



SOME ADVICE TO CZECHO-SLOVAKIA ABOUT HOW TO DO CAPITALISM

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A friend of mine has an acquaintance who works at the Czechoslovak Embassy in London, who is looking for writings about how to be a capitalist. The people of Czechoslovakia are, it seems, entirely sure that they must now be capitalists. That argument has been completely won and completely lost. However, they are less sure about *how* to be capitalists.

THE ACTION HABIT

Now it so happens that one of the most important rules for being a capitalist is that you have to get used to doing things *fast*, and doing them *now*. If the job is there to be done and it would profit you to do it, *then do it*. I like to write. Sometimes I even make quite a lot of money by writing. It will probably profit me in one way or another to write this little essay for the man at the embassy. The organisation I write for in London is strongly pro-capitalist, but hasn't published much about *how to do* capitalism, so it will make sense for it to publish this. I *am* a capitalist, in an imperfect and small-scale way. So now I will write this. Now. Follow my example, and *cultivate the habit of immediate action*.

Cultivate also the habit of *finishing* things. Now that I've started this, the overwhelmingly smartest thing for me to do is to carry on bashing away at my word processor until it's done. I have a rather bad habit, usually, of *not* finishing jobs that I start, and in particular not finishing writings that I start. This is how *not* to be a capitalist.

WHAT MIGHT YOU LOSE?

Good. Finish what you start. But what do you start doing? How can you tell the difference between stupid things and sensible things to be doing?

You have to ask two questions about any project, if you want to be a smart capitalist. One: what's the most I can make out of this project? If the answer is a lot, that's a plus, obviously, a big plus. So far so obvious.

But the other question that you also must ask, and this is even more important, is: what can I *lose*? All capitalists that I am acquainted with, and I definitely, have this question constantly in mind. All the failed capitalists you read about are the ones who forgot to ask this question at some crucial moment in their lives. Yes, capitalists are always asking: what's in it for me? But they should ask also: *what have I got to lose*? If the answer to *that* is a lot, then unless desperate, they should give the deal a miss. For if there is one thing you can be absolutely sure of, in business in particular and in life generally, it is that nothing ever happens the way you expect it to. If everything goes right, fine. Lucky you. But always have it very clear in your mind how much you will lose if everything goes *wrong*. Suppose the money you are spending now gets duly spent, but then suppose that *absolutely no income whatever* results from this expenditure. Will you survive? Before you go ahead, be sure that you can.

Political partisans for capitalism, the ones who have already convinced the people of Czechoslovakia that they must be capitalists, are fond of saying that capitalism means taking risks. If these people did more actual business, instead of merely preaching about how splendid it would be to allow others to do business while they carry on doing politics, they'd know that although capitalism is indeed risky (because life itself is risky) this doesn't mean that capitalists should go out of their way to *make* business any riskier than it is already. Most capitalists are actually very careful to *avoid* big risks. They leave the big risks to others.

One of the most common ways in which excessive risk can present itself is when a businessman is lured into doing business with only one customer.

What happens is that an enormously rich person decides to hire you to do something. Fine. If all goes well, then all will be well. But then, you say to yourself, I don't need all these other people I'm already working for. They're small time. You say to yourself: go for the big fish, the main chance! And then, the big fish turns out not to be such a big fish after all, or remains as big as ever but decides to swim away to somewhere else, and you are ruined. You realise, too late, that you made the fatal error of being completely dependent upon that one job going right.

Don't do this. Certainly, you should serve your big customers well. Don't turn your back on huge rewards. But serve your other customers well too, no matter how hard it is to fit them into your oh-so-busy schedule. That way, if the Big Deal does go wrong, you'll still be in business.

TAKE LOTS OF SMALL RISKS

But if *big* risks are to be avoided no matter what the potential reward if things go well, one should constantly be taking *small* risks. In particular, one should as a matter of routine do things that may turn out to be a waste of time. Nothing in the world is easier than sitting in an armchair watching other people doing things and pointing out that most of what they are doing is futile. Most of it probably is. But they are the ones who will get rich, not you. They may be wasting most of their time, but you are wasting *all* of yours. So get up off your arse and do something. Like I say: what have you got to lose? If the answer is only some sweat and some time, and if you can spare both of those things, then if you've got nothing better to do, give it a try!

Under communism, millions learned not to try things, that the smallest adventure could spell disaster. Capitalism means constant action. It means being willing to make a small mistake, and to look like an idiot. And then you either correct the mistake, or walk away from the mess and try something else. Apparently someone once ran into the boss of IBM, the great American computer company, and said to him: "Sir, how can I be a success?" The great man replied: "Son, double your failure rate!" The way to be a big success is to take lots and lots of little "failures" and line them up end to end. Each real failure loses you a little, even if it's only a little time. But each "failure" that *doesn't* fail adds up to some success. Eventually you will hit on something that works really well, and you'll be in business in a big way. You'll also

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have *learned* a lot. The way to know what works and what doesn't work is to have done lots of both. The man in the armchair will *definitely* fail, because in his armchair he won't *learn* anything.

Be alert, and be adaptable. A plan is a fine thing, and you should indeed be as organised as you can in what you do. But when your plan causes you to ignore a nice opportunity, with little risk attached to it but with a potentially big pay-off, then you are overdoing the planning. At the risk of going on about the writing of this article rather too much, let me tell you that I only had the idea of writing it one hour ago, when my friend rang me and told me that he'd like bits of writing about how to be a capitalist. My "plan" for today was very different, and has been postponed until later this evening.

PRICES ARE TOTALLY SUBJECTIVE

One of the hardest things for any aspiring capitalist to learn is what to charge for his work. Communism told you the price of everything. It was all garbage, but at least you didn't have to worry about what price to put on the label.

The way to decide what to charge is to ask yourself the question: what will make me happy?

In addition to writing, I also do what's called "desk top publishing", which means a fancy computer hooked up to a fancy laser printer. Ten years ago desk top publishing didn't exist, so we desk top publishers have had to invent our prices pretty much out of thin air. The way we did it was that we each asked ourselves: what price will make me feel angry and exploited? (that means it's too low), and: what price will make me feel happy and dance around the room? (that being the kind of price you want, and might even think about lowering). The essential point is this: *prices are totally subjective*. Whether or not you are prepared to do the job for what the man is offering is *entirely up to you*. There's no law that says you *have* to charge less than your competitor down the street and no law that says you *mustn't*, or not if your politicians are behaving themselves.

Once you become a capitalist, people will constantly tell you that the price you are charging is "unfair", or "not proper", or "too much considering the work involved", and so forth and so on. This is all foolishness. If they don't like your price, then they can refuse to do business with you. It really is as simple as that. If the truth is that doing a piece of business for someone for the price that he is offering will make you unhappy, *then don't do it*. If doing the job for the price he is offering *will* make you happy, *then do it*. What price *would* make you happy *if you were somebody else* has nothing to do with anything. I realise that this rule must sound rather simple, even childish. But it took me a very long time to work it out, and the more I think about it the more profound I consider it to be.

I have written of prices, and I have already said that you should be alert and adaptable. A particular kind of alertness and adaptability consists of being willing to pay with something else besides money, and to receive payment in something else besides money. However stupid communism was in other respects, it was at least very good at teaching people how to do business in weird currencies like cigarettes, hockey match tickets, etc. Well, capitalists are good at bartering too. They also don't insist on always being paid in mere money. If a customer has no money but instead offers to clean out your garage, chaperone your daughter or mend your bicycle, then think about this offer respectfully and seriously. Once again the question is: would this make you happy? Never mind whether this is a "proper" price for him to pay, or for you to receive. Do not suppose that, just because you are now a "capitalist", such deals are beneath you. Capitalism is just a fancy word for swapping favours with people. In a sensibly run and reasonably rich country, such as mine is, most deals have money on one side or the other, but they don't have to.

SPECIALISE

Do what you do best, and get others to do for you the things that you need but don't do well. Don't try to do too many different

things that are unrelated to each other. If you do, you will find yourself taking huge risks *without even realising it*, which are the worst kind of risks there are.

The chances are that the things you do best are the things you *enjoy* doing. So find something that pays the rent that you *like* doing. If you hate what you do, you'll never get rich doing it, because you won't be able to work the twelve hour days and seven day weeks that really rich capitalists are made by. You have to find something that others don't like, but which to you is so nice that it hardly qualifies as work at all. Only that way will you be able to do enough of those failures per day for you to be a success and get hugely rich.

Because you see, capitalism is really very, very simple. You just have to work at it. And work, and work, and work. But this doesn't mean choosing *between* being happy and being busy. The trick is to be happy *by* being busy, and to get even busier by asking yourself all the time: what would make me even happier?

SET A GOOD EXAMPLE, JUST AS I HAVE

If you do things that way, something else rather wonderful will also happen, which is that people will love to work with you, and to work for you. They will see that you love your work and that every day is a joy to you. They will admire you, and they will want to be like you and to learn from you. You will become like an elder brother or elder sister to them, or like a father or a mother.

You will be a good boss because you'll be following the first rule of good leadership, which is that you must lead *by example*. You won't be sitting in an armchair telling others to work harder than you are working. You won't know what you are talking about if all you do is sit in your armchair, and even if you do know what you are saying, people won't understand it if you don't get up and show them what you mean. I've heard it said that in the British Army, the soldiers divide their officers into the "come-ons" and the "go-ons", the come-ons being the ones the soldiers will follow and the go-ons being the ones they despise and ignore. Be a come-on, not a go-on. This is why I have made so much of the actual process of me, sitting at my computer, writing this piece. I'm trying to paint a picture for you of what real live capitalist effort is like, so that you can copy me.

Well, now I'm nearly done. It's now an hour-and-a-half since that first phone call from my friend with the friend at the embassy, and *SOME ADVICE TO CZECHO-SLOVAKIA ABOUT HOW TO DO CAPITALISM* by Brian Micklethwait is just about finished. I wrote the whole thing in approximately one hour, with no self-interruptions. Well done me. There'll be polishing and twiddling and adding and subtracting, but basically the job is over. Hurrah!

Doing this job might do me a great deal of good. Perhaps the Czecho-Slovak Ambassador will read it and consider it a masterpiece, and hire me to do lots more writing, or perhaps ask me to do some desk top publishing for him. But more important still, writing this can do me no serious harm, in fact I don't see it doing me any harm at all. I'm doing it basically in exchange for non-monetary rewards, which is allowed (see above), although you never know, someone might one day pay me a lot for the privilege of reprinting it. And, writing being one of the things I love to do and which I do well, I also *enjoyed* writing this. Just as I very much hope that you, dear reader, enjoyed reading it.

So follow my example. Take a small risk, and then another, and another, and another. Come on! Be a capitalist!

There are, naturally, millions of other capitalists, each quite different from me, and many of them a lot richer than me which is just as well. Other capitalists write very differently to me about how to do capitalism (assuming they know how to write and are fond of writing, which lots of capitalists don't and aren't, of course). So I haven't told you everything about this subject, merely something. Being a rather small capitalist myself, I thought it proper to write only a rather small essay about how to do capitalism. For more advice, consult other capitalists. Although, as I say, you should never depend on being lucky, I wish you lots of luck anyway.