

PRICE VALUE PARTNERS

Turkeys Twizzled

“Watching the establishment try and take down the Brexit Party is like watching the music and publishing industries in 2000 floundering in the face of internet-created competition. Tory and Labour are going the same way as Our Price.”

- Dominic Frisby, Twitter, 20 May 2019.

“Jamie Oliver has given nearly everybody a reason to dislike him in the course of his career, not least by snatching Turkey Twizzlers from one generation and imposing a sugar tax on the next. He has been instrumental in ruining Coco Pops, Ribena and Lucozade and has even managed to annoy the TV company that employs him by calling for a ban on so-called 'junk food' advertising.

“You can only get away with this for so long. The public have voted with their feet and exacted their revenge on this evildoer.”

- Christopher Snowdon, [‘Jamie Oliver – Revenge of the Millennials’](#), 21 May 2019.

The TV show *Ramsay’s Kitchen Nightmares* is pure car crash television, one of those guilty pleasures that can be strangely and powerfully addictive. For anyone who hasn’t seen one, the formula is pretty straightforward, but no less watchable for that. Celebrity and Michelin-starred chef Gordon Ramsay is parachuted into an ailing restaurant. The manager-owners are invariably dysfunctional; the finances are pure 2019 Deutsche Bank; the décor is often *Fawlty Towers* by way of *Rising Damp*; relations between the staff are typically like something from the time of the Borgias; the food is always grotesque frozen pap. Cue denial, mass lip-wobbling, a makeover (often décor *and* menu), and – perhaps, for very lucky owners – some kind of culinary and economic Renaissance. In most episodes, Gordon strides away at the end still in his chef’s whites, shaking his head in disbelief at what he’s seen of human nature over the previous week, muttering, “Wow.”

This is not to denigrate the entrepreneurial spirit. Society needs risk-takers.

But society does not appear to need Jamie Oliver’s Italian restaurant chain, which collapsed into administration last week. Christopher Snowdon of the IEA, cited above, attributed the failure to disaffected millennials, still nursing the burning injustice of having their Turkey

Twizzlers ripped in an untimely way from their dinner plates. (Jamie Oliver is the Greta Thunberg of the school meal experience.)

Society does not appear to need British Steel, either, which at the time of writing was teetering on the edge of administration, pending a desperate plea for more taxpayers' support. This was, unsurprisingly, framed by most media as a somehow inevitable by-product of the Brexit process.

The economist Adam Smith would have had something to say about both of these developments.

His metaphor of the ['invisible hand'](#) remains one of the most elegant descriptions of a functioning, *laissez-faire* economy:

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value, every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an **invisible hand** to promote an end which was no part of his intention. Nor is it always the worse for the society that it was not part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

Another economic principle suddenly revitalised by contemporary experience is David Ricardo's [theory of comparative advantage](#), developed

to explain why countries engage in [international trade](#) even when one country's workers are more efficient at producing every single good than workers in other countries. He demonstrated that if two countries capable of producing two commodities engage in the [free market](#), then each country will increase its overall consumption by exporting the good for which it has a comparative advantage while importing the other good, provided that there exist differences in [labour productivity](#) between both countries. Widely regarded as one of the most powerful yet counter-intuitive insights in economics, Ricardo's theory implies that comparative advantage rather than [absolute advantage](#) is responsible for much of international trade.

Or to put it more crudely, the UK shouldn't be making steel if we could more profitably be making films or advertising or high fashion (for example). As this correspondent was taught at school, an economy consists of three sectors: primary or extractive industry (e.g. mining); secondary or manufacturing industry; and then tertiary industry, a.k.a. the services sector.

Not least because the UK was the first major economy to undergo an industrial revolution, it should come as no surprise that we now have a highly developed services sector, which includes financial services as well as the creative business. And this doesn't include all those businesses that don't even exist yet, but which will in the future once some bright spark has invented them.

Of course, the political class currently being hit for six by just about everything can only turn its tin ear to the noisy and sometimes disruptive workings of the invisible hand and respond with an unthinking chorus of 'state support'. Well, not with our money, thank you. If the political wrecking-ball-and-reset-device that is the Brexit Party can, within its looming policy platform, incorporate principles which support and encourage free market capitalism – as opposed to the cancer of crony capitalism which has infected the past decade and then some – then the last three years won't have been entirely wasted, after all.

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