

A CAPITALIST MANIFESTO

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Introduction

Capitalism is the social, economic and political system proper for man, *not* because it is profitable, not because it brings progress and wealth, not because it is easy – but because it is the only *moral* system of society.

The issue of capitalism versus socialism is one of the greatest philosophical errors of mankind. Capitalism, according to the dictionary definition, is the system where, ‘the means of production lie in the hands of private individuals’. Socialism is where ‘the means of production is vested in society has a whole’.

But the generally held meaning of capitalism is ‘a system inspired by greed, devoid of humanity, where material values are held above spiritual values, where the strong and the rich exploit the weak and the poor’, while socialism is generally believed to be ‘a system where each person shares equally in the wealth of society’. But most people have found it difficult to comprehend the clearly observable contradictions between the common definitions of these two systems, and their results as observed in the past century.

The most capitalist societies have been (and *are*) the happiest, with the flattest distribution of wealth and living standards, and the least likely to threaten other societies. The most socialist societies have murdered over 50 million of its own citizens in *non-war* actions in the past century alone. A small social elite posses all the conveniences from multi-story mansions to motor vehicles, while the majority of citizens are without even enough food to sustain

themselves. Almost every war in recent history has been initiated by a socialist state or a socialist dictatorship – either by attacking another country directly, or by forcing other countries to attack in self-defense. Citizens of socialist nations have no free will, no freedom of speech.

Most semi-capitalist nations have fences at their borders to prevent foreigners from entering the country without permission. Socialist nations (especially communist nations) have multiple fences, dogs, land mines and guard posts to prevent its citizens from *leaving*. Even then, citizens of socialist countries continuously risk their lives to do so – they go as far as crossing the Atlantic in sealed cargo containers to reach semi-capitalist nations.

Capitalism as a Moral Way of Life

Capitalism is the only system of morality that has *never* existed on Earth. The United States is *not* a capitalist country – it is much closer to capitalism in its economic policies than socialism, but it is polluted with many policies that violate the rights of the individual. At best, it can only be described as a semi-capitalist state.

Capitalism is not an economic system – it entails an entire system of society – a way of life. The basic principle of capitalism is – a human being's life, and all that he has earned through the exercise of his mind and body, *cannot* be taken away from him, by any other human being or group, for any reason.

According to capitalism, your mind, our body and what you earn, are yours; what you steal is *not*; what is gifted to you is yours; what is gifted to you against the owner's will, is not; What you steal is not yours, no matter

why you steal it. The ‘wrongness’ of stealing is in the *act* of stealing itself, not in the *reason* why you steal. *Capitalism is the only system that forbids all stealing.*

The difference between capitalism and socialism is that socialism does not call all stealing, stealing. Stealing is given different names when ‘good intentions’ are involved. Yet stealing is stealing, because it involves taking away a man’s mind, body or his earned property. Also, writing down a law that states stealing is allowed, does not make it morally right – it just makes it possible to carry it out with official approval. The virtue of ‘Robin Hood’ was not that he stole from the rich and gave to the poor, but that he stole from the thieves and gave back to the rightful owners.

A capitalist society is a society that honors man’s *mind and body* – by honoring their products – by not allowing them to be removed from the person who earned them. This is the essence of capitalism. Capitalism is blind to all things except *right*, just as justice is blind to all things except fact. It is blind to the *amount* of wealth. It equally condemns the strong stealing from the weak, *and* the many stealing from the few. It is the ‘taking away’ that it forbids – neither rich nor poor is exempt from this. This is what makes many feel that capitalism is ‘harsh’ – yet at the fundamental level, it is no more harsh than our system of justice.

A system where *any* group is exempt from the consequences of stealing, is not a capitalist system – it is somewhere between a semi-capitalist, semi-socialist mix (such as the United States) and a near perfect socialism (such as communist Russia).

Capitalism is an integrated system of society, economics *and* politics. It defines how human beings should deal with each other (by voluntary trade), how government should deal with the citizens and the citizens with the government (the government is to protect the citizens against criminals and foreign threats, and arbitrate civil disputes between citizens; each citizen is to pay no more taxes than those *directly* based on the services they requested and received from the government – again a voluntary trade) and who decides how goods and services are to be produced, how much, by whom and for whom (each individual decides for himself; no individual shall decide for another). But what is special about capitalism is that each of these policies (social: how people interact, political: how the government interact with citizens, economic: how goods and services are produced) are *consistent* with each other. It is a great irony that it is *socialism* that contains *internal contradictions*.

In socialism, a basic political policy is that the government may steal from a citizen for the good of *other* citizens (also note that each of these *other* citizens are also stolen from, for the good of *other* citizens, which means that *everybody* is done injustice for the good of *nobody*).

If a person has 'too much' money and he has not put it to 'good use', it can be 'taken away' (i.e. stolen). This is the *political* policy. Now, this same policy, applied to society (i.e. the interaction between individuals), is what we rightfully call *crime*. What socialism advocates for one group of human beings (the government is no more than a group of human beings), is not applicable to *another* group (the citizens) – yet morality is always *one* – it is defined by the *action* not by the *person*.

Politics, Socialism and Corruption

We ask why politicians are corrupt. No other institution (under existing socialist and semi-socialist systems) steals earned wealth and freedom more than the government. Now, what kind of individual would be attracted to seek employment in an institution committed to stealing – a *thief*. The corruptness of politicians is directly proportional to how socialist a government is. Even the crime rate of a country is proportional to how socialist it is (unless it is a socialist *dictatorship*, in which case, the government holds a monopoly in crime), because the essence of socialism is stealing. A society that justifies some forms of theft, invariably invite other forms too.

Property

Property exists only where there is an *owner*. You can only own what you have worked for. Therefore, where someone has not worked (through mind or body), there is no property. The air, the sea, for example, are owned by nobody. It is not property.

When property becomes too difficult for direct exchange or division into parts, it came to be represented by paper, which is what money is. If money is the root of all evil, then property is the root of all evil, in which case, the root of all evil would be human effort.

Ownership

The true owner of a piece of property is the one who has the ultimate say as to how that property may or may not be used. If a man has a chunk of gold, he is its true owner *only* if he has the right to use it in any moral means

he wishes – including throwing it away. There is no such thing as conditional property. If a rightfully owned piece of property can be taken away from its owner if he does not ‘put it to good use’, then he did not own it in the first place – the ownership was an illusion. If the government takes it away, then the government is the actual owner (not the *rightful* owner, but the actual one). The *rightful* owner is *always* the person who earned it, or worked for it. If the government takes it away in the name of ‘society’, then ‘society’ is the actual owner. But ‘society’ is no more than a group of people – in this case, society is everybody *except* the rightful owner of the property.

Society vs. the Individual

Under capitalism, ‘society’ is every single person. Under socialism, society is often everybody *except* the person who is under assault at a given time. The victim of theft is not included in the usage of the word ‘society’ when he is told that his earned property is stolen from him for the benefit of ‘society’. When the next person is stolen from, *he* is not included, but everybody else is. The same is true is for every person.

Socialism is a system that considers ‘society’ to be greater than everything else – especially the individual. But society is nothing more than a collection of individuals. Society is not a distinct entity with a will of its own. In the human brain, individual cells (the units), when connected together into a whole, results in an emergent property which we call consciousness. But in society, each unit (the individual) *already* has what is supposed to emerge in the entity – a free will. There is no way to determine the ‘will’ of a society, except by asking each individual, one at a time.

However, no 'will' can be established unless each individual answers in the *same* way. If there is disagreement, we are forced to derive a 'will' of society by taking it to be the majority view, while ignoring the rest (voting is a valid method of deciding upon *practical details* among individuals who have *agreed* to vote. It may *not* decide that an immoral action is moral – morality is not open to vote).

The reality is, there is no *entity* called society – it is a collection of individuals. Society exists for the benefit of *each* individual, not just *some* and the expense of *others*. If not, then *someone* has to decide who will be the *some* that will benefit, and who will be the *others* who will suffer for it – the more powerful group will decide. This will either be the group with most members (the majority), or the group with most power (the elite). To the extent that a society is socialist, it will suffer from power struggles between different groups.

This is why a capitalist society (*not* a capitalist-socialist mix, which most western countries are), will not be ravaged by power struggles – power is not made available to be grabbed by any group who manages to declare itself as the voice of society.

Under capitalism, *no one* has power over anybody else (except criminal power). You only have power over your own life and property, which includes the power to defend them, should they come under threat. The power of police and the forces, is in fact, nothing more than the citizen's *own* right to self-defense, voluntarily transferred to the government under trust. In a capitalist society, you do not have power over your neighbor or his property, nor

does the government (which is supposed to be your *representative*).

In any system – a country, a city, a company or even a classroom – tainted with socialism, the leaders are almost always power-hungry. Because, under socialism, ‘society’ has power over the individuals that make up the society – and society, being a non-entity, must be *represented* by leaders. The power that political ‘leaders’ seek, is the power of society over the individual, which socialism has made available under the protection of law. Politics is not fundamentally dirty, but socialist politics *is*.

Democracy and Capitalism

When democracy decides everything, including right and wrong, it is a form of socialism (since here too, ‘society’ has power to violate the rights of the individual). When democracy decides *only* those things that are not proper for one person to decide, and all else is either axiomatic or decided by each individual, it is capitalism.

Morality is not open to be decided by vote – one cannot suddenly decide (by majority vote) that killing is no longer wrong. It is a fact of reality that killing is wrong – just as it is a fact that the Earth is a sphere and not flat. Neither is changed by voting because both are derived from reality. The only difference between this case (i.e. that of murder) and all other things to which a moral label applies, is that murder is a clear cut case of immorality. Other acts are not quite so clear cut and requires more rational analysis. But upon analysis, it will be clear that any act that is considered immoral, is considered so, not arbitrarily, but

based on facts of nature (especially the nature of the being that we call human).

Thus, morality is not open to be *created* by vote – instead, it already *exists*, and needs to be *discovered*. The shape of the Earth is a fact of nature which is to be *discovered*, not *decided*.

Taxation

Any tax that is not a service charge, is automatically stealing – because it takes something without giving something in return. But more importantly, it takes something without the owner's *consent*. The key word in the phrase 'voluntary exchange', is *voluntary*. A forced exchange, or an exchange by fraud, is still stealing. Therefore, many forms of government taxation (but not *all*), are, theft. The government exists to provide one basic service – protection (through the police, armed forces and the courts). A citizen of a country can only be morally taxed for the value of services that he has requested and received from the government.

A socialist government's solution to almost any economic problem is to steal more (i.e. tax more), not less. If it wants to punish a certain group of citizens, they are taxed more. If the government wants to help a certain group, it will tax competing groups more. Either way, the solution is more stealing.

The 'Economy'

Socialist politicians try to play God with the 'economy'. Before we can say why this is wrong, we must understand that the 'economy' too, is a word like 'society' –

it is not a real entity. The 'thing' that is really economically well off or not, is the individual member of society. If we again begin to talk about everybody's economic well being, being more important than one person's or a few people's, we again end up with the question of which group will benefit at the expense of which group – a question that will only arise in a *socialist* democracy. Therefore, instead of an 'economy', it is each individual that we should talk about – because the individual is the basic unit of society.

The Roots of Socialism

If capitalism is indeed the most moral system of society, then why has socialism and feudalism always dominated almost every society since the beginning of civilization? We will see that, the further we look into the past, the incidence of two things increase – savagery and socialism (all forms of gang rules are socialist). Mankind arose from savagery, and socialism is closer to savagery than capitalism.

One might claim that imperialism is not socialist – since socialism places the 'society' above the individual, while imperialism (and fascism) places one particular individual (or group) over society. But they are one and the same *not* because they both *actually* place society above the individual, but because both *claim* to do so. You *cannot* place society above the individual, because, society is a non-entity.

All non-capitalist forms of government differ only in who or what *represents* society – in some cases, it is the majority (as in a socialist democracy), in some it is a committee (as in communism), in some it is an elite group

(as in feudalism), and in some, it is a single individual (as in imperialism). All tyrants come to power by creating the illusion that he is doing what is best for society. The word 'socialism' came to widely represent what it represents today, only after the publication of Carl Marx's *Das Capital* and the subsequent spread of communism. Yet the concept is as old as man – society above the individual.

It has only been a few thousand years since man became civilized. Animals, and uncivilized conscious beings (such as savage humans) are in the habit of taking what they want, if they have the power to take it. In the case of animals, we do not consider this immoral, because animals do not have the capacity to understand morality and because, most animals (very probably all except man) do not possess self-awareness as far as we know. Whether this is indeed the case, is not the subject of this essay, because it deals primarily with how *humans* interact with each other. In either case, carnivorous animals have no choice but to take the lives of other animals. The reason that human beings are considered civilized, is that they do not interact with each other in this way (if any other species is discovered to be conscious, they too, would have to be treated in the same way, but that is outside the scope of this work).

The reason socialism and its variants still dominate the world is that we are still learning. Mankind's path of progress has always been *away* from socialism and *towards* capitalism. Whenever ideas that dishonor man's mind and body (by depriving him of their products) became popular, progress reversed. It would be foolhardy to think that mankind has reached the end of its progress at the beginning of the twenty first century. Many of our moral

premises are still in error – someday they too, will seem as primitive to future generations, as the beliefs of the 5th century seem to us now.

Needs and Reality

Even as young children, we are meant to learn lessons of life that invalidate socialism. As children, many of us are likely to have seen and asked for toys that are clearly too expensive for our parents to afford. At first, the frustration of our desires would have made us greatly upset – we would have thought it very unfair that our *need* for a toy *does not* take precedence over the simple fact that over parents do not have the money. But as we grew older, we realized that reality exists independently of our whims, wishes, desires or needs. We cannot demand what we need from reality – instead, reality demands that we *work* to change reality – we must choose a more affordable toy. And as we grow even older, into adults, we will learn to always ask ‘Who will pay for it?’ before we try to get something we want.

Yet socialism routinely ignores the question ‘Who will pay for it? Out of whose pocket? At whose expense?’ It artificially redistributes wealth (another word for stealing) on the basis of *need*. It evades the fact that, in order to give a person something he did not work for, that something has to be taken away from the person who *did* work for it. Socialism often advocates giving things for free or for cheaper than what will be voluntarily paid in a free market. But it rarely mentions the fact that it *has* to be taken from someone who has worked for it.

Needs and Rights

A need is not the same as a right – no one has, for example, a ‘right to food’ or a ‘right to education’. What these phrases are attempting to say is: it must be recognized that human beings *need* food and *need* education, and human beings have the freedom to *pursue* these without hindrance.

A need does not automatically guarantee a supply – if a person has a ‘right’ to food, then at whose expense is he receiving it, if he is not earning it himself? Harsh as it may seem, ‘he who shall not work, shall not eat’ holds true for all healthy adult human beings. The exception is when a person is being *voluntarily* supported by a person who has earned his keep – a dependent child, a non-working housewife, an heir to an inheritance or a recipient of *voluntary* charity.

Producing is a greater virtue than giving – because something has to be *produced* before it can be given away. Therefore industry is a greater virtue than charity. Charity is still a virtue, if the rightful owner gives on his own accord. But making gifts out of stolen goods is not a virtue at all. Charity that has to be forced, is not charity. Goodwill cannot be extracted at the point of a gun.

The Capitalist

Certain specific forms of socialism, such as communism, exploits the suffering and frustration of wage earners against the capitalist. Communism turns these frustrations into anger and then directs that anger against the easiest and the most lucrative targets – those who are rich.

It is exactly the absence of the principles of capitalism that has locked the wage earners into poverty. Rags-to-riches stories are a modern day phenomenon – they were virtually nonexistent before the emergence of the semi-capitalist America.

In a capitalist system (*not* semi-capitalist) a man's wealth will be directly proportional to his ability *and* his good fortune. Inheritance, lottery winnings and the like are still voluntary transfers of earned wealth – the ownership is based on the right of he who *gives*, not on any virtues of the receiver. Therefore we can only *criticize* a wasteful heir – we cannot rob him on the basis that he does not *deserve* his inherited wealth.

In a socialist system, having property makes you automatically guilty, regardless of character. Under socialism, the rich is automatically guilty because socialism leaves for almost no honest way to become rich. Capitalism allows *only* for those methods that are honest.

Socialist politicians always divide society *horizontally* – into the rich and the poor (with the rich above the line and the poor below it), instead of dividing with a vertical line – dividing those who *earn* their money and those who *steal* it. A vertical division will place all honest workers from the street sweeper to the multimillionaire industrialist on the same side, against those who don't earn, but steal – from the pick pocket, the con man, all the way up to the dictator. Socialism survives by dividing society into classes and pitting them against each other. Capitalism recognizes only two classes – those who *earn*, and those who *steal*.

Capitalism is the only way to a classless society. It forbids all methods of making money, except for working

for it – this leaves ability, determination, intelligence (all virtues) as the only factors that determine wealth ('luck' is a *non-deterministic* factor, but still a factor. But accidental wealth is not evil). Thus, all areas of a capitalist society are open to all – that is, for all who would work for it. But for this, stealing must be *absolutely* forbidden – sometimes, a partial ban on stealing can be worse than none, because it is the more powerful who will more likely find ways to work around bans.

Is it humanly possible for a man to *earn* enough to become a millionaire or a billionaire in his lifetime? Socialist philosophies answer in the negative. The implication is that, any person richer than average (especially millionaires) must have become that way by stealing.

Consider a person who discovers a method by which the fuel efficiency of a motor car can be improved by 20%. If his device is sold for \$50 and he receives a royalty of \$10 for each unit – given the outstanding value of his invention – a market of perhaps 100 million vehicles will be immediately open to his product. At a profit of \$10 per sale, he would easily become a billionaire, and he would have earned every cent of that money.

Working your way to become a billionaire *is* possible, but not for everybody – it is only for those who have the ability. It is a fact of life that not every human being is equally able in all skills. Not many people would feel frustrated for not having the same abilities as Einstein or Mozart. The same should hold true for Henry Ford or Bill Gates.

The skills of Einstein and Mozart were very specific – nobody disputes their abilities. In a way, their skills are

simpler than business, because their work is concentrated into a small sphere of specialization. One look at Einstein's paper (by someone who understands), and a listening to a concerto by Mozart is all it takes to verify their abilities.

But the work of a businessman is far more complex – he must operate on a large number of elements (such as raw materials, employees, accounts, schedules etc.) and hold many variables in his head. Most cannot understand exactly what a millionaire does to become a millionaire – in much the same way most cannot understand exactly what Mozart did in order to come up with the sequence of notes for a certain concerto of his. We only see the results – the business success, or the performance of the concerto.

However, neither Mozart nor Einstein are lucrative targets to attack. People like Ford and Gates, *are*. This is why socialists allow for the existence of one kind of genius (the technical genius), and denies the existence of the other (business genius). They explain the results of the successful businessman by claiming that it is 'exploitation'. However, it must be noted that, while there are more than enough people on Earth who are willing to exploit, only a few have become successful 'exploiters' – thus the determining factor is not dishonesty, but skill.

Socialism and Capitalism

Socialism is a parasitical system that depends on the very system that it wants to destroy – capitalism. It automatically assumes the existence of various 'resources' such as factories, which socialist politicians want to 'take over' in the name of the workers. But all such 'resources' originally had to be produced by a capitalist. Socialism

cannot stand on its own feet because it *feeds* on capitalism. This is especially true for modern socialist systems such as communism, which often places emphasis on industrial development.

Communist propaganda often shows happy workers working in factories, but fails to mention that such factories are the fruits of capitalism. One might argue that a state run committee can plan and produce a factory just as well as a capitalist industrialist can. But it cannot.

Things like factories, machinery, and buildings are the products of the mind. And the mind functions because it has a *will* – a free will. A committee is an organism that has neither mind nor will. Indeed, it is very proper that someone called the committee ‘the only creature with a hundred stomachs and no brain’. One might say that a hundred brains are better than one. But a hundred brains have no *will* – a will is something that is limited to one mind at a time. And where there is no will, there really is not mind.

Rational explanation aside, we have seen this repeatedly in practice – there is nothing more incompetent than a committee. Voting is not a substitute for thinking. Socialist committees can only maintain or copy things already created by capitalist minds. They can create nothing – they can only destroy. They cannot make things happen – instead, their generally function is to *prevent* things from happening.

The Wage Earner

Under socialism (especially communism), every person will be a wage earning worker, and will be so for the

rest of his life. Under capitalism, anyone who is willing to work hard enough, can eventually become a self-made businessman. Communism contradicts itself in one important respect. It says that the wage earner is unjustly separated from the fruits of his labor, and all that he receives is a pay – that he is only a cog in a giant wheel that he has no control over – that his creations will never be his own – that only the capitalist owners have this privilege. In other words, the wage owner is *alienated* from the fruits of his labor.

But amazingly, communism's answer to this is to alienate *everybody* – abolish all private property and turn everyone into a wage earner (in Carl Max's own words, the essence of communism is 'abolish *all* private property'). This communist concept of alienation is, ironically, a brilliant argument that demonstrates the human soul's need to own what it works to create. Yet communism then goes on to advocate the abolition of ownership.

Even the symbols of communism are symbols of the producer (therefore symbols of capitalism) – the hammer and the sickle. Socialism is a parasitical fungus that grows on capitalism. The parasite cannot survive without the host. Socialism is not a philosophy – it is not even self-contained. Socialism is not a philosophy for living, but a philosophy for dying. The socialist society begins to die on the very day it is born.

The fact that the parasite will die without the host, was demonstrated repeatedly, with the fall of each communist nation. It is also demonstrated by the only surviving communist nation that is *not* in complete ruins – China. Chinese communism has survived so far, because its

host, Chinese *capitalism*, has not been killed – instead, it has been forced to work under shackles.

Producers

Marxism says ‘To each according to his *need*’. The only answer needed for this, is a simple question – ‘From whom?’ The answer to *that* will be, ‘From those who produce more than they need’ This is an indirect way of saying ‘Don’t bother to produce more than you need – we will take it away. If you produce *less* than you need, we will provide the deficit’.

This system *asks*, and indeed forces human beings to produce less than they consume. There is no incentive to produce more – the less you produce, the more you get for your effort. Thus, *every* socialist society (or, at least every socialist society inhabited by human beings with human natures) will eventually reach a point where the sum total of values produced are actually *less* than what is being consumed. After this point, the society is gradually drained of its resources as the deficit comes out of society’s capital – until there comes another point when there is not enough to go on. Then the socialist society *collapses*. In fact, one of the words most often associated in history with ‘socialist’ or ‘communist’ is, ‘*collapse*’.

A society that *rewards* those who create, is the only kind of society that can progress. A society that encourages people not to create, and punishes those who do, will die. It is against the nature of the being that is human – because man is a being who wants to *do* things and make things from the day he is born. One rarely hears children say ‘I want to be *rich* (or famous or pretty) when I grow up’. They

almost always say 'I want to be a *doctor* (or an engineer/scientist/writer/teacher) when I grow up'. Even in their play, they play the role of a working professional. They *build* sand castles and *build* Lego block constructions. Socialism is contrary to man's very nature.

(Male children also love to see things *broken*, but this is a tendency towards action and experimentation, *not* destruction. Evolution has programmed the male human brain with the aggressiveness necessary for the dangerous job of hunting. Now that hunting is obsolete as a way of life, humans must channel their aggressiveness into non-destructive activities)

The 'Proof of the Pudding'

Socialism is a system that rewards those who produce *less* than they consume, that depends on the existence of those who produce *more* than they consume, yet at the same time, driving the producers out of existence. Thus, socialism is a system that drives *itself* out of existence. This has been amply proven in history – all major socialist nations have collapsed under their own weight.

If the proof of the pudding is indeed in the eating, there was never a pudding as bitter as socialism. If there is anything that was consistently observed in families that lived under socialism, it is that they were unhappy – there were poor, hungry, sick without proper medicine or sanitation, without proper housing, proper education and always living in perpetual fear of the ruling socialists and their policing organizations. Indeed, the proof of the pudding is in the eating.

Socialism is based on the envy and hatred of a few, against the few who are super-productive. It is the envy of a few, flaming the frustrations of many into anger, and then anger mobilized into action against those who have enough to be stolen from. This is the essence of socialism.

The pleasant utopian societies that are often projected in socialist propaganda are all based on the short period between the confiscation of the property produced by capitalists, and the day when the stolen goods finally run out. After this point, the collapse of the socialist society begins.

Even though socialism *implicitly* assumes a continuous supply of loot from the producers, it never happens in reality because socialism is *explicitly* after the destruction of those same producers. The contradiction between the implicit assumption and the explicit policy, leads socialism to failure, and in the process, it destroys society. Socialism is a fire that burns itself out, and in the process, burns down society.

Capital is the muscle of society. When a society is no longer producing enough to feed itself, the deficit will come out of the muscles. And a society with weaker muscles will produce even less. Such a society is heading for death at an increasingly faster rate.

Profits, Wages and Interest

The difference between the wage earner and the profit earner (the businessman, the capitalist, the entrepreneur, the trader), is not the constant income versus the variable income – that is just a consequence of the real difference. The real difference is that the wage earner has

voluntarily exchanged a high income, in favor of a *stable* income. The businessman, on the other hand, takes full risks (semi-socialist/semi-capitalist states try to 'help' businessmen with this risk, by covering some of the risk with government money – i.e. money collected as tax from citizens).

Risk is inherent in production in a capitalist society – because goods are produced to be exchanged *voluntarily*. The majority of goods are produced *before* they are offered for exchange (money is just a convenient medium of exchange for goods of value). And where the buyer cannot be forced, there is always a risk of him saying no. In a capitalist society, this 'no' is honorable and is accepted (except where this is a prior contract). But to accept the possibility of the 'no' is to accept the risk. Therefore production is risky. Every human being is different from each other – not everyone is alike – and differences include differences in abilities *and* the willingness to take risks.

Those who are not willing to take total risk, will trade part of the risk with those who are willing to take it – they will accept reduced return, in favor of a stable return – a constant income that does not vary violently with the success or failure of the enterprise. The risk taker, the entrepreneur, is the buffer between the market and the non-risk taking producer.

Except for the most basic forms of labor, all production requires resources other than the human mind and body. Some are resources that are used up in production (e.g. clay, fertilizer, metal) while others aid in production (machinery, land etc). This is what capital is.

Anything of value that is not directly consumed, but instead is dedicated to production, is capital.

In a society where each human being produces more than he consumes (i.e. a non-parasitical society), everyone possesses at least some capital. More accurately, everyone has savings, and when you take out what they have saved for direct future consumption, the *rest* is capital. But as we said before, not everyone is prepared to take risks, but only reduced risk. Many favor stability instead of high return.

The wage earner is not required to risk his *own* capital in his production – the entrepreneur provides capital. So the productive wage owner will have surplus capital in his hand. Now capital is too valuable to be idle. Therefore, that too, he exchanges for a *low risk, low yield income* – it is placed in a bank in return for *interest*. The bank makes money for its trouble by lending it out to the entrepreneur, who needs more capital than he can produce by himself.

For the entrepreneur, both his capital *and* his labor (his intellect) are risked fully in production – in the same enterprise. The wage earner decouples his capital from his labor and gives out both through two low risk schemes – one is the wage, the other is interest. Neither takes place at the point of a gun. Both wages and interest are, in fact, profit.

The capitalist society is, therefore, a society where the braver and more able you are (that is, the more virtuous you are), the more fortune will favor you. The only other option is a society where virtue is punished and vice is favored. It is easy to see which is moral and which is not.

Capitalism's Poor 'Image'

Capitalists often fail miserably at defending themselves against socialist attacks. The capitalist's primary interest is in production – his association with society at large is mostly limited to publicity that goes into making his product look good to potential buyers. Even if he were to criticize a competing product, his criticism must be based on specific characteristics of the products or services in question.

In summary, capitalists are highly competent at producing, but rather inept at speaking. This is because producing things of value is a far more rewarding experience than speaking (which is primarily a means of influencing others).

But unproductive socialists, on the other hand, have only this – attempting to win over as much power as is required to achieve his goals. The socialist's function is mainly to address the masses. This, they *master* (just as the capitalists master production). This is why socialist propaganda is the most masterfully executed and the most effective. One rarely sees 'capitalist propaganda', if any (though socialists may claim that advertising for products and services constitute 'capitalist propaganda').

Under socialism, power goes to he who builds the largest peer group – because it is the largest peer group that gets to play the 'voice of society' (since the 'society' really has no voice of its own – all it has is a *representation*).

In order to build the largest peer group, one must be persuasive. Thus socialists master the art of persuasion. The capitalists do not. The persuasive power of advertising goes

only as far as the point of purchase. Beyond this, the true value of the product takes over. No amount of persuasion will sell a product that the potential buyer considers to be of no value. Production precedes persuasion. But under socialism, persuasion precedes consumption.

Capitalism is hated precisely because of its virtues. It is not the average person who initially hates and feels threatened by capitalism. Instead, it is those who stand to lose the most under such a system – those who seek unearned power and wealth – power over others and wealth earned by others. These are the individuals who are the most vocal in their criticism of capitalism. It is the propaganda of the socialists and the silence of the capitalists that have resulted in the public's disdain for capitalism.

Those who live by the principles of capitalism have not identified its *moral* basis. Instead, they have accepted many of the moral premises of socialism, and defend capitalism only on the basis of its practical value (i.e. that it creates wealth). Therefore, the socialists almost always win over the capitalists – because they fight from a moral high ground that they have no right to, while the capitalists do not recognize the legitimate moral high ground they are actually on.

Human Rights vs. Property Rights

What makes man, *man*, is his ability to think freely. Now a man's mind cannot be directly controlled or monitored – only his actions can be. To control a man's actions, and the products of his actions (i.e. his property), is

to control his mind. Therefore, to deprive a man of his property, is to deprive him of freedom.

‘Human rights’ are almost exclusively concerned with the rights of the body – they have little or no mention of property rights, which are, indirectly, the rights of the mind.

Even savage cultures recognize that a man has a right to his life. Many cultures recognize that a human being has the right to move about and act, as long as he does not cause harm to others. These are very basic rights – rights of the human body. Even the right of free speech, is such a right, because it prohibits any attempt to prevent a certain type of action – speaking or writing.

Most of our declarations of ‘human rights’ (notably the United Nations declaration of human rights) consist of such basic rights that are recognized even in uncivilized societies. But many such declarations fail to take into account that man is a species of *minds* – the body of a human being is merely a container; what is of importance is the mind. Thus the highest level rights are those that ensure that a man’s mind is his own (*not* just that a man’s *body* is his own). Yet the mind itself, cannot be directly controlled – only the products of the mind can be.

One type of product of the mind – *actions* – are always recognized, as they are too obvious to be taken away from a man. The ownership of the other type of product of the mind – *property* – is not as obvious as the ownership a man has over his limbs. The ownership of limbs is a biological fact. The ownership of property is an invention of civilization – if it is not ensured by law, anyone

who has the power and who does *not* have respect for the concept of ownership, will be able to take it away.

Property rights are more civilized than rights such as ‘the right to freedom from torture or imprisonment’, because it takes a more civilized mind to comprehend them. The basic ‘human’ rights are mostly secure in all except the worst socialist dictatorships. It is the higher level rights that must be ensured in order to call a society civilized.

Explicit mention of a right such as ‘a man has the right to *not* have his arm cut off’ in a rights declaration is actually a sign of regression than of progress – the very fact that such a right has to be mentioned explicitly, indicates the backwardness of the society for which the declaration is intended.

A society that has not yet fully understood bodily rights, is not yet ready to understand the rights of the mind. A society that is ready to understand the rights of the mind, only needs to know that bodily rights are ensured – members of such a society almost inherently know what such basic rights are. The failure to recognize property rights as the *highest* human rights, opens the way to socialism and dictatorships.

For Whom Capitalism is

Capitalism is a system of society for those who take responsibility for their own lives. Capitalism is a system of society for those who have genuine concern for others – such people need not be forced into becoming considerate.

Socialism, on the other hand, assumes that society is composed of irresponsible human beings who cannot take responsibility for their own lives (since they have to be

provided with their needs without having to work for them), and who have no concern for fellow human beings (since 'concern' for others is *enforced* by law).

Socialism can claim that it is the system of society proper for man, because man is a dishonorable creature that deserves the kind of treatment advocated by socialism. This is the best it can do – advocate itself on the basis that capitalism is too good for human beings. Even if capitalism had been an abysmal failure throughout history, even if socialism had completely won on the basis of historical evidence of success, it would still have no claim to civility – capitalism is clearly the civilized system, meant for civilized beings.

Good Will

Socialists claim that capitalism is devoid of good will. Yet it is precisely socialism that is not only devoid of good will, but also rules out any possibility of the existence of good will. Capitalism does force good will out of people because it naturally assumes that human beings are good and charitable. Socialism ignores this fact completely and replaces good will with threats.

Charity is not charity if it is forced out of people through intimidation. Bad incentives drive out good ones – semi-capitalist societies have the most number of voluntarily established charitable organizations, while socialist countries have the fewest. People living in predominantly capitalist societies are most likely to give to a person in trouble *without* being asked, while people in socialist societies are less likely to do so, since it is the

'society's' duty to help such people (notice that the socialist concept of society is always 'everyone except me').

Conclusion

This essay only touches on the basics – it merely introduces the *possibility* that the predominant views about capitalism and socialism may be wrong. At the same time, it leaves many questions unanswered – 'What about the internal contradictions of capitalism, such as the boom/bust cycle?', 'What will become of the worker under capitalism?', 'Who will provide for the sick and the ageing?', 'What about inflation?', 'How can we prevent exploitation and monopolies?' etc. Armed with the principles identified in this essay, the reader may be able to answer some of these questions himself. These and other unanswered questions will be the subject of a future essay – space does not permit their inclusion in this one.