to this conclusion, how you came to that conclusion, how you were exposed to this thinker or that thinker. And I think it's interesting and encouraging, and it makes people feel more confident about the future when they hear these stories of smart people like you—entrepreneurial people—who come into contact with these ideas; who love them, who promote them. And in fact, you started—you're not just a businessman—but you also started an organization called the Cobden Centre. Can you first tell us about Richard Cobden, because some Americans may not know the name, and then secondly about the Cobden Centre.

BAXENDALE: Yeah, it would be a great pleasure about that. Richard Cobden is someone I hope your audience will look up. He was what we call a liberal. I know that doesn't translate well in America, but a proper liberal in the sense that you might term a libertarian nowadays in America, and we still use the word here to me a free-market, anti-crony capitalist, antiwar, unilateral free trader. And he also was an entrepreneur in the early days of the cotton trade in Manchester, and incensed by the bread taxes—the food taxes that the aristocrats had controlled all the principal farmland were imposing on the people, gouging money off them in a monopolistic way. He was so incensed by that, that motivated him to get into politics. And quite singlehandedly, yes, but pretty much singlehandedly his persona, and that of one or two other individuals—John Bright is another one that your audience, I hope, will look up as well—led to the abolition of the Corn Laws, which were these very monopolistic taxes upon the British people. And that was a revolution, and it was an anti-crony capitalist revolution, and it was a revolution for free trade for farmers and landowners to be able to produce goods and services for the prices that they demand—the fair prices they demand in their free-market situation.

Then he moved on to attack trading privileges, and ultimately, he, well, really, again, I think you could claim that he was one of the most significant factors in the Industrial Revolution for establishing universal free trade, which allowed the British Empire, as it then was—we could

debate whether that was good or bad, but fundamentally, it was a trade-driven empire. And it was the Golden Age of this country based on unilateral free trade, and then obviously its demise, and towards the end of the 1880s the corporatist interests had then got back on top of the game there and then kind of closed down the free trade, but he did the very famous act in 1860 establishing unilateral free trade across the whole empire.

Another man your audience I am sure will be very well aware of is Bastiat, and the two of them were collaborators during the mid-1800s. So that's why—to cut the long story short—I chose the name Richard Cobden rather someone like Mises or Hayek—although Hayek has some purchase in this country because he was here for such a long period, but it has much more resonance with a UK, and indeed, a European audience to really express our principal ideas, and I think also from Steve, who is a Conservative Party MP for High Wycombe. The name Richard Cobden is not owned by any political in particular because none of them, and I believe it's the same in America, the labels have all kind of lost their rootings, so what is liberal and what is conservative now is not necessarily what it was in those days. So Richard Cobden stands astride these party political boundaries. So it's a good name to resurrect and to promote our cause from.

WOODS: What's the website for the Cobden Centre? What's the name?

BAXENDALE: CobdenCentre.org.

WOODS: I will definitely link people to that on the show notes page. What I want to talk to you about is your own intellectual evolution. You've got a little item or a series of items here in your biography about the trade union movement as it existed in the 1970s and '80s, and of course, we know that Margaret Thatcher did battle with the trade unions, but we don't know, as Americans anyway, what the circumstances really were like—what were the trade unions really up to? What was so wrong with what they were doing? Can you paint that picture for us?

BAXENDALE: Yes, well, in general, I will just make this very wide point, you know, I don't have any problem with workers organizing themselves to represent themselves to their employers in the most favorable light whatsoever, and the start of the trade union movement in this country had many good attributes to it. Where it's gone wrong is where brutality, coercion, monopolistic and closed-shop practices have come to the fore, and they have moved away from being good representatives of their members—good providers of mutual services—insurance—health services. Believe it or not, they are still a very, very big private sector health contractors, but they have lost sight of it at their origins, but fast forward to the 1970s when I was a child. My first memory of the trade unions is 19—must be '72 or '73 when they moved to a three-day week. So literally they instructed the country to work three days a week, and I remember sitting in my primary school and suddenly the lights going out and being sent home to work. So it's very disruptive. Completely random members of the public who then got caught up with this muscling approach by the trade unions—a very aggressive approach.

So in the 1970s you saw literally one trade union boss in one industry would have a grievance with his employers like the car industry. He could call out the whole of the steel, the whole of the coal, the teachers, the whole of the you-name-it industries to come out and strike in unison with him, even when the other parties had no grievances with their employers, and there was a very famous election here in 1974 where Ed Heath, the Tory leader and current prime minister, went to the country saying, “Who governs Britain? Is it the politicians? Or is it the trade unions?” And the labor party were representing the trade unions, and they let it into power because it was the trade unions who were governing Britain, and he was squeezed out. But they got very, very aggressive and very, very destructive to the extent that I remember another thing. Towards the late 1970s, I remember seeing rubbish and dead bodies in the streets. Can you believe that in a modern, Western state—the first industrial state where you had a mound—not just sort of a rubbish bag. I am talking about whole squares and whole streets blocked up, and the morgues not burying people. That was the state in around 1978, and that was probably one of the trigger points that led to the rise of Margaret Thatcher in '79.

So you had to decide really at that point in time. Do you think what the trade unions are doing is right and correct? Or do you disagree with what they are doing? And I vehemently disagreed and was very supportive in my young adolescence of Margaret Thatcher taking on the trade unions because they—Tom, this is a point that you would understand very well. A monopoly practice—be it by the medical sector, be it by trade union, or be it by an oligarch, or be it by a bank—it’s all utterly immoral and should be stood against, and I make that distinction between their practices and the bad practices of modern-day bankers.

WOODS: Well, I find it very interesting looking at your biography that as a young man, you had an opportunity to meet and talk with people who had lived in totalitarian societies, and this apparently stimulated further interest in liberalism in the European sense. Then also I am struck by what I think is the most radical sentence in this piece you have. It’s this one. You say, “No one, including Thatcher, was prepared to attack the five pillars of Soviet-style provision left in our country; education, the National Health Service, the supply of money, the provision of defense, and the judicial process. These great institutions smacked of monopoly privilege and guild-like practices.” You are not the ordinary entrepreneur that people might interview.

BAXENDALE: I still stand by that. To a certain extent, a lot of that is idealistic, but peace is idealistic, and you know, I would stand in favor of promoting peace wherever we possibly can, and that’s a good thing. And I stand against any type of monopoly privilege. And some of those—education is one that’s breaking down here, and we do have a world-class private sector education system here, and that has always held its own, but it’s led to, and this is the good thing and surprisingly, under a labor government of all governments—the last one—the institution of the academy programs whereby they still stay funded, but they’re getting the private sector very much involved in education provision—opportunities for education provision and getting entrepreneurs and inspirational leaders to start running schools. So they are snipping away at the edges there. So there are still some—there are battles we are going to

be fighting for multi-generations, but I never give up. I never give up hope, but you can still make progress in these areas.

WOODS: I am noting here that you studied at the London School of Economics, and I know there is a Hayek Lecture Series over at the London School of Economics, and I think that has colored American libertarians perception of the LSE as being maybe a vaguely free-market institution, but what you're describing here are economics courses in which you were told that government spending produces a multiplier effect, in other words, completely conventional economics—Keynesian economics. This is what you learned, and apparently you were not convinced.

BAXENDALE: This is right. Well, let's get—just get a few things in perspective here. So when I was 16 years old, I was standing outside the Polish center in Hammersmith where I was brought up in London, and this centre, we have a big Polish community here in London. At that time, a lot of these guys were still second war veterans. So totalitarianism and them: There was no love lost. And an elderly gentlemen took me in there and then introduced me to Hayek, and it's like wow! This guy: I want to know more about him. And that's when I told my mother, "Mom, I am going to the LSE." That's where Hayek was. And I turn up at the LSE, and you know, I was an 18 year old. I got accepted, etc. And to my horror in the economics department, no one knows anything about Hayek. Literally, no one knows anything about Hayek at all. And when you dig around a little bit more, you can study, you could study Hayek in politics—in the government department—where you do his *Road to Serfdom* onwards type work, which, of course, was his political science work. So fair enough, you can in that department get a good dose of Hayek, and get a good dose of other classical liberal writers as well.

The economics department was totally lost, in my humble opinion, and it was the normal, Keynesian versus monetarist type of claptrap, and I am not just—call me old-fashioned—I am just not convinced that multipliers work, and I wasn't convinced on the circular flow of income because if that was all that was the case—it's the first thing you learn, the circular flow of income. All we need to be doing is putting more money at the bottom there, and, hey, presto, we can cure world poverty overnight, and it was just too Alice in Wonderland for me. So I managed to move as many options, economic options, I managed to sort of get rid of them, still staying in the economics department, but focusing it as much as possible over the politics and the law departments. But the Hayek Lecture is something that I established. That's why that's there. And in fairness to the LSE now, in the economics department, they do recognize him as one of their nine Nobel laureates, and they do encourage teaching in that tradition.

WOODS: That's good.

BAXENDALE: Yeah, but Tom, it's not undergraduate. It's only when you get to the dizzy heights of post-graduate work. The undergraduates course is still absolutely bogs down in the mathematical. So if you are a 17, 18 year old in America looking to come study at the LSE, you will not be accepted unless you have an absolutely A-star, or whatever the equivalent is in

America, qualification in math before you come over. So that is the way it is over in that department.

WOODS: Well, two other things I'd like to ask you. Were you ever tempted to go into academia? And secondly, given that you became an entrepreneur, is there any way that your understanding of the way the world works that you get from thinkers like Hayek and Mises influences you as an entrepreneur, or are these two separate things?

BAXENDALE: Oh, no, actually, they are absolutely connected, and whenever I do get asked to come in and speak at schools and at universities, I do say, excuse me, really, people should pick up books by Mises and Hayek and particularly Israel Kirzner as well—and Peter Klein—because they quite nicely summarize the role of the entrepreneur, which is essentially the manipulator of those factors of production; land, labor, and capital. To make them do something more relevant and more focused in a more efficient way over a period of time for the consumer. That is all the entrepreneur is doing. We are managers of uncertainty, and all I do in any of the businesses that I am invested in is just focus people on: what does that consumer want? How can we get them a better product for less money or better service, in some way serve it to the more convenient format than the next man? And it's a constant process. It's a constant, constant process of evolution. And believe you me, and this is the sad, sad, sad thing about the state of economics, is that these are the only guys you would ever, ever hear speaking constructively about the entrepreneur. Otherwise, the factors of production are all just meant to come together a bit like the mystery of the virgin birth, you know? It's just a mystery in the economics department as to why these things happen. That's the sorry state that we're in today that I do focus people on to what those great Austrians that we so much admire say about entrepreneurship, and they are the only ones who understand it, in my humble opinion.

WOODS: Toby, I hope I don't embarrass you if I say that one of the reasons I wanted to talk to you in addition to your interesting story is that I consider you to be a great model of what an entrepreneur can do in terms both of the marketplace and satisfying consumer demand, but also as a benefactor of this great Austro-libertarian movement around the world. You are an example of someone who walks the walk and talks the talk and does everything that one person can do. You produce value for consumers, and then you take some of your earnings and you turn it around and plow it into the world of ideas. We can't ask you for more than what you've done already. I am going to link people to TobyBaxendale.com to find out more about you—CobdenCentre.org. I hope we can talk again sometime. Thanks so much for your time today.

BAXENDALE: Tom, it's a great pleasure. Thank you very much.