

The Moral Basis of Capitalism

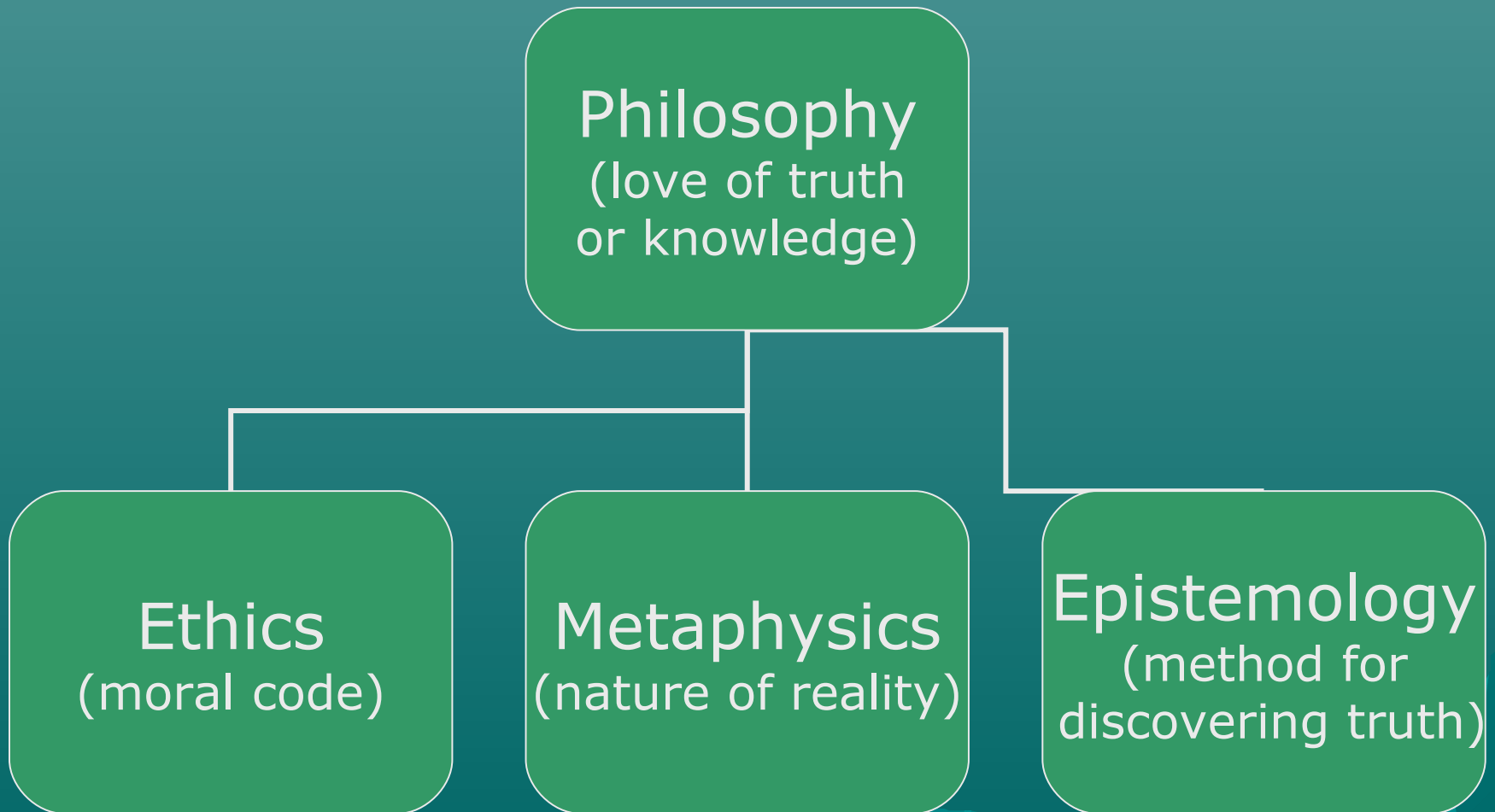
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Capitalism is the Economic Dimension of Liberty

- ◆ Economics: The use of scarce resources, that have alternative uses, to achieve goals.
- ◆ Liberty: Freedom tempered by responsibility to a moral code.

Capitalism is a Philosophy (must have three distinct components)



Capitalist Ethics

- ◆ "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man or order of men." - **Adam Smith**

The Capitalist “Golden Rule”

- ◆ "The only freedom deserving the name, is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to obtain it. – **John Stuart Mill**
- ◆ Grounded in Judeo-Christian ethics, “You shall love your neighbor as yourself”. (**Gal 5:14; Lev 19:18**)
- ◆ Also known as the Royal Law and the Law of Liberty. (**Jas 1:25; 2:12**)

Contrast with Socialist Ethics

- ◆ "From each according to his ability; to each according to his need." - **Karl Marx**
- ◆ "Society's needs come before the individual's needs." - **Adolf Hitler**

Capitalist Metaphysics

- ◆ Reality is objective, not subjective.
- ◆ There exists absolute truth.
- ◆ Man's nature is fixed, rooted in enlightened self-interest.

Socialist Metaphysics

- ◆ Reality is what the State says it is.
- ◆ Ex: Stalin's first census.
- ◆ Man's nature is fungible – we can create “New Soviet Man” free of self-interest.

Capitalist Epistemology

- ◆ The rational mind, not feelings.
- ◆ Logic, data, science.

Socialist Epistemology

- ◆ Reality is perceived not through logic, but through emotion.
- ◆ Reality is determined by feelings.
- ◆ Ask a leftist what they **think** about something and they will inevitably reply, “I **feel** that ...”

America's Founders Intended a Free Market Economy

- ◆ "I think all the world would gain by setting commerce at perfect liberty."
- **Thomas Jefferson**
- ◆ "I own myself the friend to a very free system of commerce, and hold it as a truth, that commercial shackles are generally unjust, oppressive and impolitic ..." - **James Madison**

Jefferson's Declaration of Independence

- ◆ "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and **Property**." (early draft)

What is “Property”?

- ◆ Our stuff (homes, cars, land, jewelry...).
- ◆ Our financials (savings, stocks, bonds, ...).
- ◆ The fruits of our labors (income).
- ◆ Intellectual property (ideas, hopes, dreams, ...).
- ◆ Property is our very humanity itself.
- ◆ Every man has a property in his own person.” – **John Locke**

“I Produce, Therefore I Am”

- ◆ “... in her natural right to eat the bread she earns with her own hands without taking leave of anyone else, she is my equal, and the equal of all others.” - **Abraham Lincoln**
- ◆ “Property is surely a right of mankind as real as liberty ... Property must be secured, or liberty cannot exist.” - **John Adams**

The Foundations of Liberty

- ◆ About 3,000 years ago the threads of two distinct civilizations met, clashed, and then began to intertwine.
- ◆ Classical Greco-Roman (law, logic, science).
- ◆ Biblical Judeo-Christian (morals, God's Law, ...).

“Liberty” and “Property”

- ◆ “... proclaim liberty throughout the land to all its inhabitants; it shall be a jubilee for you, when each of you shall return to his property and each of you shall return to his family.” - **Leviticus, 25:10**
- ◆ The phrase from Leviticus, “Proclaim liberty throughout the land.” is inscribed on America’s Liberty Bell.

The Individual

- ◆ The idea that a created individual has free will is a distinctly Judeo-Christian concept.
- ◆ The concept of individual liberty begins with free will in the Garden of Eden, where Adam and Eve were free to choose.
- ◆ "No man is free who cannot command himself." – **Pythagoras** (550 BC)
- ◆ "Freedom is the right to live as we wish ... God has entrusted me with myself." – **Epictetus**, Roman slave and Greek Stoic philosopher (100 AD)

The Long Road to Western Civilization

- ◆ As these two paths intertwined, the intersection of law and logic with God's morality gradually led to a deeper concept of the sanctity of the created individual.
- ◆ Aristotle (350 BC)
- ◆ Cicero (50 BC)
- ◆ St. Augustine (400).
- ◆ St. Thomas Aquinas (1250).
- ◆ Magna Carta (1300; rights of Englishmen)
- ◆ Lutheran Reformation (1500).
- ◆ John Locke's "Life, Liberty, Property" (1650)
- ◆ Thomas Jefferson (1776)

God is the Source of Our Natural Rights

- ◆ "A free people claim their rights as derived from the laws of nature, and not as the gift of their chief magistrate." - **Thomas Jefferson**
- ◆ "You have rights antecedent to all earthly governments...rights derived from the Great Legislator of the universe." – **John Adams**
- ◆ "The sacred rights of mankind ... are written, as with as sun beam, in the whole volume of human nature, by the hand of the divinity itself."
– **Alexander Hamilton**
- ◆ "The rights of man come not from the generosity of the state but from the hand of God." - **John F. Kennedy**

Adam Smith

“Wealth of Nations” (1776)

- ◆ “I Trade, Therefore I Am”
- ◆ “It is a maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy... All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with the price of part of it, whatever else they have occasion for.” – **Adam Smith**

Capitalism is based on voluntary (non-coerced) trade

- ◆ "Man has almost constant occasion for the help of his brethren, and it is vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them ... It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest." – **Adam Smith**

“Enlightened” Self-Interest

- ◆ “Every individual ... neither intends to promote the public interest, nor knows how much he is promoting it ... 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.” – **Adam Smith**

Capitalist Public Policy

- ◆ "Little else is requisite to carry a state to the highest degrees of opulence from the lowest barbarism, but **peace, easy taxes, and tolerable administration of justice.** ... The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security is so powerful a principle that it is alone, and without any assistance ... capable of carrying on the society to wealth and prosperity..." - **Adam Smith**

John Adams' Ten Commandments Argument for Property Rights

- ◆ “The moment the idea is admitted into society that property is not as sacred as the laws of God ... anarchy and tyranny commence. If **‘Thou shalt not covet’** and **‘Thou shalt not steal’** were not commandments of Heaven, they must be made inviolable precepts in every society before it can be civilized or made free.” - **John Adams**

President Reagan was an anointed leader

- ◆ "Man is not free unless government is limited ... As government expands, liberty contracts." - **Ronald Reagan**
- ◆ "Remember that every government service, every offer of government financed security, is paid for in the loss of personal freedom."
- **Ronald Reagan**

Economic Liberty and Political Liberty Cannot be Separated

- ◆ "In the general course of human nature, A power over a man's subsistence amounts to a power over his will." - **Alexander Hamilton**
- ◆ "To be controlled in our economic pursuits means to be controlled in everything." – **F.A. von Hayek** (Nobel Laureate of Economic Sciences, 1974)

Wither America?

- ◆ "The American people will never knowingly adopt Socialism. But under the name of 'liberalism' they will adopt every fragment of the Socialist program, until one day America will be a Socialist nation, without knowing how it happened." -- **Norman Thomas** (six-time U.S. Presidential candidate for the Socialist Party of America)
- ◆ "We cannot expect the Americans to jump from capitalism to Communism, but we can assist their elected leaders in giving Americans small doses of socialism until they suddenly awake to find they have Communism." - **Nikita Khrushchev** (1959)

Even Atheists Can Be Prophets

- ◆ "When you see that trading is done, not by consent, but by compulsion - when you see that in order to produce, you need to obtain permission from men who produce nothing - when you see that money is flowing to those who deal, not in goods, but in favors - when you see that men get richer by graft and by pull than by work, and your laws don't protect you against them, but protect them against you - when you see corruption being rewarded and honesty becoming a self-sacrifice - you may know that your society is doomed." - **Ayn Rand** (1905-1982) Source: Atlas Shrugged, Francisco's "Money Speech"

“Nothing New Under the Sun” (Ecc 1:19)

- ◆ “The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed, lest Rome become bankrupt. People must again learn to work, instead of living on public assistance.” - **Cicero**

Back to the Future?

- ◆ "If ye love wealth greater than liberty, the tranquility of servitude greater than the animating contest for freedom ... Crouch down and lick the hand that feeds you; and may posterity forget that ye were our countrymen." – **Samuel Adams**
- ◆ "Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take; but as for me, give me liberty or give me death!" – **Patrick Henry**