

THIS IS THE BUSINESS: Look at the upside of exploitation

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In a free society, each of us exploits our talents to the best of our ability, writes Stephen Mulholland

IT was the great British economist Joan Robinson who wrote in her classic work *Economic Philosophy* (1962) that “the misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all”.

The word “exploitation” has been given a bad reputation by collectivists. It has become synonymous with the spectre of evil, grasping capitalists driving defenceless workers to the point of exhaustion and then throwing them on the scrapheap.

In a free society, each of us exploits our talents to the best of our ability. We exploit our creativity, our energies and our physical powers in our efforts to feed, house and care for ourselves and our families.

Some of us exploit what talents we have in the pursuit of new enterprises. Thus in 1941, Anton Rupert, having given up — owing to a lack of funds — ambitions to be a medical doctor, ran a dry-cleaning business and, as a sideline, began manufacturing cigarettes in his garage.

Then, with £10 and two equity investors, he started what is now the international Rembrandt group employing more than 25,000 people around the globe.

Today the Rupert family is fabulously wealthy, which is what the late Rupert had in mind. He was led by Adam Smith’s “invisible hand” to enable thousands of people to have rewarding and interesting careers.

He “exploited” them, a process to which they happily subjected themselves, many becoming well-off through staff share option schemes and generous pension, health, education and other benefits.

Also working out of a garage, Bill Gates created Microsoft. Again, what he sought was to make himself rich, which he certainly did — as evidenced by his donation of almost \$30bn (about R300bn), and counting, to his charitable foundation.

His 100,000 workers have also done well. Four dollar billionaires and 12,000 millionaires have been created by the growth of Microsoft. If this is exploitation, bring it on.

However, none of this is possible without the rule of law. Also necessary is clean, steady and rational government. Property rights must be sacrosanct. Taxation must be fair and seen to be fair. And decent and reliable services must be rendered by the state to those who pay the taxes.

Sadly, we have in our country a culture in government at all levels of kleptocracy coupled with a gross sense of entitlement, which fuels corruption while obstructing delivery.

It sometimes seems that the state is intent on destroying the private sector, the sole source of wealth creation in any society. Labour brokers, admittedly not all angels but who provide employment to some 410,000 workers a day, are under threat. Adcorp says that from 2000 to 2012 the number of permanent jobs declined by 1.9-million, whereas temporary jobs increased by 2.6-million and had a turnover of R44bn.

And it is a global trend. The World Bank points out that, of the three billion people working in the world, about 1.65-billion have regular wages or salaries. Another 1.5-billion work in farming and small household enterprises, or in casual or seasonal day labour.

Often it suits both employer and employee to use the part-time model. But South Africa is in a state of denial against this reality and aims to punish brokers and their clients if they do not employ part-timers as full-timers after three months. This is guaranteed to destroy jobs.

As visiting American Cato Institute scholar Tom Palmer says, such a coercive approach by the government reflects a lack of understanding that if it is costly to fire, business will not hire. If this government wishes to have a command economy à la Soviet Russia, why does it not just say so?