

# Capitalism has always depended on state patronage

George Eaton

Published 05 August 2009

Even after the state has saved capitalism from itself, Simon Heffer continues to lionise the free market

Simon Heffer's assertion in today's *Daily Telegraph* that the free market will recover once politicians "stop interfering" is both historically and economically illiterate.

His claim is particularly galling at a time when the state has once more been forced to save capitalism from itself. But more than this, the right-wing belief in a golden age when Thomas Jefferson's dictum, "that government is best which governs least", was obediently followed is a delusion. From its birth in the 18th century onwards, capitalism has always depended on state patronage.

It is therefore ironic that Heffer should continue to lionise America as the "home of capitalism", a country where corporate welfare was growing long before the financial crisis. Heffer is fond of attacking New Labour's "client state", populated by public sector workers and welfare claimants, but he conveniently ignores the rows of corporate claimants at home and abroad.

For instance, a 2008 report by the Cato Institute estimated that in 2006 the US government spent \$92bn on subsidising corporations such as Boeing and General Electric. It was Gore Vidal who first identified this collusion between the state and monopoly capitalism as "capitalism for the poor and socialism for the rich".

It is equally disingenuous of Heffer to hail Barclays' £3 billion profit as a sign that we are returning to business as usual. As my colleague Mehdi Hasan pointed out earlier this week, while the government may not have taken shares in Barclays, it did provide significant loans and guarantees to the bank.

After the humiliation of Big Finance this year, one continues to long for some modesty from its cheerleaders.